



NICHE MARKETING IN THE HOSPITALITY INDUSTRY

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Around the world, more and more travellers are using their vacations to visit places and partake of activities that fewer and fewer of them would be interested in. This is not a paradox; it's the latest thing in market segmentation: niche marketing to ever smaller groups of people who share specific, often unique, interests and values.

Several examples abound that range across a melancholy of human issues. For example, whale watches are attracting thousands of visitors each year to sites from the Azores to Kaikoura, New Zealand.

As unfortunate is the nature of war, its residual effects are enormous. Vietnam War veterans in growing numbers are returning to the once-violent scenes of

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their youth, to make peace with their memories and their former enemies. Similarly, Cambodia once had only Angkor Wat to bring in tourists. Today, Pol Pot's "killing fields" are a major tourist destination, both for Cambodians and for international visitors. The site of the D-Day invasion is the fourth-most-visited tourist destination in France. The Hiroshima Peace Memorial Park and Museum and U.S.S. Arizona Memorial at Pearl Harbor also are major attractions; the Arizona Memorial hosts more than 1.5 million visitors each year. Lastly, the United States Holocaust Memorial Museum near the National Mall in Washington, D.C., has grown from a controversial idea in the 1980s to a destination for more than 22 million people since its opening in 1993.

Several million people also travel each year from countries where medical care is expensive or unavailable to Thailand, India, Singapore, South Africa, and perhaps a dozen other countries that provide top-quality surgery and dental work at bargain-basement prices.

The National Great Blacks in Wax Museum, in Baltimore, MD, attracts more than 200,000 visitors per year to, among other displays, its "lynching room," filled with newspaper photos, body parts, and horrific scenes of murder recreated in wax.

And, of course, cruise lines around the world are providing theme voyages for interest groups ranging from gay singles to mystery buffs to poker players.

Consultant Rick Hendrie, of Link, Inc., calls this "tribal marketing." One of his articles on this subject can be found on HSMAI's eConnect Web site.¹ In the modern, developed world people are no longer stuck with the groups they were born into: Being born into a farm family—increasingly rare in itself—does not mean that you are destined to be a farmer or a farmer's wife. Instead, Hendrie points out, we hunger to belong to groups that are like us in interests and spirit. In recent years, a combination of social mobility and technology has made it possible to find and join these groups.

We see the evidence all around us. "Dead Heads" plaster their vehicles with Grateful Dead bumper stickers. The fabled Burning Man Festival attracts some 35,000 artists, craftsmen, and performers to the desert of Black Rock City, Nevada, each summer. Harley riders—the archetypal tribe—wear the company logo on their clothes; some may even tattoo it on their chests.

This tendency to subdivide ourselves into voluntary "tribes" based on mutual interests and values has been one of the strongest trends of the last decade. It will grow even more powerful in the future, because it is being fueled by several

of the major trends which are now reshaping our world and currently being tracked by Forecasting International here in Arlington, Virginia.

One of the most valuable forecasting techniques is trend analysis. It comes in two forms, trend extrapolation and trend correlation. The basic idea of trend extrapolation is that the changes we see happening around us are likely to continue, and the future will grow out of them. Any reasonable forecast must assume that technology will continue to deliver new miracles, that countries where birth rates are out of control are likely to have much larger populations in the years ahead, and so on. We need good reasons to deviate from those straight-line projections, and those reasons can be among the most useful insights derived from a study.

Trend correlation is even simpler in principle. Some trends follow others. Thus, when you know where one trend is headed, you can be reasonably sure about the other. For example, a rise in the number of construction permits issued in a community reliably foretells an increase in the number of buildings built. A rise in birthrates presages a long-term increase in the demand for housing, primary schools, and eventually university classrooms and instructors.

About fifteen years ago, Forecasting International reviewed what it knew about the future and condensed this knowledge into a list of trends that were seen as changing the world. Forecasting International has updated that list frequently over the years. The number of entries varies from time to time as trends mature and die and new forces arise to shift the course of events. At the moment, Forecasting International is tracking 53 major trends in world politics, technology, national and international economies, and other important aspects of global society. These are the broad forces that will help to shape the future, and they give us a necessary context in which to consider any specific subject.

One of these 53 major trends that will continue to fuel this particular marketing movement is Forecasting International's Trend 12, the growth of tourism, vacationing, and travel (Cetron, DeMicco and Davies, 2006). Over the next ten years, travel and tourism are expected to grow by an average of 4.5% annually. By 2014, that will amount to a market of more than \$9.5 trillion, adding nearly \$7 trillion to the world's GDP. By 2020, international tourist arrivals will total more than 1.5 billion per year, according to the World Tourism Organization.

The second trend affecting the growth of "tribal marketing" is Trend 1, the continuing prosperity of the developed world. Voluntary group activities are fed by discretionary spending, and none more so than tribal travel. Despite the current

spike in oil prices, and the spreading fear that petroleum may never again be affordable, we believe that energy costs will return to acceptable levels within three years, as oil supplies from the former Soviet Union begin to reach the market and refinery capacity begins to expand. More people will be able to afford the time and money required for optional activities such as a visit to a distant museum or a special-interest cruise.

Yet another trend that must be considered is our Trend 53, bimodal distribution. As other major industries have both consolidated into the hands of a few corporate giants at one end of the spectrum, but have generated thousands of prosperous niche operations at the other, so it is with hospitality. As the largest hotel operators displace smaller rivals, or buy them up in order to reach new market segments, single-location resorts and small chains are successfully tapping markets such as eco-tourism. As travel agencies are being out-competed by online discounters, a very few are finding profitable specialties in medical tourism. So it goes throughout the hospitality industry. So it will grow in the coming decade.

The most important driver of market segmentation may be Trend 33, the growth of the Internet. Already, one-fourth of all revenues in hospitality will come from the Internet. Another 25 percent come from sales researched on the Net, or otherwise influenced by it, meaning sales made offline, through call centers, group bookings, and other routes.

There is much more to come. More than any other single factor, it is the Net that brings "tribes" together. People with similar interests and values gather in dedicated newsgroups, visit the same Web sites, and participate in specialty forums to pursue their common concerns. Yahoo groups alone serve several hundred thousand special-interest communities, from the International Wood Collectors Society to people whose cats require daily medical care for kidney failure; the exact number of these groups is hard to find, and in any case it grows daily. Few of these people could have found enough of their peers to form self-sustaining groups in the days before the Internet, and none could have exchanged messages around the world in real time.

More and more often, these communities spill over into the real world. Witness BARGE, the "Big August Rec.Gambling Excursion," in which newsgroup participants descend on Las Vegas to play poker and blackjack, put faces to personalities known only on the Net, and make their contribution to the bottom line at the Plaza Hotel and Casino. We will see many such gatherings as the Net becomes ever more tightly woven into our daily lives.

Driven by these major societal forces, the trend to ever greater market segmentation will provide many of the best opportunities available to hospitality in the early years of this century. The companies that take advantage of it most effectively will be among the most successful in the industry.

A number of market segments offer clear possibilities for future development:

Adventure Travel - Whether it is helicopter skiing in the Alps, photo safaris in Africa, or hang gliding in Himachal Pradesh, adventure tourism is the vacation of choice for many affluent travellers. Many of them are young and fit, but this is not necessarily the case. Others are Baby Boomers not yet ready to give in to arthritis and a rocking chair. Economics and demography guarantee that both groups will continue to expand for years to come. The market for adventure travel will expand with them.

Ecotourism - From the tropical rain forests of Costa Rica and Brazil to the icy wastes of Antarctica, unique ecologies are drawing travellers in record numbers. In Rwanda, visitors to the few remaining mountain gorillas represent an important source of tourist revenue. Some eco-destinations, like the Galapagos, are so popular that the sheer number of tourists threatens to destroy the unique environments that make them worth visiting.

Ecotourism aims to avoid that by providing getaways that protect fragile environments even while opening them to pleasure-seekers. It offers unique appeal for visitors from more developed lands who are acutely aware of our impact on the world around us. Bird watchers, hikers, mountain bikers, and participants in other "low-impact" activities are making ecotourism one of the fastest growing segments of the travel and tourism industry.

Tragedy and Terrorism - The classic attractions—if "attraction" is exactly the concept we need here—are the World War II killing grounds of Auschwitz and Bergen-Belsen, and the Anne Frank house in Amsterdam, long visited by Holocaust survivors and their families and by people who wish to understand history, while being sure that it can never happen again.

Unfortunately, the world is exceedingly well supplied with sites of tragedy and horror. Many of them already attract their share of visitors who wish to understand, and sometimes to bury, the past. American pilgrimages to Vietnam are far from unique. The infamous prison at Robben Island, 12 kilometres from Cape Town, has become a symbol of liberation for black South Africans; it now draws more than 300,000 visitors per year. Andersonville Prison, in Georgia, where nearly 13,000 Union soldiers died of disease and malnutrition in just 14 months,

is a popular site for those interested in the Civil War. Even a few sites from the Rwandan genocide are beginning to draw a few pilgrims. There will be locations enough and potential visitors enough, to repay the investment of anyone wishing to tap into the lucrative market for the horrors of history.

In fact, several of them are already drawing their share of tourists. Even before plans for a memorial are complete, a steady stream of visitors arrives each day at the site of the Twin Towers in New York, where the September 11 attack demolished the World Trade Centre. The Pentagon also receives visits from tourists wishing to honor the second impact site. And in Pennsylvania, a small, dignified marker in the field where the hijacked United Airlines Flight 93 fell to earth is mandatory stop for many travellers through the state. All these sites, and many where terrorists have struck in other countries, will remain active for at least the next two or three generations.

African American History - Speaking of tragedy, the National Great Blacks in Wax Museum is far from the only destination for African Americans interested in the history of their ancestors. The Reginald F. Lewis Museum of Maryland African American History and Culture opened last June, while a museum dedicated to Harriet Tubman, at her birthplace in nearby Cambridge, Maryland, is scheduled to open soon. Virginia, already the sixth-most visited state among African American tourists, expects to attract even more visitors to the national slavery museum, soon to open at Fredericksburg. A variety of tours aimed at this market take visitors along the route of the Underground Railroad by which escaped slaves traveled to the North in the years before the Civil War, to the sites of civil rights protests in Alabama and Georgia, and through parts of Louisiana, Mississippi, and Tennessee where jazz and the blues were born. All these attractions, and very likely sites in the former slave origins of Africa, can be expected to prosper.

Medical Needs - A heart-valve replacement that would cost \$200,000 or more in the U.S. goes for \$10,000 in India, including round-trip air fare and a brief vacation. In Thailand, a knee replacement with six days of physical therapy costs about \$5,000, one-fifth the American price. And a full facelift that would cost \$20,000 in the U.S. runs about \$1,250 in South Africa. At least 15 countries—most in Asia, South America, and Eastern Europe—now have, or are developing, profitable industries supplying low-cost, high-quality medical care for people from countries where care is expensive or hard to obtain.

In the process, they are providing new opportunities for the hospitality industry. In Petervale, South Africa, a tour operator and travel agency called Surgeon and Safari has built a thriving business bringing medical tourists to the Johannesburg

area, mostly for cosmetic surgery. Phuket Health and Travel arranges hotel stays, surgery at Bangkok Phuket Hospital, and a few days of lolling on the beach; one clinic there is the world's busiest site for sex-change operations. In India, where the care available to well-off foreigners is among the best in the world, Air India even offers frequent-flier miles to ease the burden of returning for follow-up visits. For travel agencies and tour operators willing to invest time and effort to learn the needs of this highly specialized field, medical tourism may hold more promise than any other niche in the hospitality industry. The hotels, airlines, and attractions that serve their clients will prosper as they do.

As we have seen, all these markets share common factors. They depend on growing prosperity in the developed world. They express the small-is-profitable end of bimodal distribution. And they all benefit from the Internet, where savvy, affluent travellers shop for new vacation experiences and people from across the world discuss their common interests. In gathering on the Net, individuals who could not otherwise be reached efficiently voluntarily form themselves into micro-markets for hospitality services of all kinds. It is through the Net that hospitality marketers can best reach them.

A good start is to have an attractive, informative, convenient Web site. Importantly, this has become a dire necessity for niche marketers in the hospitality industry. For many destinations, the Web site may be the only point of contact with potential guests. Being on the information highway is as important as staying competitive and even survival. Several travellers seek information pertinent to unique tourist spots by actively researching the Internet. If you are offering, say, a trek up Kilimanjaro from a base in a picturesque native village, there really is no practical way to reach customers other than the Internet. Alternately, the Internet may be the best way for you to promote the trip so as to reach a broader and wider audience.

Of course, a Web site won't do much good if customers can't find it, or if they find a competitor's site instead. According to Forrester Research, no fewer than 80 percent of all visits to Web sites begin with a search engine or online directory service. Therefore, it seems likely that the most successful marketers to small hospitality segments will make sure they come up near the top of the relevant keyword searches at Google, Yahoo, and other major Net guides. This where search engine optimization and becomes imperative to remaining on the top of key search engines.

Search engine optimization (SEO) is a process of optimizing a website such that it can be easily located on the Internet, which is itself the largest information

repository in the world. Put differently, it is the process of either developing or altering a Web site so as to improve visibility, rank and relevance in the organic, crawler-based listings of search engines. Note that search engines (like Google, MSN etc.) use web spiders or web crawlers, which are software programs that traverse the World Wide Web in a methodical, automated manner over defined time intervals. These programs create copies of all the visited and subsequently index them based on defined keywords, and thereon rank them. Therefore, when a person seeking information on Mysore (keyword) as a tourism destination enters it into the search engine, those websites that optimized their website with the keyword "Mysore" best and have the highest popularity will come up on top of the search engine's results. Directories are also like search engines because they furnish information based on keywords. However, online directories are prepared using human intervention where a human actually visits the website and then indexes it based on the keywords associated with it. Dot Travel (.travel) is being positioned as the next generation directory for the travel industry². Note that there are hybrid search tools as well that function based on a combination of human indexing and web-spiders.

Therefore, destinations that are seeking to target niche markets should optimize their websites based on the unique keywords associated with the product. This will improve their positioning and ranking on website and most importantly, can be found easily by their target segments.

Judicious use of paid advertising is also an important component of their Internet marketing plans. In this case, search engine marketing (SEM) can also be adopted, where pages are guaranteed for inclusion in a search engine's index in exchange for payment. Links from other sites can be important as well. Would-be vacationers who visit a Web site advertising destinations in Tanzania, to continue the example above, should find a link to your trekking operation prominently displayed. To achieve good results here, it is important to set up a good affiliate program for cross-promotion of synergistic products and destinations. For example, the destinations of Mysore and Ooty can collaborate together by having hyperlinks of the other's destination on their website. Travelers who reach Mysore may be tempted to visit Ooty and vice versa because of the close proximity between the two destinations.

But the most effective marketing tool is participation in the groups where your likely customers congregate. Simply advertising to a newsgroup or Yahoo group can be counterproductive: No one is more widely hated than an Internet spammer. Yet a recognized member of the community can sometimes mention delicately that he offers a service that might interest other participants without arousing

anger from any but the least tolerant among them. Done well, over a long period, this can make your hospitality business itself a sort of adjunct member of the group. And short of "owning" your own forum, an option that seldom fits hospitality sites, that is the most powerful Internet marketing tool of all.

One special resource can be a big help to anyone in the hospitality industry HSMAI's eConnect Web site offers a host of research and marketing reports, market review articles, general editorial material, and links to other resources that can be a big help to almost anyone in the industry.³ A quick search while preparing this column turned up no fewer than 105 items dealing with market segmentation. It's a good guess that there will be many more in the years ahead. The industry is surely bound towards more exciting years ahead.⁴

References

- ¹ <http://www.hsmaieconnect.org/news/4022903.html>.
- ² For further information on this directory, please visit <http://www.tralliance.info>.
- ³ <http://www.hsmaieconnect.org/>
- ⁴ Cetron, M., F.J. DeMicco, & O.Davies (2006). *Hospitality 2010: The Future of Hospitality and Travel*. Pearson Prentice Hall Publ. New Jersey, USA.