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Strategy Development for Irish Tourism:
Elements of the Irish Tourism Product in Attracting the German Tourist Market

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Abstract

This paper outlines a range of strategic issues that the Irish tourism industry is facing in the 2000's. The paper analyses the strengths, weaknesses, opportunities and threats of the Irish tourism industry. Drawing on research into the German market the paper explores the core strategies, which can be pursued in order to achieve potential of the tourism in this one sector of the market. The findings of this research can be used as a framework for other core markets in Irish tourism.

Key Words: Strategy development, Irish Tourism Industry, German Tourist Market.

INTRODUCTION

Tourism has been one of the most significant and consistent growth industries in the world. Among all the 'export industries' tourism represents 25% of the international trade services spending. At the end of the twentieth century, the tourism industry has shaped up to be a competitive battleground where only the best managed tourism destinations will prosper, (Evans, Fox & Johnson, 1995: 37). Good research in the tourism industry is an indispensable aid to understanding the relationship between apparently connected activities, (Ryan, 1996: 2).

Overseas tourist visits to Ireland grew by 7% in 1999 to 5.9 million, the eighth successive year of growth, generating £3 billion in total foreign exchange earnings. In the last decade tourist visits have grown by 145% (Bord Failte, 2000). The key priority for Irish tourism policy makers now is to maintain existing growth levels for the period 2000-2006, although in the European market; performance has been stagnant for a number of years (Quinn, 2000). The development potential of tourism in the new millennium offers significant opportunities for the Irish tourism industry. Ireland's natural, economic and human resources make possible substantial strides in the years ahead, (ITIC, 1998). To enable these substantial strides to develop marketing strategies for tourism must be conceived, developed for implementation, and finally realised.

Faulkner (1997) suggests that the tourism industry should adopt new and more innovative techniques for the formulation, implementation and evaluation of strategic plans, in order to gain competitive advantage. A competitive advantage is based on an attribute or combination of attributes of the product or service which the tourist values more than that of the competitors, (Bradley, 1991). Evans et al, (1995) advises that destinations must discover their distinct advantages over other destinations and build their strategies around these advantages. Building and sustaining competitive advantage for the tourism product is a continuous task particularly as the environment and competitors evolve, and as new markets are entered and developed. Mintzberg confirms that strategy formulation and implementation should represent a continuous process, (Mintzberg, 1994). The process begins with a destination analysis, market research, and selection of products that will satisfy those markets. It is critical to ensure the price is right for market, offers value for money and that it is positioned to appeal to the perceptions of that the market.

DESTINATION ANALYSIS

Research has widely shown that the critical stage in a strategic marketing process is to conduct a destination analysis to identify the strengths, weaknesses, opportunities and threats that pertain to the development of market.

Much of this analysis is based on an internal evaluation of the product offering to the targeted market and the perceptions of the target market consumers. An analysis of a destination can discover the strengths, which are valuable to developing a competitive strategy for that destinations brand image.

Previous research carried out in this area reviewed the attributes perceived important to an individual when selecting a destination, i.e. the German tourist to Ireland. All results were considered from 'Extremely Important' and 'Satisfied' to 'Not at all important' or 'dissatisfied'. This resulted in strengths and weaknesses, respectively, to Irish tourism as viewed by the German tourist, (Conway & Ruddy, 2000), see Figure 1.

Figure 1. Destination Analysis for the German Market to Ireland

Strengths	Weaknesses
❑ Easy and relaxed pace of life, ❑ Interesting history and culture, ❑ Lack of mass tourism, ❑ Good availability of outdoor sports, ❑ Conviviality and informality. ❑ Untainted natural environment, ❑ Ancestral home to 70m world-wide, ❑ English speaking. ❑ Scenery, landscape and countryside; ❑ Hospitable Irish people; ❑ A 'green' environment, rich in heritage; ❑ And a relaxed pace of life.	❑ The poor weather; ❑ Unstable political environment; ❑ Lack of shopping facilities; ❑ Poor accessibility transport; ❑ Poor value for money; ❑ And not previously seen as a city destinations.

Opportunities	Threats
❑ Potential in the repeat visitor market and visiting friends market; ❑ Language learning as Ireland is an English speaking country; ❑ High use of internet and other hi-tech marketing promotional access in Germany; ❑ Increased competition in access fares will bring a reduction in price and an improvement in quality; ❑ Germany is the world's second largest outbound travel market with Ireland securing a small percentage of this market, meaning room for improvement.	❑ Increased disinterest among Irish people to work in tourism and an increase of foreign employees working in front-line positions weakens strength of the friendly Irish people; ❑ Heightened competition through greater penetration of marketing promotions; ❑ Consolidation of air access and routes (Lufthansa decreased their weekly capacity to Ireland).

Strengths may be classified as either generic strengths and/ or competitive strengths. Generic strengths are strengths which will be common to most of the competitors' destinations and which are generally utilised by the prospecting tourist in the selection of a broad range destination.

Competitive strengths can be identified as those which provide comparative advantage in specific markets, and are considered to be more valuable in the positioning of a destination in the mind of the tourist and consequently they become important in the development of a destination brand. Competitive strengths are strategically more important as they contribute to differentiating the destination from the most competitive destinations.

DEVELOPING A DESTINATION PRODUCT-MARKET PORTFOLIO

Resulting from a destination analysis a strategy for the German market can be developed. Any marketing strategy into a German market must consider both the elements of the marketplace and components of the product offered. The strategic options can be presented in a two axes and four quadrant matrix, see Figure 2.

Figure 2: Destination Product-Market Portfolio

		Product	
		Existing Products	*New Products*
Market	*Existing Markets*	1. Market Penetration	3. Product Development
	New Markets	2. Market Development	4. Diversification

This simple Destination Product-Market Portfolio matrix can help identify a range of strategic options for the German/Irish tourism market. These are detailed as follows:

Market Penetration

When people are aware of the Irish tourism product, persuading them to try it becomes the challenge, by highlighting the important aspects of service to them. (Kleiven and Solum, 1997). This can be achieved through *market penetration* where improved promotion of positive attributes of the service may result in increased share of the German outbound market.

Market Development

When consumers are aware of the product, and have experienced it, the challenge is making them loyal and getting them to repeat their purchase, or to recommend it to their acquaintances and friends. This can be achieved through *market development* as more satisfied customers returning to Germany may result in positive promotion to their family and friends at home, who may not have travelled to Ireland before, but who may consider it in future.

Product Development

Product development is also an option here as the outdoor activities market, language learning, shopping, sports and short break holidays are all opportunities, which can be built upon to strengthen our position in an ever-increasing competitive market.

Diversification

Diversification is not an option here as the Irish tourism industry wants to maintain its existing markets and this research is concerned only with the German market.

IMPLEMENTATION OF STRATEGIES FROM THE PRODUCT-MARKET PORTFOLIO

Any discussion of the marketing mix usually begins with the product, as the majority of other marketing elements are directly influenced by what is offered. In this case the 'product' is the Irish tourism product which consists of a range of elements. Marketing plans can be formulated for these different elements.

1. MARKET PENETRATION

Value for Money: With the continued development and improvement of the Irish tourism product, to ensure its effectiveness in a highly competitive market, industry players should provide value for money and hence continue to attract tourists to our country. Both, value for money and shopping were not favourably viewed when selecting Ireland or rating their satisfaction. In the 1999 Bord Failte Marketing plan they found evidence that there has been some price resistance in the German market in recent years, and the perceived lack of sophisticated shopping was seen as a weakness to Irish tourism.

More Events: Events around the country could also be highlighted to increase visitor numbers and create or improve an image of that area. Established events such as the Wexford Opera festival or the Oyster Festival in Galway continue to attract visitors from all over the world every year. In 1998, Ireland was privileged to be host to the opening of the Tours de France, and the close to the Cutty Sark Tall Ships Race, both of which should improve Ireland's image of sporting events. Ireland has also secured the hosting of the Ryder cup for the year 2005, which is again a great opportunity for Irish tourism appeal.

AOIFE, the Association of Irish Festival Events, since its foundation in 1993, and Bord Failte have published a directory of festivals and events taking place around Ireland. These are laid out by calendar and by county (AOIFE, 2000). Both Bord Failte, ITIC and AOIFE have all noted that highlighting events and attractions on a national and regional basis helps both regional distribution of tourism and seasonality. As the German tourist in this research has pointed out, industry partners marketing efforts have paid off. In the OTMI report they found that Ireland is not perceived as a suitable destination for city holidays.

Promotion, Advertising and Marketing: In most areas around the world the customer has a wide variety of choices of holiday destinations and their selection will be based on how they feel about that destination. Their feelings will be based on logic and knowledge, an assessment of several attributes the destination has, weighted by the decision-maker's perception of value. When a significant number of people hold similar perceptions about a property, that property has what is called a market position.

Two places can be similar such as Ireland and Scotland, and offer the same attractions, but occupy totally different positions in the market. This position is no more than a public perception strategically placed by managers of the tourist destination (Wearne, 1994). In this research we look at the German tourist, therefore when we are discussing the 'market' we refer to the German holidaymaker.

Images are important for place marketing as they influence people's perceptions of a place and can affect their choices and behaviour (Echtner and Ritchie, 1991; Selby and Morgan, 1996). Youell (1993) explains that successful tourism marketing needs to revolve around positive rather than negative images of destinations. To be effective an areas image must be consistent with its identity, as identity is what makes up an area and image is how others perceive it.

The German visitor was asked to indicate the importance of and satisfaction with each attribute presented to them on the survey. Through results received, holiday visitor growth will increase with the industry's managed exploitation of the country's natural resources and human element of the 'hospitable Irish people'. Ireland also has a competitive advantage here as the 'Irish people' element can only be found in Ireland. There was also a high incidence of potential repeat visitors. Here is an opportunity as the potential is not only for repeat visitors, but for positive promotion through recommending Ireland as a holiday destination to their family and friends.

It is important for Bord Failte and the industry to understand what elements are special and unique to Ireland and hence market these to the targeted market. In this research the top three attributes chosen by the sample surveyed are highlighted in the promotional campaigns of Bord Failte.

Staggering of holidays in Germany is also an important area to monitor for marketing purposes. Both the time of surveying in Ireland and the staggering of holidays in Germany have had an effect on the numbers of those tourists from each region of origin. Bord Failte could stagger its marketing to correspond with the staggering of holidays in each respective region. Bord Failte has been instrumental since its founding in the area of promoting Ireland as a holiday destination, developing markets and sourcing potential areas for new markets at home and abroad. In the German market some of Bord Failte's ongoing marketing activities are:
Main Publications;
Trade Shows and Promotions;
Consumer Promotions;
Travel Trade information;
Ireland Advertising Campaigns;
Direct Mail;
Internet;
Press and Publicity;
Personal Sales and Promotional Visits.

Bord Failte also employs a joint marketing partnership with main players in the industry such as Canada, the American Partnership, and also with the Northern Irish tourism board. These partnerships have been a success to date. A partnership with the German tourism board, with a view to penetrating new areas not yet met in the German markets and developing existing successful areas should be a future strategy.

2. MARKET DEVELOPMENT

Markets: The award winning internet site by Bord Failte, and other web pages held by the numerous tourism industry players, aided by print media such as brochures, leaflets calendars of events can improve the increased awareness of a destination to actual and potential tourists from Germany.

By highlighting the important attributes chosen by the German tourist in future branding strategies and promotional efforts, Ireland can improve the potential tourist share of the German outbound market. Good use of visitor attitude surveys can also result in direct marketing opportunities, where the respondent can be contacted about holidays in the future, and if they responded favourably to returning for future holidays they may help promote Ireland abroad.

The German tourist market can be helpful to the development of the Irish tourism product with their staggering of holiday periods. This may help seasonality reduction and may improve spend per Diem among the regions in Ireland. It would also be instrumental in allocating a marketing budget and promotional plans per region in connection with the staggered holidays. Industry players must also remember that essential to a good positioning strategy is to achieve awareness through promotion.

Perceived Image: Tourism Brand Ireland has been successful thus far but should continue to monitor its key markets to ensure the important attributes of the Irish tourism experience, especially the human element, are well defined and differentiated from its closest competitors. Both tourism and national policy must govern and manage the environment to ensure its sustainability and therefore ensure future visitor numbers for years to come.
In the present research, experience of Ireland as a holiday destination had a strong influence on the satisfaction of tourists and possible repeat visitation. This is an opportunity where marketers should ensure smaller gaps between image projection by the media and subsequent image perception and retention by potential customers.

Value for Money and Price: With the continued development and improvement of the Irish tourism product, and to ensure its effectiveness in a highly competitive market the industry should ensure they provide value for money and hence continue to attract tourists to our country. Access transport companies are under tight competition, and so far have been competing at low access prices. Competitive pricing in addition to promotional pricing in off peak periods can be used to attract future tourists. With increased demand during the peak months and limited supply of facilities and amenities, use of premium pricing could be utilised once the actual price does not exceed market acceptability. Ireland should never become seen as a 'cheap' destination, but should continue to monitor pricing policies with the target market in mind.

Access: Having recognised that there is an increase on short breaks and city breaks the issue of access to and from the regions must be addressed. Travel to these regions must first be improved and then encouraged and marketed so that tourist businesses may profit from an expanded tourist interest and tourist season. Transport within Ireland needs to be closely reviewed and monitored, especially due to more recent occurrences of taxi disputes and rail workers disputes. Both the government officials and Bord Failte involvement in this area is necessary to improve situations and improve tourists experiences in the long run. More services in the peak periods are required to cater for demand, and with the increase in fares should surely come with improved services. Management of internal transport in areas of

tourist and environmental interest and protection should be increased due to congestion in areas such as parts of the ring of Kerry and Dublin. These are popular areas among German visitors and should therefore be managed through sustainability for the future generation to come.

3. PRODUCT DEVELOPMENT

Green Products: Ireland relies heavily on her image of a 'green' environment and hospitable and friendly welcoming Irish people. It is important that sustaining development and competitiveness does not infringe on those assets, which contributed to her competitiveness in the first place. Visitor traffic management, together with the increasing awareness of the environmental impacts of tourism must be reviewed.

Training the People: The human resource component is the most important element of the Irish tourism product as it is this component which holds the Irish tourism product together. The value of the Irish people at the core of Irish tourism must never be ignored. The Irish people must be made aware of their importance in the Irish tourism experience by encouraging them to become more involved in Irish tourism. This was referred to by a German writer and tourist, Rainer Kuehn, in an article in the Irish Independent (1/2/99). He suggested that although everyone is busy with the tourism boom it is important that people are still friendly and so he remains a fan of Ireland as a holiday destination. Holiday visitor growth will increase with the industry's managed exploitation of the country's natural resources and human element of the 'hospitable Irish people'. Selection of well-trained staff for industries in tourism is essential as is the continued training of these staff once they have been instated. It is futile in portraying a 'Cead Mile Failte' if this is not fulfilled by staff and workers in the tourism industry. DIT Cathal Brugha Street, and other colleges around the country, offers many courses to students and members of the tourism industry for training and retraining purposes.

Short Breaks and City Breaks: The increased phenomenon of city tourism in addition to short breaks could be strengthened to include not only Dublin but cities like Cork, Limerick and Galway to coincide with the marketing of events such as the 'Cork Guinness Jazz Festival', 'Galway Arts Festival' etc.
In the past, short breaks means more spending per day and in the long term more growth potential for the region. It is an opportunity for extending the holiday season as short breaks can include weekend breaks for the region. The increased phenomenon of city tourism in addition to short breaks could be strengthened to include not only Dublin but cities like Cork, Limerick and Galway to coincide with the marketing of events such as the 'Cork Guinness Jazz Festival', 'Galway Arts Festival' etc. Bord Failte and industry partners should endeavour to develop city destinations with improved access and accommodation facilities and a marketing programme to highlight these areas and entice more visitors to regions outside of Dublin.

Access and Transport: Having recognised that there is an increase on short breaks and city breaks the issue of access to and from the regions must be addressed as it is obvious from the results that there is an imbalance among the regions. The hire car market was well utilised by tourists travelling to Dublin and it can be observed that previous marketing has paid off in this area. Shannon cruisers have been an important tourism product in the past and could benefit in the future through increased marketing efforts by Emerald Star Lines and Bord Failte.

THE FUTURE FOR THE GERMAN INBOUND MARKET TO IRELAND

High quality quantitative and qualitative market research is increasingly important in target marketing and this need to be adequately funded over a period of years. The EU has been an important player in Irish tourism through legislative and financial support. Both the Operational Programmes 1989-1993 and 1994-1999 have contributed greatly towards the Irish tourism industry. In 1999 the value of exported goods was estimated at £60 million of which £2.5 million can be attributed to tourism, accounting for 4.1% of exports and 4.2% of GNP. This would have been difficult without EU support.

In the future Single European Market there will be limited European Union (EU) and government resources, and greater involvement with the industry to produce ownership of and commitment to effective marketing and product development. Funds in the region of IR£350 million have been earmarked for tourism development in the National Development Plan, 2000-2006. This will be directed towards training, product development and marketing (Quinn, 2000: 8). The State hopes that the industry will be able to generate fixed funding in the region of £100 million over a 5 year period, (Quinn, 2000: 9).

Better knowledge of the potential visitors' perceptions and expectations can be used in marketing Ireland and such information can be helpful in developing informational campaigns to correct any previous mis-perceptions. Ireland has a strong image in Germany regarding its beautiful landscape and unspoilt nature, together with a distinctive and attractive simple way of life and a friendly population. It is evident from the research that this image of Ireland has been maintained for the past decade.

Germany provides one of the most attractive challenges in the future, with over 45 million German holidays abroad each year, being the largest source of tourist traffic in the world. Ireland is only getting a small fraction of this at the moment, but if properly targeted and positioned to the German market, this may bring improvements in the near future. Future policies should look towards improving the average yield from tourists and maintaining tourist arrival figures.

The results of the research have several implications for Irish tourism marketing. Initially, Ireland is favoured for its landscape and countryside. The most cost efficient and effective strategy for Ireland is to leverage this market perception, with the opportunity to position itself as a destination with beautiful green scenery and vast tranquil landscape and countryside. Ireland's closest competitor, Scotland, holds this same attribute. To ensure a competitive edge Ireland should be seen as a hospitable country with friendly and approachable people with a 'Cead Mile Failte' for every tourist.

An essential part of research missing is how these respondents view Ireland compared to other countries they may visit, or to their own country. While this comparative aspect was not part of this research effort, those involved in marketing should include a comparative element in future research.

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