RESEARCH NOTE

TOURISM STRATEGIC MARKETING PLANNING: CHALLENGES AND OPPORTUNITIES FOR TOURISM BUSINESS SECTOR IN EGYPT

MOHAMMED I. ERAQI

Tourism Studies Department, Faculty of Tourism & Hotels, Cairo University

The results of this study proved that the tourism business sector managers in Egypt have positive attitudes towards the importance of tourism strategic marketing as a way to improve their companies’ operating efficiency. However, there is still a degree of misunderstanding to the concept of tourism strategic marketing and most of them are dealing with it as a tool or a policy to implement tourism marketing functional objectives.

Key words: Strategy; Planning; Tourism; Scale; Marketing; Mission

Strategic planning is necessary to reduce the amount of waste during the stages of production and distribution. The major challenge facing tourism companies is how to build and maintain healthy businesses in the face of the rapidly changing marketplace and environment. It is important to continuously satisfy changing consumer needs. Companies that view this as fundamental to success practice the art of market-oriented strategic planning (Gretzel et al., 2004; Kotler, Bowen, & Makens, 2003; Middleton & Clarke, 2001).

This article endeavors to analyze the attitudes of tourism business managers in Egypt towards the importance of tourism strategic marketing and explain how they understand it.

Tourism Strategic Marketing Management

Strategic marketing planning is the first step in the marketing process, and involves developing the business portfolio, creating the mission statement, determining goals and objectives, and designing functional strategies for each department of the business (e.g., human resources, accounting, purchasing). Goals and objectives are set in order to help the company and its various departments fulfill the mission statement, and to provide direction for every aspect of the business. Functional strategies are plans that help each business unit to achieve its goals and objectives (Becherel, 1999). There is a defined need for all organizations and individuals involved...
with the tourism industry to become strategic in the management of all their operations, including marketing. This stems from:

1. The “new” political stance on the role of subsidy and the rise in market forces, which in turn means that for tourism enterprise/destinations, there are: a) an increased emphasis on earned income and b) an increased accountability for, and effectiveness in, the use of scant tourism resources.

2. The growing need to balance the tourist urge with the financial imperative and also with socially inclusive government policy.

To select those markets that are most critical to your business, it is necessary to be able to: anticipate shifts in travel demand by market, determine true market size by region, identify the fastest growing markets, target new and emerging markets, understand the risks facing current and future markets, and locate and target the most lucrative customers.

It is clear that there are many differing factors (variables) that influence the strategic framework of tourism companies/destinations, all of which impact on the company’s decision for concentrating on short-term or long-term objectives (Gretzel et al., 2004). Analyzing these variables is difficult due to the complexity of the tourism industry and the unique aims, objectives, and trading tourism business environments of each tourism company/destination within the industry. However, through exploring the trading business environment of the past decade, the pressure affecting a tourism company/destination’s future could be understood and an insight into the options available to the planer as he/she tries to progress the tourism company/destination as far as possible. These variables, considered as the wider environment, are the key motivation behind adopting this new philosophy as framework for strategic thinking and the expansion toward the long-term objectives rather than the short-term programs. The success of this new approach will face the challenge of achieving cooperation among a variety of the tourism company/destination’s strategic business units (SBUs) or strategic areas (SAs), or to generate strategic alliances, franchising, or management contracts between different tourism companies/destinations within the region or throughout the world (Knowless, 1999; Morley, 2003). It is necessary to focus attention on the critical tourism issues and choices, and develop a strategic attitude among top and upper level managers.

**Research Methodology**

The sample frame was 1200 Egyptian tourism companies (Egypt, 2003) from different categories: A, B, C, and others (unclassified firms). Random sampling was employed to choose 200 companies from which tourism marketing managers were chosen. The main criterion for the selection of the participants was their experience and expertise in the fields of tourism and marketing. Most interviews took place at the respondent’s business; a few telephone interviews were done with some managers who work outside greater Cairo. The number of conducted interviews (132) was considered sufficient for the validity of the research as it represented 66% of the total random sample (Finn, Elliott-White, & Walton, 2000). The researcher first contacted 20 tourism marketing managers who had at least 2 years of experience in the field of tourism marketing as a pilot study to check the questions, to determine the suitable number of questions and to understand their knowledge about strategic marketing and their abilities to answer the survey questions. The 132 completed questionnaires resulted from the four different categories (A, B, C, and others) from different governorates in Egypt: Cairo (30), Giza (21), Alexandria (11), Mansoura (17), Fayoum (15), Luxor (14), Marsa Matrouh (10), Al-Minya (9), and Aswan (5). They represent 66% of the total sample (200 marketing managers) and 11% of the total population (1200).

The study questionnaire was developed guided by the Likert scale of attitude measurement (1 = strongly disagree to 5 = strongly agree) (Kinnear & Taylor, 1991) and review of literature in this context. Four experts (two in the field of survey design and two academics) reviewed the first draft of the questionnaire. Important suggestions were considered and the second draft was piloted to 20 tourism marketing managers. The first and the second trial versions of the questionnaire resulted in the final form, leading to the selection of 16 items that formed two subscales of the questionnaire. The reliability of the scale was calculated at 0.5326 for
Cronbach’s alpha value. Cronbach coefficient alpha was less than 0.7 but it was still positive, greater than zero and less than 1. The mean interitem correlation for the items equaled 0.3720, which was in the optimal range, suggested to be from 0.2 to 0.4 (Pallant, 2001).

Tourism Strategic Marketing Importance in Egypt

Determinants of tourism strategic marketing importance from the viewpoints of tourism business sector managers was tested using one sample t-test. The results of the t-test ranged from 36,685 to 79,222 and the two-tailed significance value was 0.000, which was less than the alpha value (0.05). So the mean values for all determinants had a significant effect on the importance of tourism strategic marketing from the viewpoints of tourism company managers in Egypt. Depending on the mean value of each determinant, the main factors that explain the importance of adopting the philosophy of tourism strategic marketing by the Egyptian tourism companies can be summarized as:

• improve return on capital,
• help tourism managers improve their company’s operation efficiency;
• strengthen the relationship between the company and its stakeholders,
• improve the level of customer satisfaction,
• help to access the targeted market segments;
• increase the company’s market share;
• help in deciding tourism company’s strengths, weaknesses, opportunities, and threats.

The main factors that affect and control the implementation of strategies, policies, and the processes of implementing the concept of tourism strategic marketing by the Egyptian tourism companies can be summarized as:

• concentrate on one tourism product,
• economic factors affecting tourism company’s marketing strategies & policies,
• political factors affecting the tourism company’s strategic marketing plan
• concentrate on current market segment,
• social factors affecting tourism company’s marketing strategies & policies;
• cultural factors affecting tourism company’s marketing strategies & policies,
• marketing research activities for alleviating the bad effects of the external factors;
• technological factors affecting tourism company’s marketing strategies & policies.

Most managers of tourism companies understand and implement strategic marketing as promotion and advertising, and public relations. This means that there the concept of tourism strategic marketing is poorly understood. Tourism company managers consider this concept as a tool or a policy for implementing tourism marketing. This result seems to be accurate because only 21% of tourism business managers consider tourism strategic marketing as a philosophy to guide the work of the firm and the mean of the responses was 2.7348 (t-test = 39,305, p = 0.000).

The Egyptian tourism company managers had positive attitudes towards the importance of tourism strategic marketing for their companies. The average of the responses on the Likert scale ranged from 49% for agree to 4% for strongly disagree. The percentage for agree was 32% and 49% for strongly agree. From the one sample t-test, the mean of the Likert scale ranged from 4.11 to 3.7. These means were close to strongly agree and agree (1 = strongly disagree to 5 = strongly agree). These results also match with the upper and lower values under 95% confidence intervals of the difference. Table 1 shows the results of running a stepwise model using 15 variables to determine which of them had significant effects on the understanding and implementing the concept of tourism strategic marketing.

According to Table 1 the following model could be established:

\[ Y = f(X, Z) \] (implicit function) (1)
\[ Y = b_0 + b_x X + b_z Z \] (explicit function) (2)

So the estimated function, according to SPSS process results, is:

\[ Y = 1.464 + 0.175X + 0.139Z \] (3)

where:
Y: variable of understanding and the way of imple-
menting the concept of tourism strategic marketing in Egypt (dependent),

\[ b \text{ : constant,} \]
\[ b_x \text{ : slope or elasticity of } x, \]
\[ X \text{ : variable of the degree to which the tourism company is concentrating on its current market segment (independent variable),} \]
\[ b_z \text{ : slope or elasticity of } z, \]
\[ Z \text{ : variable of the economical factors affecting the tourism company’s marketing strategies & policies (independent variable).} \]

There were 15 variables that were provided to the SPSS program, two of which were entered into the model because the other 13 variables’ significance was more than 0.05 (t-test ranged from 2.190 to –1.211 and significance ranged from 0.983 to 0.030) for all variables and so they did not have important effect on the behavior of the dependent variable (the understanding and the way of implementing the concept of tourism strategic marketing in Egypt). According to the results of this process, there were only two variables that control and affect the understanding and the way of implementing the concept of tourism strategic marketing in Egypt. These two variables are: the degree to which a tourism company is concentrating on its current market segment \((X)\) and the economical factors affecting a tourism company’s marketing strategies & policies \((Z)\).

Table 1

<table>
<thead>
<tr>
<th>Variables Entered</th>
<th>Unstandardized Coefficients (B)</th>
<th>Standardized Coefficients (Beta)</th>
<th>(R^2)</th>
<th>t-Test</th>
<th>t Sig.</th>
<th>F-Test</th>
<th>F Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.464 ((b_0))</td>
<td>4.091</td>
<td>0.000</td>
<td>8.239</td>
<td>0.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The degree to which tourism a company is concentrating</td>
<td>0.175 ((b_x))</td>
<td>0.233</td>
<td>0.060</td>
<td>2.775</td>
<td>0.006</td>
<td>6.637</td>
<td>0.002</td>
</tr>
<tr>
<td>on its current market segment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The economical factors affecting a tourism company’s</td>
<td>0.139 ((b_z))</td>
<td>0.184</td>
<td>0.093</td>
<td>2.190</td>
<td>0.030</td>
<td>6.637</td>
<td>0.002</td>
</tr>
<tr>
<td>marketing strategies &amp; policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For the second variable \((Z)\), it interprets about \(0.093\%\) of change and behavior of the depend variable \((Y)\). This is because of the rapid changes of the economic factors such as exchange rate, interest rate, government economic policies, inflation rate, and economic legislation, which cause Egyptian companies to concentrate on short-run objectives rather than their strategic marketing objectives. For example, investment organizations underwent a lot of changes during the period 1974–1997. In 1974 law No. 43 was issued for organizing Foreign and Arab Capital, followed by law No. 32 in 1977, which was annulled and substituted by law No. 230 in 1989. In 1981, law No. 159 was issued for organizing the business sector in Egypt. In the 1990s law No. 8 was issued in 1997. Hence, there were five laws regarding investment issued from 1974 to 1997, which means that a law has been issued every 4 years, which results in an unstable environment of investment in Egypt. This explains why tourism companies’ managers concentrate on short-term decisions rather than long-term ones.

There are also several economic factors that support this result, such as external and internal factors affecting tourism growth in Egypt. External factors include economic instability, the impact of the Euro/dollar relation on hotel and tourism services prices (especially for Europeans), and foreign competition from other Mediterranean countries, such as Turkey. The General Agreement for Trade & Services (GATS) is expected to result in greater foreign competition, but also in a potential transfer of foreign technology and skills to Egypt enhancing service quality. Internal factors include institutional obstacles (administrative complexity, financing limitations, fees and taxes), government policies (the exchange rate, tour-
TOURISM STRATEGIC MARKETING PLANNING

ism regulations, environmental, pricing, and marketing policies), human resources (particularly education and training), and tourism-related services (including travel agencies, tourist guides, public tourist establishments, transportation, and infrastructure). All of these economic factors affect tourism company managers’ attitudes to be oriented toward short-term objectives rather than long-term strategic thinking.

Conclusions

There is a degree of misunderstanding to the concept of tourism strategic marketing. According to the stepwise regression analysis results there are only two factors that control and affect the understanding and the method of accomplishment of the tourism strategic marketing strategies and policies. The first factor is the degree to which the tourism company/destination is concentrating on its current market segment rather than diversifying their tourism products and markets. This is because most of tourism companies in Egypt are small and work as travel agents. The second factor is the economic variable that has an effect on tourism marketing strategies and policies. This results from the rapid changes of economic factors such as exchange rate, interest rate, etc., that cause the Egyptian tourism companies/destinations to concentrate on short-term outcomes rather than their strategic marketing results. For improving the situation there should be a kind cooperation between tourism companies/destinations in Egypt, such as emerging or strategic alliances.

References


