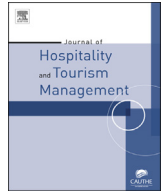




Contents lists available at ScienceDirect

## Journal of Hospitality and Tourism Management

journal homepage: <http://www.journals.elsevier.com/journal-of-hospitality-and-tourism-management>

## Tour operators' marketing strategies and their impact on prices of sun and beach package holidays



Patricia Picazo <sup>a</sup>, Sergio Moreno-Gil <sup>b,\*</sup>

<sup>a</sup> *Tourism and Sustainable Development Institute (TIDES), University of Las Palmas de Gran Canaria, Tafira Campus, Building E - Floor 0 – Right, Saulo Torón, 4, 35017, Las Palmas de Gran Canaria, Spain*

<sup>b</sup> *Tourism and Sustainable Development Institute (TIDES), University of Las Palmas de Gran Canaria, Tafira Campus, Building C - Floor 1 – C1.11, Saulo Torón, 4, 35017, Las Palmas de Gran Canaria, Spain*

### ARTICLE INFO

#### Article history:

Received 5 February 2017

Received in revised form

31 January 2018

Accepted 19 February 2018

#### Keywords:

Holiday packages

Tour operators

Hedonic prices

Negotiation

Destinations

Brands

### ABSTRACT

The aim of this article is to quantify the impact of tour operators' marketing strategies on the price of sun and beach package holidays. The published information of 15 tourist destinations in Spain, Turkey, Egypt, Malta, and Cyprus, was examined from a hedonic price perspective. The analysis included 5789 holiday packages advertised in the brochures of the most relevant European holiday groups – TUI and Thomas Cook. The variables were divided into: country and destination variables, specific accommodation variables, and tour operator variables. The results confirmed the impact of tour operators' variables on price through their brands, ownership of accommodations, specific segments they target, awards and incentives, promotional space, and pictorial elements in their brochures. Besides, some accommodation elements that have been under-researched: Wi-Fi, water parks, or independent awards, were also significant. Finally, significant differences were found among the analysed destinations. The study could be relevant for tour operators, accommodations and destinations alike, in order to improve their negotiation and promotion.

© 2018 The Authors.

### 1. Introduction

Tour operators have emerged as one of the most powerful and influencing actors in the tourism industry (Alegre & Sard, 2017; Andriotis, 2003) given their knowledge of the target market (Falzon, 2012; Theuvsen, 2004), their influence on the direction of demand flows from the main source markets towards the tourist destinations (Karamustafa, 2000; Schwartz, Tapper, & Font, 2008), their marketing activities and their control over the distribution channels and air connectivity (Koutoulas, 2006). Tour operators exert a predominant role in fixing the prices in the tourism industry (Aguiló, Alegre, & Riera, 2001). This influence is particularly relevant in certain geographical regions such as Europe, where they have been the most important facilitators of international travel for the last five decades (Alegre & Sard, 2017; Koutoulas, Tsartas, Papatheodorou, & Prountzou, 2009).

The oligopoly exerted by tour operators in the mass tourism

European industry resulted in a promoted offering marked by uniformity and standardisation (Bastakis, Buhalis, & Butler, 2004; Schwartz et al., 2008). Thus, both the destinations and the accommodations in the Mediterranean packages have been portrayed as homogeneous and interchangeable, given the similarities in the characteristics featured in the brochures (Kopper, 2009; Mangion, Durbarry, & Sinclair, 2005; Rewtrakunphaiboon & Oppewal, 2008). This has led to a strong price competition between them, and to the development of a dependency relationship with tour operators. Therefore, the success of destinations and their accommodations depends in many cases on being featured – and how they are represented – in the programs of foreign tour operators and their brochures (Andriotis, 2003; Kwek, Wang, & Weaver, 2014).

However, nowadays the distribution scenario and the tour operator industry is experimenting with some significant changes, such as the expansion of low cost airlines, the development of online travel agencies (OTAs), a rise in direct sale, the so called P2P, and the increasing number of independent travellers, all of which have resulted in more competitors in the market (Aguiar-Quintana, Moreno-Gil, & Picazo-Peral, 2016; Almeida and Moreno, 2017; Parra-López & Baum, 2004; Schwartz et al., 2008; Ye, Fu, & Law,

\* Corresponding author.

E-mail addresses: [patricia.picazo@gmail.com](mailto:patricia.picazo@gmail.com) (P. Picazo), [sergio.moreno@ulpgc.es](mailto:sergio.moreno@ulpgc.es) (S. Moreno-Gil).

2016). Thus, tour operators are facing this new scenario, reacting to the market, where their relevance is still undeniable (Alegre & Sard, 2017; Buckley, 2010). In this adaptation process, one of the priorities for tour operators has been the proper design of their price policy in order to boost their profit (Alegre & Sard, 2017); whereas another priority has been improving their marketing strategy, adapting it to the new preferences of European tourists and the new competitive scenario (Alegre & Sard, 2015).

The maturity stage reached by the market makes differentiation a suitable strategy to adapt to new customer needs and create value (Espinet, Saez, Coenders, & Fluvia, 2003; Alegre & Sard, 2015). In particular, the type of products and promotions has evolved greatly, moving from more standardised packages based on destinations, towards more individualised packages based on segments and lifestyles (Klemm & Parkinson, 2001).

Tour operators have developed and promoted their own brands in order to improve their margins, instead of highlighting the special characteristics of the destinations and their accommodation (Bastakis et al., 2004). These authors argue that tour operators have pushed enterprises to invest productively on their concepts and labels that generate mutually-beneficial synergies, despite the lack of evidence on the real impact of these investments on final prices. In addition, following the strategy of vertical integration developed by most European tourism groups (Batman & Soybali, 1999; Steinecke, 2010), tour operators have become shareholders or owners of hotels in the destinations where they operate, and have a greater interest in the survival of these establishments, prioritising their marketing through their own brands (Andriotis, 2003; Theuvsen, 2004).

In this context, whereas the influence of accommodation and destination variables on the package price has been extensively analysed by previous literature, this is not the case with the tour operator marketing variables. Thus, the purpose of this paper is to analyse how the prices of the packages are affected by some key tour operators' marketing variables (e.g., accommodation category given by the tour operator, awards and certifications issued by them, tour operator brands, segmenting labels, etc.). The results will allow tour operators a better understanding of their own promotional elements, and their impact on price; in turn, the accommodations and destinations also need to know which of the tour operators' promotional parameters has a greater effect on prices in order to establish an appropriate relationship with them.

## 2. Literature review

### 2.1. Tour operators' regional organisation and their conflicts in the distribution channel

Tour operators have a geographical organisation with diverse marketing strategies by regions. Thus, their marketing strategies may end up with different results depending on the destination promoted (Alegre & Sard, 2017). Despite the indisputable relevance and control of tour operators in mass tourism destinations, the literature on their marketing strategies and how they affect the industry is scant. In the same line, Roper et al.'s study (2005) on the marketing decisions made by European tour operators confirmed that the management of marketing strategies of the large tour operators is undertaken regionally. In addition, Karamustafa's study (2000) highlights that tour operators divided the Turkish coast into tourist areas based on their own commercial and brand strategies regarding their source markets, with important differences in destinations within the same country. This suggests the need to conduct a detailed analysis of the tour operators marketing strategies differentiated by destinations

(Andergassen, Candela, & Figini, 2013).

Tour operators exert an oligopoly control in the market, reflected in their sales and marketing activities and the prices (Medina, Medina and García, 2003). Davies and Downward (2007) analysed the oligopoly behavior in the tour operating industry in the United Kingdom, resulting in a higher long-term profitability for these companies (Klemm & Parkinson, 2001). Tour operators use this oligopoly strategy to achieve competitive prices (Roper, Jensen, & Jegervatn, 2005). Their size, the oligopoly situation in the source markets and destinations, result in an uncontested power advantage for tour operators in the European tourism market (Bastakis et al., 2004; Guo & He, 2012; Sigala, 2008).

Tour operators are in a privileged position in many destinations, managing the supply-demand gap according to their own interests (Alegre & Sard, 2015; Falzon, 2012). Tour operators have a strong control over the market through directing tourist flows (Schwartz et al., 2008), affecting the destination's visibility in its main source markets (Alao & Batabyal, 2013). Tour operators also control a large part of the tourist experience given their volume, their influence in the image creation process, and their negotiation power with the different agents in the destinations (Falzon, 2012; Io, 2016). This has led to an increase in the problems of cooperation between hoteliers and tour operators in destinations in the Mediterranean and Southern Europe (Tom Dieck, Fountoulaki, & Jung, 2018; Koutoulas, 2006).

The traditional conflict in the distribution channel between hoteliers and tour operators is obvious (Guo & He, 2012; Lu, Yang, & Yuksel, 2015). This price conflict between tour operators and the rest of the stakeholders has been studied in some destinations such as Greece (Andriotis, 2003; Buhalis, 2000), Turkey (Karamustafa, 2000) and Spain (Alegre & Sard, 2017). However, OTAs are playing a growing predominant role, changing the tourism distribution channels' model. This situation makes it more necessary to analyse the impact in the market of the new marketing strategies developed by tour operators to face this new scenario (Tom Dieck et al., 2018). Both tour operator marketing strategies (new brands, segmentation strategies, labels, etc.), and the price management, are deeply influenced by the OTAs and the new distribution ecosystem (Fountoulaki, Leue, & Jung, 2015; Ling, Dong, Guo, & Liang, 2015). Recent literature has paid more attention to the effect of OTAs on pricing strategies of tour operators, where tour operators are struggling to keep their leader strategy, and trying to implement new marketing activities (Long & Shi, 2017).

It can be concluded that most of the previous research has focused on one single destination – not comparing multiple effects on countries and destinations (Santana & Gil, 2018), and mainly analysing accommodation and destinations variables. Therefore, the business relationship between tour operators and destinations and accommodations needs to be analysed in greater depth, particularly regarding how the tour operators' marketing policies affect price.

### 2.2. Methodology of hedonic prices and evaluation of package attributes related to the tour operator

The literature includes numerous studies that have focused on the economic evaluation of the attributes of package holidays, as they are a key factor in the study of the tourism market. The methodology of hedonic prices has also been applied in the analysis of competitiveness and effectiveness of several Mediterranean destinations (Papatheodorou, 2002), using different price indexes to evaluate the packages (Alegre, Cladera, & Sard, 2012).

One of the first studies to apply the theory of hedonic prices in package holidays was conducted by Sinclair, Clewer, and Pack (1990), whose results show that both the tour operator and the

Download English Version:

<https://daneshyari.com/en/article/7420291>

Download Persian Version:

<https://daneshyari.com/article/7420291>

[Daneshyari.com](https://daneshyari.com)