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## **MANAGEMENT OF TOURIST PRODUCT**

### **Abstract:**

Promotion and operations conducted alongside it, aiming at giving a business or product class and prestige, have accompanied economy for ages.

After transition from statist economic policy to free market policy, its influence has also become visible in Poland. It has given a whole new dimension to promoted products.

On the other hand, proper functioning of tourism aided by various economic instruments is possible only when the essence of the issue of tourism as a social and economic phenomenon is correctly understood. If by this term we mean management of tourist traffic, benefits and sales of tourism goods aided by, i.e. promotion (the most important marketing tool), we will understand the economic benefits.

This paper is an attempt to analyze the process of management of tourist product promotion. There have been presented tools used in promotion which includes brand and advertisement, among others. There has also been analyzed the essence of promotion in tourism.

### **Keywords:**

management, tourism, tourist product, promotion, marketing.

**JEL Classification:** M31, Z00

## Introduction

Promotion has become a term that covers almost all the areas of human life. Generally everything and everywhere is promoted. In simpler words, promotion involves operations of manufacturers that aim at providing information, most of all stimulating interest and encouraging the consumer to make a decision to make a particular purchase.

Specific promotion purposes are:<sup>1</sup>

- the need to get to know new offer of a company,
- conviction of unique advantages of what a company has to offer,
- maintaining the demand for the already known products,
- conviction of the need to purchase a larger amount of products,
- encouraging to purchase services performed in a particular time period (before and after season),
- encouraging to purchase services performed on particular conditions (guided group tours),
- building core competences of a company.

In the present article the authors attempted to analyze the process of tourist product promotion management. There have been presented tools used in promotion which involves, among others, brand and advertising. The essence of promotion in tourism has also been analyzed.

## The concept, role and structure of promotion

Nowadays, in order for a business not to fail on the market, it needs to manage many elements of a company in an optimum way. Among others, experiencing and learning about consumer needs is especially important, as well as offering a relevant product in a suitable place, which results in encouraging a potential buyer to make a purchase. The very attractiveness of a product is not enough to make purchases. A product of poorer quality may become a substantial competitor for a better-quality one that has not been heard of among consumers, if right operations are performed. Therefore, it is especially important to create efficient path of management of market information on qualities of a product offered by a company and system of encouragement of consumers and intermediaries to make purchases<sup>2</sup>.

In tourism marketing, this mobilization is attributed unique meaning. Among multiple determinants of tourism demand, a significant role is played by psychological factors, and purchases are financed from the fund of free decisions<sup>3</sup>. Tourists often submit to hysteria present in the society, fashion in favor of spending holidays in given places,

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<sup>1</sup> Kaczmarek J., Stasiak A., Włodarczyk B., Produkt turystyczny, Warszawa 2010, p. 260-261.

<sup>2</sup> Altkorn J., Marketing w turystyce, Warszawa 1994, p. 144.

<sup>3</sup> Jelonek D., Nowicki A., Struktura zasobów informacyjnych systemu wspomagania decyzji marketingowych, Częstochowa 2000, p. 40-42.

mass weekend trips to crowded places in seasons when other interesting areas maintain unused. Advertising, propaganda and other means of information and encouragement may, in such situation, efficiently contribute to periodic demand tensions, promotion of new possibilities of travel and leisure, and service control.

Particular aims of promotion management are:

- need for learning about new offer of a given company,
- convincing to particular merits of an offer,
- maintaining demand for the already known products,
- convincing about the need to purchase larger quantity of products, i.e. more frequent and longer trips,
- encouraging to purchase services in a particular time period, for example before and after season,
- encouraging to purchase services provided on particular terms, for example group trips.

Promotion management may be directed towards long-term goals. The effects on market may be rational if they contribute to the rise in sales. Therefore, promotion is oriented towards short-term effects and is reasonable if there exist possibilities of quick offer expansion. Capacity of particular areas and tourist complexes may cause that this condition is not always met. Promotion is a very important fragment of competition. By spreading its offer, a company aims at winning the market and its strongest position that is holding a monopoly. One of the main indicators of the concept of promotion and necessary financial outlay is expecting competition. These outlays for promotion depend on the level of financial outlays of the competition. Therefore, the costs of promotion are an element of manufacturing and sales of tourist product, influencing its price. On the other hand, a tourist product may be a subject of promotional operations. Businesses create their image not only among buyers, but also among authorities, mass media, shareholders, banks etc., that is everybody responsible for its success. Opinion about a business is created not only by propagated campaigns, but also various events and observations. The opinion about a tourist agency is created basing on location and background of an office, level of modernity of cars, culture of customer service, efficiency of press conferences etc. As a result, some promotional operations refer directly to the consumers, other are directed towards intermediaries, and yet other ones on people or institutions shaping public opinion<sup>4</sup>.

In most cases, the choice of target and setting suitable composition of elements and intensity of promotion are determined by:

- kind of a product,
- long-term and short-term plans of a company,

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<sup>4</sup> Altkorn J., Marketing... op.cit., p. 145-146.

- place of promotion in marketing structure,
- nature of promotion of a given product,
- recipient of operations,
- current and expected competition,
- costs of individual operations.

The outline of promotion management of a tourist product consists of multiple elements. Generally speaking, it consists of four basic elements:

1. Advertising.
2. Economic propaganda.
3. Promotion of sales.
4. Personal selling.

Each of the fields of promotion differs by measures with complex structures and various purposes. The measures as a whole consists a composition that is labelled as a promotion mix. Management of promotional operations may be performed individually by the sales people of a given tourist product, or outsourced to specialized companies. It mostly concerns advertising, which in some countries has become a separate field of economic activities. Specialized advertising agencies work on drawing up complete promotional programs for companies, as well as giving advice and consulting. Research and consultancy are also performed by market research agencies, consulting companies, and institutions, tourist organizations, stock markets, trade fairs, symposiums etc. Advertising agencies provide services in various branches such as radio stations, TV stations, daily papers, for which advertising messages and economic propaganda are a significant source of income<sup>5</sup>.

### **Brand as an element of marketing identification**

Brand is a crucial element of the process of promotion management of a tourist product. Brand is the sole financial element of a company that may be preserved for many years. If properly protected, it may not be perfectly recreated, which determines its unique nature. Strong brand is of notable value for a company. Value, that constitutes protection for future income. Issues connected with brand are no longer solely in the marketing area. Brand has become one of the respected options in relation to investment, with regard to the possibility to achieve return on invested capital. Therefore, building strong brand should be treated equally with long-term financial investment<sup>6</sup>.

Brand may be defined as identification of a manufacturer or seller. The best brands are a sign of guarantee and quality. Possessing strong brand, apart from prestige, also has many notable benefits. Brands decrease the price flexibility of demand, the weapon of a producer against promotional operations of competition. Loyal customer

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<sup>5</sup> Altkorn J., Marketing... op.cit., p. 146-147.

<sup>6</sup> Urbanek G., Zarządzanie marką, Warszawa 2002, p. 9-10.

will not give up on “his” brand easily, even if the competition has organized a contest, tasting event etc. Weak brand during such campaign conducted by a competitor usually loses many customers. It improves the condition of negotiating sales with intermediaries. If a manufacturer has a strong brand, he does not have to use too many instruments of promotion such as discount for sales intermediary. “Mistakes” are forgiven faster and more eagerly. Strong brands are largely trusted among their customers. They have incomparably longer cycle of existence. If a manufacturer takes good care of his brand, the cycle of existence may be infinite. The following “eternal brands” may serve as an example: Levis (1873), Maxwell House (1873), Coca-Cola (1886), Campbell (1893), Michelin (1898), Aspirin (1899), Pepsi (1902), Persil (1907), Camel (1913), Danone (1919), Old Spice (1937)<sup>7</sup>.

One of the basic marketing goals should be aspiring to gain as much market share as possible. It is followed by receiving all the benefits that marketers draw from the fact of possessing a brand<sup>8</sup>. In highly developed economies, in case of consumer goods of multiple purchases, sales of newly introduced brand are rapidly growing. It reaches a peak and then stabilizes on a lower level<sup>9</sup>.

The number of brands during the last few decades has significantly increased. It was influenced by not only customers, but mostly by their needs. It forced companies to adjust their products to particular consumer expectations. Significant number of brands on market hindered application of the former marketing strategies, so the companies have to come up with innovative methods of brand management, in order to maintain the previous competitive positions<sup>10</sup>. Manufacturing branded products in tourism is a relatively new phenomenon. However, nowadays, where conditions of competition on market are really harsh, creating branded products is a necessity. Identification and recognition of a brand are achieved in the process of marketing communication and experience, knowledge of tourists, who have already visited a given region. Basis in this process is good design of graphical elements of the brand. What is especially important is the time of reaching the recipients with notice of the new brand. It is the best to be the first, in order for the product not to be veiled by other brands. People memorize only a few brands and mainly the ones that are first and memorable. Another task for the brand is distinguishing it among competition. In order to do so, it is necessary to link the product with the client. By analyzing the needs of consumers we try to choose a tourist product and shape the content of advertising message in order to draw tourist attention, encourage them to arrive, attract interest in the region, and finally trigger action, which is travel. Brand is created in a long-term management process. Work on it begins with setting a strategy determining the target group for which brand is designed. The result of work on that strategy is precise analysis of marketing environment of a product, cultural, social, personal and psychological issues that influence the purchase decision. A good

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<sup>7</sup> Kall J., Sojkin B., Szymczyk J., Urbaniak M., Zarządzanie produktem, Warszawa 2003, p. 65-66.

<sup>8</sup> Kall J., Silna marka. Istota i kreowanie, Warszawa 2001, p. 296.

<sup>9</sup> Kall J., Sojkin B., Szymczyk J., Urbaniak M., Zarządzanie... op.cit., p. 86-87.

<sup>10</sup> www.abcwziem.pl, 2015.

product brand is in other words such brand that is known, recognizable, different from other brands, carrying such benefits that convince customers to making a purchase. The process of creating branded products requires appropriately directed cooperation of tourism with government institutions and local authorities. In tourism, although we do not have contact with material product, we need to find suitable means of communication about our products and certain material subjects connected with travel that is tickets, tourist guides or insurance policies and brochures. Such process is known as distribution and covers the variety of suitable channels of distribution and the process of physical object traffic. The process of communication management begins with the source of information, that is a person or organization which has to send a message. The source has to determine which message has to be sent to which target, that is recipient<sup>11</sup>.

The need of communication is crucial in promotion, it is a process of gradual delivery of messages to the market, and an effect of gathering in time of a few various types of personal contacts, advertising, postal advertising, that is what builds the image of a company and its products among consumers.

### **Advertising as an important instrument of promotion**

Advertising is a tool of communication with wider audience. It serves as an instrument of promotion, which is characterized by variety of means and methods. It plays an important role in distribution of product<sup>12</sup>. It is one of several instruments that a company uses in order to inform customers about a company's offer and encouragement to choose exactly this one<sup>13</sup>.

Tourism is understood as conscious management of forms of influence causing in many people behavior suitable to the set goals. Applied without economic and administrative pressure. Management of tourist advertising serves as means of informing about possibilities, kinds, benefits, wealth, and tourist emotions. It functions in areas such as upbringing, leisure, sports, physical and mental powers, cognition and sightseeing<sup>14</sup>.

It often happens that advertising is defined as mass transfer of information connected with a given concept, good or service. The goal of that is generating in a recipient a climate of favor and causing actions in accordance to the sender's intentions. In case of advertising tourist products, it is about maintaining the already existing demand and gaining new recipients of goods and services that are already known and being introduced to the market. Special role of advertising on the tourist market is due to the qualities of demand and product specification. The nature of tourist obligations involves lack of possibility to produce for stock. Moreover, demand on tourist services changes depending on season. Advertising and propaganda show businesses connected with travel and leisure in periods of lower tourist traffic, as well as

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<sup>11</sup> Oleksiuk A., Marketing usług turystycznych, Warszawa 2007, p. 166, 196-197.

<sup>12</sup> Briggs S., Marketing w turystyce, Warszawa 2003, p. 123.

<sup>13</sup> Kall J., Reklama, Warszawa 1999, p. 18.

<sup>14</sup> Kornak S. A., Zarządzanie turystyką, Warszawa 1998, p. 153.

contribute to better utilization of service potential of a company, increasing its profits at the same time. The need and efficiency of advertising are bigger if a competing product is less known. It is important to underline that the unsatisfying product may exist due to lack of informative operations and not including in promotion system of the not understood motives of purchases, which effect cannot be left alone. It is because the tourist product is created with the thought of a particular market segment, and advertisement should also be addressed to particular groups of consumers<sup>15</sup>.

The aim of advertisement is reaching the client with information. There are distinguished three levels of advertisement: informative, persuasive and transmitting. Advertising informs potential buyers about products of a given company, and about the company itself. It is the so-called building of conscience. Advertising shows the customers the positive sides to a given product and tells why they should purchase a given product. In other words, it creates the wish to buy or possess a given product. It is the transmission stage. It enforces the positive attitude of customers. Therefore, advertising should be real and not exaggerated. It sometimes happens that somebody buys a product purchased because of advertisement, and it turns out to be less than expected. Customer, in such case, perfectly remembers the brand and the product. Many people do not trust advertisements which causes that they subconsciously remember the advertised products.

A customer purchases goods to fulfill his need. This need is composed of objective and subjective segments. These objective ones include, among others: the need to eat, drink, reaching some place, etc. The other category involves the need to manufacture a product on a given level of costs in order for it to be sold on the market. The subjective needs are emotional, such as: prestige, security, the need for other people to see that we buy goods that prove our prosperity. The structure of these two needs may significantly differ on various markets. In case of consumer goods, the buyer is drawn by objective needs such as quality and price<sup>16</sup>.

In contemporary reality, advertising is the basic fundament of communication, and for the media is the source of income. Therefore, in order for the media to achieve high indices of reading, the viewership will be bigger by making layout more attractive in terms of graphics and subject. The development of technology and conceptual thought has also caused the influence of government on the form of advertisement by creating legal regulations that determine what is and what is not allowed in advertising<sup>17</sup>.

Table number 1 depicts strong and weak points of advertising, as well as their characteristics.

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<sup>15</sup> Altkorn J., Marketing... op.cit., p. 148.

<sup>16</sup> Oleksiuk A., Marketing usług... op.cit., p. 202-203.

<sup>17</sup> Kruczek Z., Walas B., Promocja i informacja w turystyce, Kraków 2010, p. 49.

**Table 1: Strong and weak points of advertising**

<b>Strong points</b>	<b>Weak points</b>
<ul style="list-style-type: none"> <li>• It reaches mass audience</li> </ul>	<ul style="list-style-type: none"> <li>• It happens to be unique, sometimes aggressive</li> </ul>
<ul style="list-style-type: none"> <li>• It creates interest in a service or product</li> </ul>	<ul style="list-style-type: none"> <li>• It causes informational chaos</li> </ul>
<ul style="list-style-type: none"> <li>• It positions</li> </ul>	<ul style="list-style-type: none"> <li>• It is costly</li> </ul>
<ul style="list-style-type: none"> <li>• It increases knowledge about the product</li> </ul>	<ul style="list-style-type: none"> <li>• It creates stereotypes</li> </ul>
<ul style="list-style-type: none"> <li>• It shapes artistic tastes</li> </ul>	<ul style="list-style-type: none"> <li>• It fuels illusions</li> </ul>
<ul style="list-style-type: none"> <li>• It increases the level of memorizing by repetitiveness</li> </ul>	<ul style="list-style-type: none"> <li>• It causes purchasing of unnecessary products</li> </ul>

Source: A. Świętecki, *Zintegrowane komunikowanie marketingowe*, wyd. Best Eastern Plaza Hotels, Warszawa 2001.

One of the most efficient forms of tourism promotion is Internet advertising. It reaches the furthest areas of the globe, creating new space for development structure. Such websites may be divided according to the needs:

1. Nationwide (Polish – only with accommodation facilities)
2. Nationwide (containing many different pieces of information)
3. Local (dedicated to tourism in a given region or just a city)

The accommodation bases are included in all kinds of the tourism websites. Thanks to such sites, one can choose the most suitable accommodation offer<sup>18</sup>.

### **The essence of promotion in tourism**

Management of promotion, in a narrower sense, means the combination of operations and means through which a company transfers information characteristic of a product or a company on the market, shapes customer needs, awakens demand and decreases its price elasticity. On the other hand, in a broader sense, the term of promotion is treated as a synonym of the term of marketing communication, as it connects the above mentioned elements of activating sales with marketing research that are to enable and transfer information from the market. The research also functions as an element ensuring realization of the information loop feedback which determines the interactive nature of communication. Promotion may be treated as a process of communication with the market, however, not every such process is also of promotional nature, as promotion involves only such processes that are connected

<sup>18</sup> Oleksiuk A., *Marketing usług...* op.cit., p. 206-209.

with accomplishing particular market goals and use a given set of instruments having direct influence on stimulating sales<sup>19</sup>.

Having chosen the instruments and means of promotion used for target markets, as well as the kind of product, we may move on to establishing promotional message.

Management of promotional message will be efficient if:

- It awakens interest in the product.
- Draws attention of a potential customer.
- Causes wish to purchase.
- Encourages to take actions – make a purchase.

The process of tourist product management involves shaping the image of a given place, creating a positive vision of a company and promoting a given product. An important element of this form of management is tourist propaganda.

Both tourist propaganda and advertising are composed of two “layers”, that is propagating the area and a business together with its product.

Many authors divide tourist propaganda into:

- General – its aim is to promote a city, region and country.
- Commercial – realized with the thought of increasing profits of given businesses.

Tourist propaganda is a form of communication with market, a way of mobilization of sales and a very important form of shaping company relations with the environment (public relations) that are created by consumers, suppliers, banks, mass media, insurance institutions etc. In this environment, propaganda should shape a positive image of a company and its product.

Economic propaganda in its role is very similar to advertising and is addressed at specific recipients. The direct recipients of propaganda are people who are leaders of public opinion, that is: journalists, publishers, authors of tourist documentaries, radio and TV employees etc.

The most commonly used propaganda instruments are press conferences, debuts of company employees in radio, TV, and discounts or free trips for reporters.

Energetic propaganda and promotional policy is used by all the developed countries. Numerous changes in economic system in Poland that have taken place during the last few years and development of market economy influenced the rise in interest in public relations area.

The direct aim of export promotion is increasing foreign currency incomes in Poland, due to export of goods and services by concentrating actions and means on particular markets and in reference to given lines of business. The indirect aims of promotion are

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<sup>19</sup> Kruczek Z., Walas B., Promocja i informacja... op.cit., p. 41.

modelling positive opinion of Poland on foreign mass media and opinion of foreign consumers.

Another difference between propaganda and advertisement is the structure of costs. The reports from events organized by a company, discussions in front of TV cameras, information on companies and their products communicated by reporters are realized in mass media within the so-called free time or free space. Therefore, public relations and propaganda are often called “free” advertising.

The third reason, as opposed to the results of advertisement, are the results of public relations that are visible only after a longer period of time and are difficult to be submitted to profitability calculations<sup>20</sup>.

Owning a strong brand is a dream of many entrepreneurs. It is what creates the image of a business. In order for a company to enter a foreign market, it should have strategies of product brand. Companies operating on international markets have more complex issues concerning labelling of products with their brand than local companies. The product brand settled on a foreign market should have a short and simple name. It enables faster and easier consumer reaction to a given product. It should also be easy to pronounce and to be read in different languages, it should also sound nice. A company functioning on an international market, using its brand, may consider four kinds of operations in relation to world brands<sup>21</sup>:

- using one brand on all the markets;
- using one, but modified brand, on various markets;
- using a company brand or an “umbrella brand”, as one brand, which is composed of other brands of given products;
- using various brands on various markets.

## Summary

Companies, in conditions of competitive market, must apply efficient forms of promotion and create their brand, as well as conduct consistent operations in the area of management of these processes. Promotion and brand constitute important instruments in shaping image and market communications as part of marketing management process. Forms of promotion applied by a tourist company show that brand is an element that builds relations with service providers, shaping the financial result and company image; it also means the reduction of language and guarantee of service quality. Moreover, the meaning of identity management of a company brand for purpose of value evaluation is growing. Management of tourist product promotion is of wide meaning, and good brand and, thanks to efficient advertising, its recognizability is associated with product guarantee.

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<sup>20</sup> Altkorn J., Marketing... op.cit., p. 157-158.

<sup>21</sup> Chee H., Harris R., Global marketing strategy, Financial Times Pitman Publishing, 1998, p. 385-388.

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