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SCIENCES

Developing a Strategic Marketing Plan in Tourism Industry

Case: The Tourism Market of Henan Province in China

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## ABSTRACT

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The objective of Thesis is to develop a strategic marketing plan for the tourism market of the Henan Province in China. The new strategic marketing plan for the Henan's tourism market is developed in order to attract more tourists to travel to this destination for the purpose of developing and consummating the tourism market in Henan.

This Thesis uses both qualitative and quantitative research methods. Interviews and the questionnaire are the main data collection techniques in this Thesis. I interviewed four managers of four tourism companies in order to understand more about the Henan's tourism market. Furthermore, I distributed a questionnaire in June and July 2010 to 200 tourists traveling in the Henan province to collect and analyze the tourists' consuming behaviors. The theoretical framework discusses the concept and nature of tourism, the characteristics of tourism, the motivation of tour, factors that impact on tourists' consuming behavior and the ways to compile a strategic marketing plan in tourism industry. The sources of information consist of books dealing with the topic and selected Internet articles.

The result of this Thesis is a feasible strategic marketing plan based on the analysis of the tourism market in Henan province. The new strategic marketing plan is developed in accordance with the seven 'Ps' and it puts forward new ideas and marketing strategy suggestions for the development of the Henan's tourism market.

Key Words: tourism market, Henan province, strategic marketing plan, seven 'Ps'

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## 1 INTRODUCTION

Tourism emerged as the largest global industry of the 20<sup>th</sup> century. Furthermore, it is projected to grow even faster in the 21<sup>st</sup> century. In tourism, the destination plays the greatest role. Thus, perspective of a destination is the greatest challenge for tourism marketing. (Khan 2005, 2.) Therefore, the development of tourism marketing on destination is very important in tourism industry. As the major role of destination in tourism, the objective of my Thesis is to develop a strategic marketing plan in one specific tourism market in China. The purpose of the new strategic marketing plan is to enhance the tourism market and attract more tourists in this specific area. For this objective, I chose the Henan province (henceforth Henan) that is located in China as the case market to develop this Thesis. At the end of my Thesis, I bring forward a new feasible strategic marketing plan for the development of tourism industry in the Henan province. The background and motivation of this Thesis, research objectives, research questions and research methods of this work will be presented in this chapter as well as the structure of this Thesis.

### 1.1 Background and motivation of the study

In the modern society, travel is a very popular leisure activity in the world. Over the past half century, tourism has evolved into one of the industries with the most powerful expansion. As participation in tourism has grown, more countries develop tourism industry as hosts to attract tourists. Especially in the East Asia Pacific and Middle East regions, they have the highest and most sustained growth of tourism in the past decade. (Telfer & Sharpley 2008, 1.) Tourism as an industry has been a big economic contributor to many economies for many decades. Mak (2003, 2) describes that tourism is an important economic sector around the world. The World Travel and Tourism Council also estimate that travel and tourism account for probably 10% of the world's gross domestic product and almost 8% of total worldwide employment. Furthermore, The World Tourism Organization notes that tourism is almost universally the leading sources of economic growth, investment, foreign exchange and job creation in

developing countries and the least developed countries (Mak 2003, 2). Therefore, tourism's economic contribution is expected greater in the future.

China possesses a rich and profound culture. China has a recorded history of more than 5,000 years, and it is one of the four countries with ancient civilization in the world (alongside Babylon, India and Egypt). At the same time, the very beautiful natural scenery owned by China as the diversification of geographical factor is seen as important in the vast territory of China. On the one hand, the abundant cultural heritage and charming natural scenery attract more and more international tourists to travel to China to receive and enjoy the profound China. On the other hand, the average revenue gets an obvious enhancement and the standard of living improves with the rapid development of Chinese economy in recent score years. Thus, there are many Chinese people who have travelled to some places for relaxation in short holiday (special festival day) and long holidays (summer and winter holiday) since the year 2000.

Beginning in the late 1970s, China started with inbound tourists for Chinese tourism industry when Deng Xiaoping decided to promote tourism as well as the economic reform and open policy of China (Zhang & Pine & Lam 2004, 9). At present, Chinese tourism industry is one of the fastest-growing industries in the national economy. In 2009, the revenue of China's tourism industry reaped 1.26 trillion yuan (185 billion US dollars), 9 percent higher than 2008, on the back of booming domestic travel (Xinhua 2010). In 2020, China will become the No.1 of tourism destination as the largest host country worldwide and the fourth-largest nation to send tourists abroad in the world (China Window 2010).

The case market of my Thesis is named Henan province which is located in the middle and eastern of China. Henan province is one of the largest provinces in China and occupying a pivotal position during the history of China. Furthermore, it is the main birthplace of Chinese culture and a great natural and historical museum. (Henan Province Tourism Administration 2010.) Therefore, I can say that Henan is the right place for tourists to seek the oriental Chinese culture. In recent years, the ecotourism, i.e.



ecological tourism, has achieved a rapid development in Henan thanks to the geography and natural scenery. However, still there are some negative factors that impact on the sound and fast development of tourism under the quick development of the Henan's tourism market. The primary negative factors are the deficiency of advertising, imperfect services in accommodation and restaurant, and the distempered management system in scenic spot and so on.

Therefore, in order to stimulate and develop Henan's economy deeply, it is necessary and feasible to step up the tourism market in the Henan province firstly. Through the better development of the tourism industry in Henan, driving the relevant industries' development and accelerate the economic growth and enhance the standard living. For instance, the rapid development of the Henan's tourism market is going leading the quick expansion of transportation, accommodation, catering and entertainment.

## 1.2 Research objectives and questions

The positive and negative factors are concomitant in the Henan's tourism market as the rapid expansion of tourism industry in the world. Therefore, the research objective of my Bachelor Thesis is to develop a strategic marketing plan under this complex situation. On the basis of the study and analyses of factors, the objective of this Thesis is to provide a viable strategic marketing plan for the tourism market's development in Henan province.

According to the objective of my Thesis, the main research question of this Thesis is the following:

--How can a strategic marketing plan be developed in the tourism market in the Henan province?

Obviously, it is very difficult to directly answer this question as the scope of the answer is very wide. Therefore, through answering the sub-research questions below it is possible to reply the main research question of this Thesis. The sub-research questions are as follows:

### 1. What are the factors affect the development of the tourism market?

To answer this question, theoretical knowledge serves as a base for the identification of the factors which influence the development of tourism industry. The actual factors that affect the tourism market in Henan are described in the empirical part of this Thesis. The answers of this question are based on the analysis of current state of the Henan's tourism market and analysis of factors in the theoretical part.

### 2. What are the main elements to be considered when developing a new strategic marketing plan?

On the basis of the steps of a strategic marketing plan, the main elements to be considered when to conduct a strategic marketing plan in tourism industry are explained in the theoretical part in this Thesis. According to the support of the theoretical knowledge and the analysis of the Henan's tourism market, the major elements of a new strategic marketing plan for the Henan's tourism market will be presented in empirical part.

### 3. How is it possible to develop a new strategic marketing plan?

When answering this question, it is very necessary to consider the analysis in some main aspects. The main aspects for this question are the analysis of the Henan's tourism market, the elements that are considered for strategic marketing plan, the development objectives of this market, and the suggestions which are received from interviewees. In accordance with these aspects, the feasibility of the new strategic marketing plan in the Henan's tourism market can be evaluated.

## 1.3 Research methods of the study

The key of a good research is to define the problem and work through it in a systematic procedural manner to a final solution. In my Thesis, the tourism market in Henan as the case is conducted. Furthermore, both the qualitative methods and quantitative methods

are used to achieve the objectives of my research. These two research methods are required for my study. On the one hand, they help me to attain knowledge and information about the tourism market and the situation of tourism in the Henan province. On the other hand, they are also necessary to assist me to study and research factors that affect tourism market development in general and in Henan.

Denzin & Lincoln (1994) describe the qualitative research as a multi method in focus, involving an interpretive, naturalistic approach to its subject matter. Moreover, qualitative research involves the studied and collection of a variety of empirical materials. For instance, qualitative research is used to gain an insight into people's attitudes, behaviors, value systems, lifestyles and so on. Personal experience, interview, focus groups and content analysis are the main methods in qualitative research. (Thomas 2003, 1-2.) In order to research the state of the tourism market in Henan interviews are used with the managers of four tourism agencies to collect the knowledge and information about the tourism market in this province. The interview questions are same in order to compare their answer and opinions about the Henan's tourism industry.

Aliaga & Gunderson (2002) suggest that quantitative research is a method that uses numbers and statistical methods and it tends to be based on numerical measurements of specific aspects of phenomena (Muijs 2004, 2). In this Thesis, for researching and analyzing the tourists' behaviors and the factors that impact on tourists' decisions in the Henan's tourism market, a questionnaire is used in the quantitative research. The questionnaire focuses on the tourist's age, gender, education, travel types and impression of the tourist attractions in the Henan province and so on. A total of 200 questionnaires were distributed to tourists under the assist of tourist guides in the four tourist agencies.

Furthermore, for carrying out this research, other research techniques are used, for instance, study of theoretical knowledge in literature, analysis of documents, interviews and questionnaire.

#### 1.4 Structure of the study

The main theoretical foundation of this study rests on the strategic marketing plan in travel and tourism literature. This Thesis is divided into seven chapters. Chapter one is the introduction chapter that presented above. Chapter two and Chapter three are focused on the relevant literature and framework with a description of the theoretical knowledge about tourism and tourism market, and the conduction of a strategic marketing plan. The basic science of tourism and some determining factors which influence tourism market and tourist behavior, and the elements that should be considered when conducting a strategic marketing plan are explained in these two Chapters. The background of the tourism market in Henan, the analysis of the target tourism market and development objectives of this province are described in Chapter four. The result of the questionnaire in the Henan's tourism market is presented in Chapter five. In Chapter six, a new strategic marketing plan for the Henan's tourism market is provided. Finally, the discussions of the work and the conclusions of the research done are presented in Chapter seven.

## 2 TOURISM MARKET AND DETERMINATE FACTORS IN TOURISM

In this chapter, definition of tourism and nature of tourism are described firstly. The second part in this chapter is described the motivation of travel and characteristic of tourism. The factors that influence tourists' consuming behaviors in tourism industry are exhibited in third part in this chapter.

### 2.1 Definition and nature of tourism industry

It is necessary to understand basic knowledge of tourism industry when analyzing and developing tourism industry in one region. Therefore, definition and nature of tourism are described in this sub-chapter.

#### 2.1.1 Definition of tourism

The Tourism Society (1979) publishes the definition of tourism is deemed to include any activity concerned with the temporary short-term movement of people to destinations outside the places where they normally live and work, and their activities during the stay at these destinations (Middleton & Clarke 2002, 3). On the basis of this definition of tourism, I can say that tourism is people leaving the places where they normally live and work, go on certain places and have a temporary pause in certain places for their leisure, business and other purposes, and the continual resident time does not surpass one year activity. Furthermore, there are five important sectors are included in tourism industry. The five sectors are accommodation sector, attraction sector, transport sector, travel organizers' sector and destination organization sector (Middleton & Clarke 2002, 11).

International tourism and domestic tourism are two important categories in tourism industry. International tourism is tourists to travel to and stay in countries other than their normal country of residence for less than a year. Domestic tourism is tourists to travel to and stay overnight within the boundaries of their own country. (Middleton & Clarke 2002, 5-7.)

### 2.1.2 Nature of tourism

Zheng and Zheng (2006) mention the nature of tourism is classified in five aspects. The detailed description about the nature of tourism is as follows.

Firstly, tourism resources are the most important elements to develop and survive in tourism industry. Only possess amount of tourism resources and good quality simultaneity in a country or area, then, it is possible to consider tourism's existence and development. Secondly, tourism facilities are prerequisites to influence tourism's existence and development. Tourism facilities are including the organizations, constructions and other spare parts which are established in order to develop tourist production, ensure the supply of tourism, and satisfy the demand of tourism. Thirdly, service is the core and most essential elements in tourism industry. Tourism service means the practitioners who work in tourism industry by dint of tourism facilities and strategies provide laboring and services to tourists. Fourthly, motivation of set up and develop tourism is to satisfy tourists' requirements in transportation, accommodation, shopping and recreation during travel process. The aim is to win the benefits in economy, society, environment and culture aspects. Fifthly, variety of tourist activities decides the diversity of tourist demand. Furthermore, diversity of tourist demand also affects the variety of tourist activities. Therefore, integrating tourist production, guaranteeing tourist supply, creating convenient tourist activities are the nature of tourism. (Zheng & Zheng 2006, 31.)

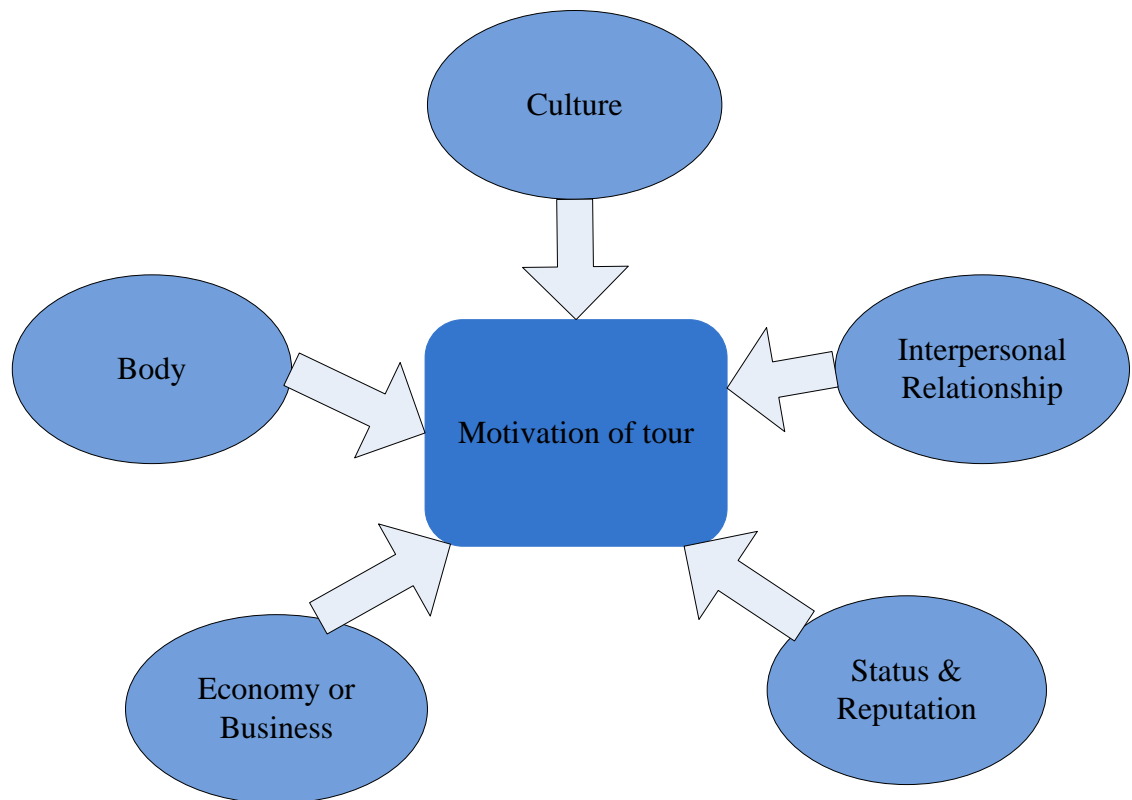
## 2.2 Motivation and characteristics of tourism

Motivations of a travel in general and main characteristics of tourism industry are presented in this sub-chapter.

### 2.2.1 Motivation of travel

With the diversification and complication of human's demand in tourism, the requirement of travel is becomes richness and multiplicity. Once a kind of travel is supposed to be recognized, then it will emerge as a motivation of travel. Therefore, the

motivation of travel is the inner cause and essential power to maintain and promote the activities of tourists. In addition, it is the subjective condition when people travel to outside. Figure 1 illustrates the motivations of travel that comprise tourist's body, culture, interpersonal relationship, status and reputation, and economy or business aspect (see Figure 1). (Shu 2009, 40.)



**Figure 1.** Motivation of tour

### 2.2.2 Characteristics of tourism

Service is one of essential elements in tourism industry that was described in 2.1.2. Inseparability and perishability are the principal characteristics of service products (Middleton & Clarke 2002, 42). On the basis of the basic characteristics of services, three further features that are particularly relevant to marketing travel and tourism services are the following:

Seasonality

This characteristic presents the peaks and troughs in demand of most leisure tourism markets between seasons of the year. For instance, most residents of northern Europe (Finland, Sweden, Norway and Denmark) take their main holidays of the year in the summer months (June to September), that is because of the winter months (December to March) are very cold, wet and the daylight hours are short. Middleton and Clarke (2002, 45) describe that many tourism businesses dealing with the holiday markets fluctuate from peaks of 90 to 100 percent of capacity utilization for sixteen weeks in a year, to troughs of 30 percent or less for twenty weeks in the year. It is common that the seasonal closure of many tourism businesses for leisure. The seasonality of the Henan's tourism market is described in the empirical part of this Thesis.

#### High fixed costs of service operations

The relatively high fixed costs of operating the available (fixed) level of capacity and relatively low variable costs are revealed when analyzing the profit and loss accounts of services businesses in travel and tourism industry. The fixed cost is one that must be paid for in advance in order to open and receive customers in a business. The variable cost is one that is incurred in relation to the number of customers received at any given time. Now, it is easy to understand the main costs in order to be open to receive visitors in travel and tourism industry. The main costs in tourism industry are including premises, rents, equipments, insurances, salary for employees, management costs and marketing costs. (Middleton & Clarke 2002, 46.)

#### Interdependence of tourism products

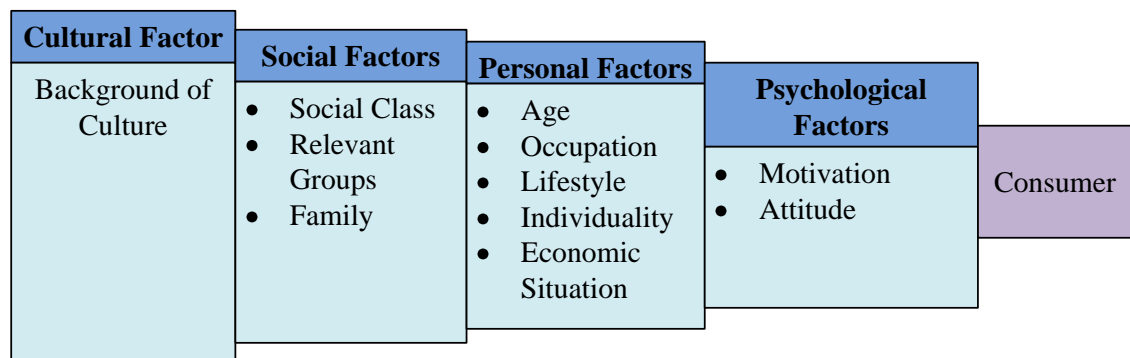
The products of accommodation, transport, recreational activity and catering are interdependent in tourism services. For example, tourist accommodation suppliers at destination are partly influenced by the marketing decisions of tour operators, travel agents, attractions, interests of transport and tourist boards. They are together or separately promote the destination and its activities and facilities. Over a period of years,



if the different suppliers can find ways to combine their respective efforts, there is always a relationship underlying the capacity of different travel and tourism products at destination and a potential synergy to be achieved in their marketing decisions. (Middleton & Clarke 2002, 47.)

### 2.3 Factors influencing tourists' consuming behaviors

Generally, characteristics of consumer, social factors and environment factors are the main elements to impact on the consumer's behavior in general product market. In tourism industry, the demands and the consuming behaviors of tourists also impacted by social, cultural, economic and personal factors. In addition, social and cultural factors can affect the personal factors, and then indirectly to influence the tourists' demands and consuming behaviors deeply. (Shu 2009, 35.) Cultural, social, personal and psychological are the main factors impact on tourist's decision and behavior in tourism industry. Figure 2 illustrates the four major factors and the detailed factors of every category of factors that to impact on tourists' consuming behaviors in tourism (Shu 2009, 35).



**Figure 2.** Factors of impact on the tourist's behavior

The following sub-sub-chapters (from 2.3.1 until 2.3.4) described the detail information and explanations of the factors that to impact on tourists' consuming behaviors in four categories.

### 2.3.1 Cultural factor

Culture means national characteristics, traditional culture, values, religions, social structure, and customs and so on in one country or an area. The culture can decide the consuming habit, ethics, values and ideology in one specific country or region. In a word, the different cultures decide the different consuming behavior. Generally, people want not go to a place that same or similar with other places. The difference of culture in different area attract tourists bring to travel. (Shu 2009, 37.) Tourism marketing is a cross-culture marketing activity. It is necessary to understand background culture of tourist and then afford tourism product accord with the demands of different culture.

### 2.3.2 Social factors

Anyone tourist is living a specific social environment, of course, tourists' consuming behaviors impact oned by some social factors. Social factors are including social class, relevant groups and family. Firstly, social class is divided the relatively steady groups of people which based on the status in society, prestige, values and lifestyle and so on. The people have similar values, customs and consuming behavior that are in same social class. The relevant groups are the different social groups based on the reciprocal association in society. There are three categories are in the relevant groups of tourist which can affect tourists' consuming behaviors. The three relevant groups are the generic relationship groups (like social organization, faith groups, guild and union), the consanguineous relationship groups (like family, friends, classmate and neighbor), the adoring groups which mean the groups have definite fame and status in society and in the heart of tourist. Thirdly, family is the basic unit in social activities and is the important consumption group in tourism industry. Family members have premier effect when decide destination of a travel. (Shu 2009, 38-39.)

### 2.3.3 Personal factors

Age, occupation, lifestyle, individuality and economic situation are the main factors which to influence tourists' consuming behaviors in personal aspect. Age factor focuses on old people and young people as the difference in physiology, psychology, revenue

and experiences of travel. Different ages decide tourist to choose different travel activities. Occupation impact on the income, social status and leisure time and to influences the decision of travel destinations. Lifestyle shows the interest and perspective of an activity that affect the consuming behavior in travel. Individuality is personal psychological feature of a people. It is divided into introvert and extravert. The different types of individuality also can influence travel behavior. Economic situation is a major factor to influence tourists' consuming behaviors as the different expenditures in tourism activities. (Shu 2009, 39-40.)

#### 2.3.4 Psychological factors

Motivation of travel and attitudes of tourism are the main factors that influence consuming behaviors of tourists (Shu 2009, 40-41). The motivation of travel has presented in chapter 2.2.1. Attitude is conducted by study, and it impact personal thinking and action. Generally, the attitude is gradually conducted and fixed mode, it is difficult to change. Therefore, the attitude can affect consumer's behavior when he/she to encounter the same or similar things with in formerly.

The theoretical knowledge of factors which impact on travelers' consuming behaviors is support to design the questions in questionnaire for this Thesis. The aim of this questionnaire is to collect the tourists' behaviors and information, attitudes and opinions about the tourism market in Henan at present.

### 3 A STRATEGIC MARKETING PLAN IN TOURISM INDUSTRY

When making a strategic marketing plan in a target market, there are some main elements to be considered and analyzed. The elements that to be considered and the process of a strategic marketing plan are described in this chapter.

#### 3.1 Necessary of a strategic marketing plan in business

A strategic marketing plan is the basis for a win-win scenario and as the road map to generating revenues in any size or type of business. Generally, higher revenues and profits are produced which lead to more support as greater sales and an increased number of customers are generated in business. Selecting right objectives and key strategies can result in increased business, stronger revenues and greater profits. Otherwise, the lack of plan or wrong strategies can result displace of revenue, lost business and even the increase of costs. (Nykiel 2002, xv.) Thus, it is necessary to develop a strategic marketing plan for every business in order to enhance the revenues and profits.

Likewise, a strategic marketing plan is also needed in tourism industry. In this Thesis, the objective is to develop a strategic marketing plan for the development of the tourism industry in the Henan province of China. That is based on the situation of the Henan's tourism market and the development purpose of the tourism market which will be analyzed and described in the empirical part of this Thesis. However, it is necessary to study and analyze what tourism marketing is, the elements to be considered when to develop a strategic marketing plan, and the process of developing a strategic marketing plan. The detailed description of these aspects will be presented in the following sub-chapter.

#### 3.2 The definition of tourism marketing

Generally, the four 'Ps' are essential elements in marketing which are product, price,

place and promotion. Therefore, the definition of marketing is described in that it is basically about selling the right product at the right price to carefully targeted people, using the best possible and most appropriate promotional methods. (Briggs 2001, 40.) However, the tourism service marketing has evident difference with the marketing of tangible products. Thus, the new seven 'Ps' of marketing model be provided based on four 'Ps' model to develop service marketing in the modern tourist services (Shu 2009, 14-16).

The seven 'Ps' are Product, Price, Place, Promotion, People, Physical Evident, and Process. The product is what selling are, not just its features but also how it is different or better than competitors' products. In tourism industry the product is often a complex mix of different services and products. Services are also referred to as 'products' even though they may not be tangible. The price element in tourism means some controllable factors when tourism enterprises constitute the competitive price for tourism target market. It includes production cost of tourism products, marketing and administration fees, pricing policy, and discount price and so on. The place in tourism means to use effective way devolve tourism products from producer to consumer that focus on distribution channels. Promotion is more straightforward and refers to the message and tools to promote the tourism product, like PR (Public Relation), print materials, direct mail or advertisements. The people element of tourism comprises servants who provide tourism services and visitors. Mostly, tourism services are intangibles. However, some tangible elements are also indispensable, for instance, the construction and decoration of hotels, and service equipments. The process means the process of distribution of service. The idea and the operation of service system, mechanization degree of service, the degree of customer intervention, and experience of consultation and service are all need special zone from administer in tourism. (Shu 2009, 14-16.)

### 3.3 The elements of a strategic marketing plan

Briggs (2001, 43) describes the elements to be considered and analyzed when

developing a strategic marketing plan. The indispensable elements are current situation, marketing objectives, SWOT analysis, competitor analysis, market research, target markets, marketing tools and monitoring, respectively. Thus, these elements are all necessary to make a marketing plan in tourism industry.

### 3.3.1 Current situation

When analyze the current situation during a strategic marketing plan, there are three main areas need to be considered: the product of selling, current markets, and the trends that might affect business. (Briggs 2001, 44-46.)

#### The product of selling

Briggs (2001, 44) mentions a useful exercise is to consider the features, advantages and benefits of the 'products' or service that to offer. Furthermore, most consumers want to buy benefits, not features. Therefore, the key to success is selling experiences and benefits rather than features. In tourism industry, most tourism products are made up of several components, and they are quite complicate. Therefore, it is necessary to spend a short time to consider what products of selling are. In the empirical part, the 'products' of the tourism industry in the Henan province is described in analysis of the current situation of the Henan's tourism market.

#### Current markets

In this aspect, there are some important questions need to be answer in order to the current markets of 'products' or services. Briggs (2001, 45) describes these questions are as follows:

--Where do your customers come from?

--How far do they travel to come to you?

--What is their average age?

--What sort of parties do they travel in --are they couples, families, small groups of friends or colleagues, tour groups, etc?

--How would you describe their income group and lifestyle?

- What are their interests?
- Who/what influences their decisions?
- How did they hear about your?" (Briggs 2001, 45.)

In order to get the information about current state of the Henan's tourism market, I made a questionnaire to collect and analyze the tourists' information. The questionnaire and the result of this questionnaire are presented in Appendix 3 and the empirical part later on.

### General trends

There are some general trends to impact on tourism. The general trends are the economy of the state, the changes of economy and policy in other countries, markets' growth or diminishing, the changes in leisure and holiday-taking habits, and technological development. (Briggs 2001, 45-46.)

### 3.3.2 Marketing objectives

Generally, marketing objectives include tangible targets, against which performance can be measured. In tourism business, the marketing objectives of tour operators or hotels are likely to be sales or profit-oriented and marketing managers for destinations or tourist boards are likely to positioning or new product development. It is important to clear that how they are measured and to set a clear timetable for monitoring effectiveness. (Briggs 2001, 46-47.) Later on, the marketing objectives of the tourism market in Henan are presented in the empirical part of this Thesis.

### 3.3.3 SWOT analysis

Generally, examining the internal and external environment of a company is essential in the process of a strategic marketing plan. The SWOT analysis is a strategic planning tool which used to evaluate the Strengths, Weaknesses, Opportunities, and Threats of a company. In addition to the internal and external as well as positive and negative factors of a company are analyzed in SWOT analysis. On the basis of SWOT analysis, a

strategic marketing plan is conducted using the strengths of company, and avoiding the weaknesses to enable a company to benefit from future opportunities with regard of future risks. (Pahl & Richter 2007, 1-2.) Therefore, the application of a SWOT analysis is instrumental in strategy formulation and selection in a company. Similarly, the SWOT analysis is also necessary and important for the development of the tourism market in Henan. The actual SWOT analysis of the Henan's tourism market is presented in the empirical part of this Thesis.

#### 3.3.4 Competitor analysis

Competitor analysis is an important part of a strategic planning process. The key of competitor analysis is to find ways of differentiating from competition. In addition, it is also the best way learn from competitors and strengthen own business. (Bangs 2002, 61.) Therefore, it is necessary make competitor analysis and finds the competitive advantages of self.

In tourism industry, there are some important aspects need to be consider when analyzing competitors. Firstly, it is important to consider who competitors are. After determine the competitor, the impressions, price, promotion, marketing activities and who are customers of competitors need to consider. (Briggs 2001, 50-51.) Generally, low-cost leadership, differentiated approach and focused approach are basically competitive strategies. Obviously, low-cost leadership means compete by keeping costs down invest in better marketing or new product development to stay ahead of competition. Differentiated approach relies on having the unique product or offering a truly superior service, for which a higher price will often be charged. Reputation and strong brand are used frequently in this approach. To concentrate on particular markets, understand their needs and therefore develop products and promotions which are completely appropriate for those markets is the main way of focused approach. (Briggs 2001, 51-55.)



### 3.3.5 Market research

A good market research is helpful to find out more about target markets and potential customers. It helps researcher to find consumers' opinions about products or services, like or dislike, consider how it could be improved, and how it should be marketed. Market research even can help to decide whether or not to spend more money wisely.

In tourism industry, most suppliers seek to ensure customers' satisfaction, they want customers to return and spread positive word-of mouth publicity. Survey is a useful way of establishing customer satisfaction levels and finding out what improvements are necessary. There is several research methods often used in market research, they are personal or face-to-face interviews, postal questionnaires, and telephone interviews. (Briggs 2001, 55-66.) These three research methods have their own respective advantages and disadvantages. In my Thesis, the face-to-face interviews and questionnaires are used when I research the tourism market in Henan and collect tourists' opinions in this target market. The interview questions and questionnaire are presented in Appendix 1 and Appendix 3, respectively.

### 3.3.6 Target markets

It is important to identify the target market before beginning advertising campaign of a 'product' or service. In a country, the consumers are divided into many different consumer groups which based on consumer groups they lie in. The consumers to find different things that appeal to them as they have different needs. When identifying the market segments, there are numerous methods is used, like age, economic status, purpose of travel, nationality, geographic location and lifestyles, attitudes and behaviors of consumers (Briggs 2001, 67-70). In my Thesis, I made a questionnaire of tourists who travelling in the Henan's tourism market to collect the information and data of tourists in order identify the target groups of tourists in future.

### 3.3.7 Marketing tools

It is important to select appropriate tools and messages for each market segment. At that moment, managers should consider what tools can use, and how to promote the product or services, like brochure, print material, advertising, exhibitions and Internet (Briggs 2001, 74). In this stage of developing a strategic marketing plan, it has momentous effect for the development of market.

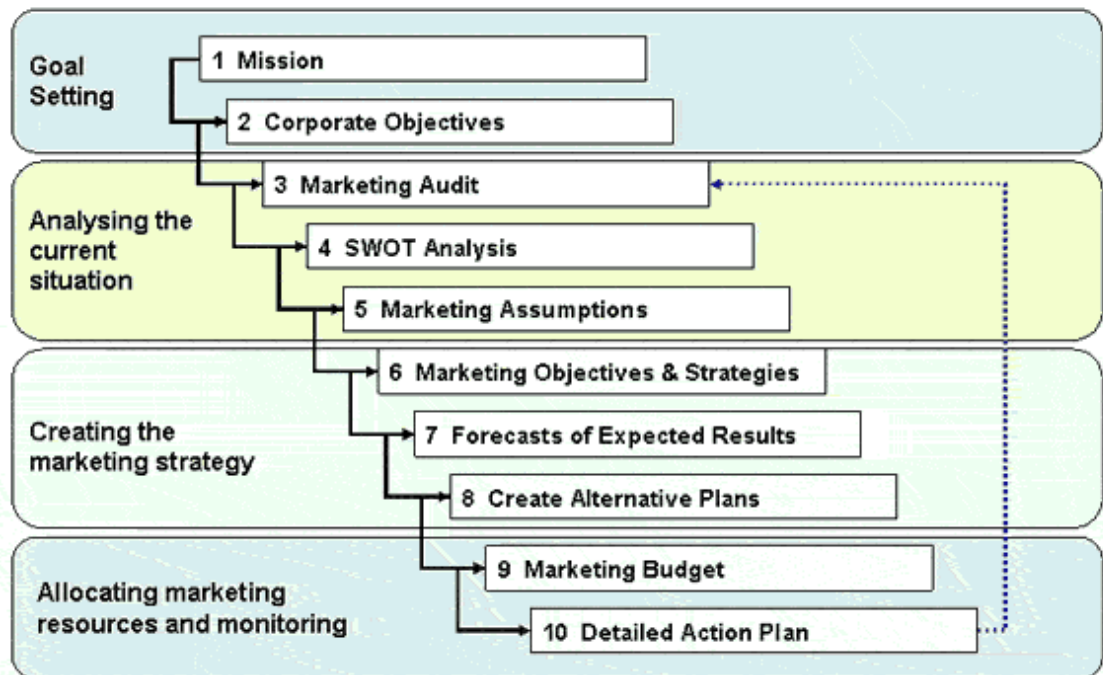
### 3.3.8 Monitoring and evaluation

Generally, objectives and timescales should be included in a strategic marketing plan, thus, it is important to build a monitoring mechanism to evaluate the performance. Comparing actual performance against the objectives set, measuring bookings or request for information and conversion rates, analyzing sales and profits, measuring customer's awareness of advertising messages or similar promotions, and identifying whether the customer profile has changed after particular marketing activities are the several ways are used in this stage. It is important that a strategic marketing plan set specific dates and methods of evaluating progress. (Briggs 2001, 70-71.) At the end of my Thesis, some ideas about how to monitor and evaluate the performance of new marketing strategies are presented for the development of the Henan's tourism industry.

## 3.4 Process of a strategic marketing plan

McDonald (1984; 1989; 1995; 1999; 2002; 2007) suggests the ten steps of the strategic marketing planning. Figure 3 illustrates the processes of conducting a strategic marketing plan:

### The Marketing Planning Process



**Figure 3.** The Marketing Planning Process

Clearly, the ten steps of a strategic marketing planning are divided into four main procedures. The four main procedures are goal setting, analyzing the current situation, creating the marketing strategy and allocating marketing resources and monitoring, respectively. This Thesis is developed a new strategic marketing plan for the tourism market in Henan in the empirical part step by step which based on the steps of a strategic marketing planning and the elements to be considered in sub-chapter 3.3.

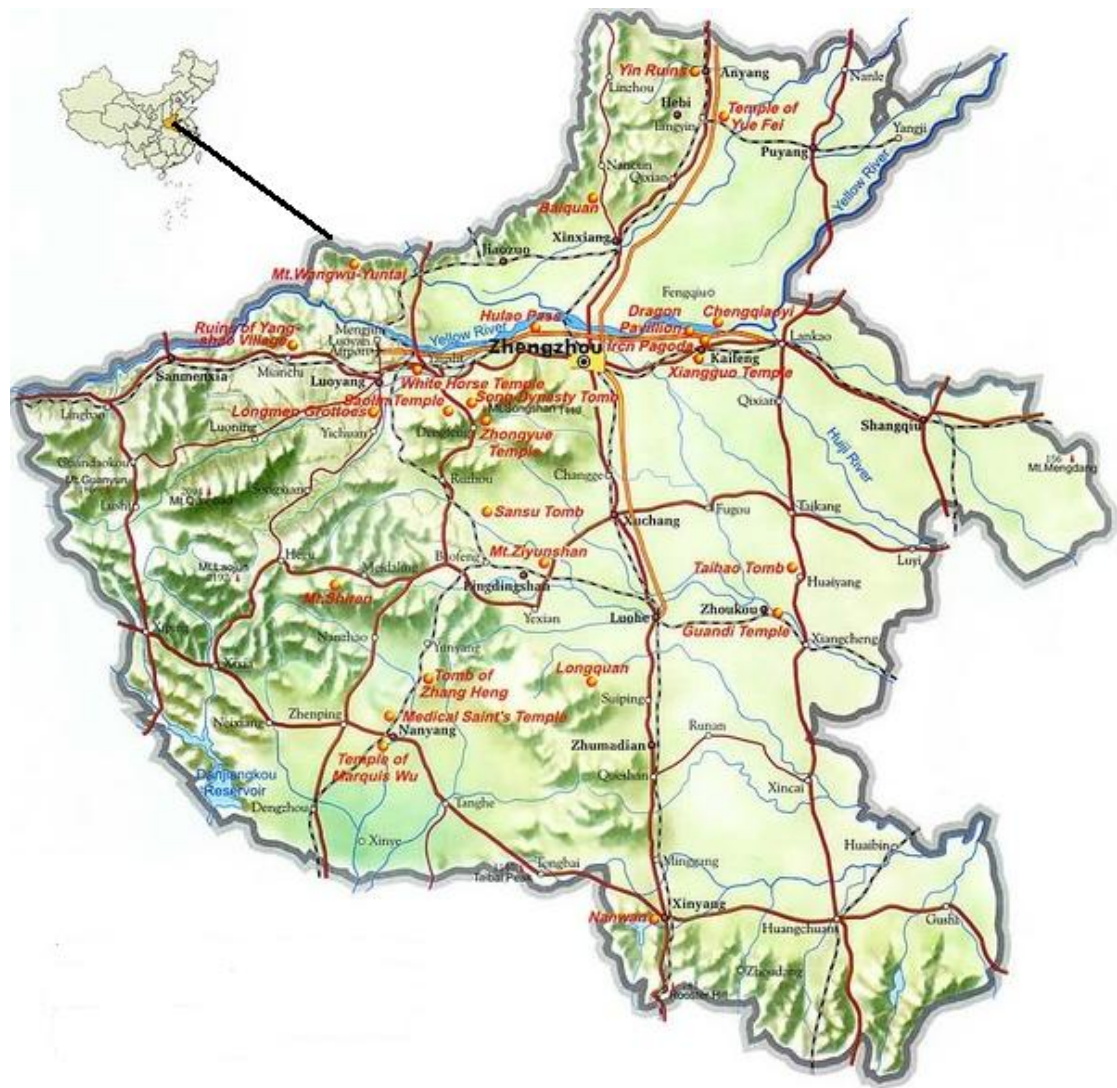
## 4 THE HENAN TOURISM MARKET

The background of the Henan province, the main tourism resources and the situation of the tourism market of this province are described and analyzed in this chapter. The all information and analysis about the tourism market of this province are the basis and support of a new strategic marketing plan in this province.

### 4.1 Background of tourism in Henan

Henan is located in eastern central China. The name of this province “Henan” comes from its geographic location as most part of this province lies to the south of the Yellow River. The Henan province covers an area of more than 167,000 square kilometers (64,479 square miles). It is populated by Han, Hui, Manchu, Mongolian and other ethnic groups totaling 100 million. Henan is one of the most important railway hubs in China with its capital Zhengzhou is a junction. (China Internet Information Center 2005.)

Figure 4 shows the location place of Henan in China, the terrain, the distribution of railway and freeway, and the main tourist attractions in this province.



**Figure 4.** Map of Henan Province

On the basis of the information of Henan in the map, the following contents in this chapter is described the basic introductions of Henan's history, geography, economy and tourism resources. They are important parts to be known about Henan when analyze the tourism market and to attract more tourists to travel to.

#### 4.1.1 History of Henan

Henan is one of the cradles of Chinese civilization along with the Shanxi and Shaanxi provinces. Furthermore, Henan is known as its historical prosperity which resulted from its vast, fertile plains and its location at the heart of the country, and making it a center of economic developments. The great Chinese civilization had been created on this

amazing land, including the Peiligang Culture Site (over 7000-year-old), the Yangshao Culture Remains (6000-year-old) and the Longshan Culture (5000-year-old). In addition, the all cultural heritages have profound significances in the history of Chinese civilization. (Henan Province Tourism Administration 2010.) During the history of China, there are eight important ancient capitals in important dynasties. The eight ancient capitals are Luoyang, Zhengzhou, Anyang, Xi'an, Kaifeng, Nanjing, Hangzhou and Beijing in accordance with the sequencing was chose as capital. Four ancient capitals are lactated in Henan as it was not only the cradle of Chinese civilization but also the centers of polity, economy and culture during the long process of Chinese history. (Freme Travel Services Sdn Bhd 2009.)

Anyang, Luoyang, Kaifeng are three municipal regions in Henan. Furthermore, they were capitals of different imperial dynasties during the history of China. Anyang is lying in the north of Henan province and borders on Shanxi, Hebei and Shandong provinces. Anyang is one of eight Chinese ancient capitals as well as a famous historical city with glorious civilization and has a history of 3300 years till now. Luoyang is located in the mountainous western part of Henan boasts of rich natural tour resources ranging from famous mountains and beautiful lakes, pleasant hot springs and virgin forests. Kaifeng is known as the capital of seven dynasties in China, and the famous painting Market Day at the QingMing Festival by Zhang Zeduan which represents the prosperous times and various customs of Kaifeng. (Henan Province Tourism Administration 2010.)

Besides the famous ancient capitals in Henan, also there are many great and famous people from Henan. For instance, Lao Tzu (Lao Zi) and Chuang Tzu (Zhuang Zi) are great philosophers and founders of Taoism of the late Spring and Autumn Period. Zhang Heng who is the world famous ancient scientist and astrologer and Zhu Zaiyu who is a great musician are both from Henan. The Chinese ancestors created a great marvelous civilization and made glorious achievement that all Chinese take pride in. (Henan Province Tourism Administration 2010.)

#### 4.1.2 Geography of Henan

Henan is located on the central plains in the mid-east of China, and it was a transportation hub and many great historic events took place here in history. There is an old saying that is 'Those who gained the central plains would obtain China' to show the significant location of Henan in China. (Henan Province Tourism Administration 2010.) The western part of Henan is mountainous when compare with the eastern part (see Figure 4). The Taihang Mountains enter into Henan on the north western part and the Qingling Mountains on the west of Henan and occupy area almost till the central part of this province.

Henan borders Anhui and Shandong provinces to the east, Hebei and Shanxi provinces to the north, Shaanxi province to the west and Hubei province to the south. At present, there are some major railways to traverse this province. For instance, the Longhai and Lanxin railway were built according to the famous Silk Road which extend westward along with the second Eurasia Continental railway, Jingguang railway which from Beijing to Guangzhou, and Jingjiu railway which from Beijing to Kowloon in Hong Kong. Henan's position as the transportation hub has been strengthened with the convenient air transportation, expressways and the network of railways in China. (Henan Province Tourism Administration 2010.)

#### 4.1.3 Economy of Henan

The nominal GDP is on a steady rise of 10.7% and was 19367.28 hundred millions RMB during the year 2009 compared with last year which ranked the fifth in China (Henan Daily 2010). Henan is very rich with natural resources like coal, gold, and aluminum. Meat products, cement, glass and tires are the major national products in Henan. Furthermore, the metallurgy, petroleum products, building materials, food products, electronics and machinery are also getting the flourishing development in this province. (asinah.com 2009.)

In 2009, the total tourists who enter Henan achieved 2.34378 hundred millions which

included 1.258 million of international tourists and 2.3312 hundred millions of Chinese tourists. Besides, the gross income of tourism industry attained 1984.64 hundred millions RMB in this year. The Henan Province Tourism Bureau forecasts that the entering tourists will achieve about 3.9 hundred millions which include 3.7 millions of international tourist. Furthermore, the total revenues of tourism industry will obtain 3745 hundred millions RMB on the year of 2015 in the draft of “The Shierwu Programming of Tourism Industry’s Development in Henan Province”. (Henan Business Daily 2010.) “Shierwu” means the twelfth period of planning and development in 5 years about the national economy and social development in China. The “Shierwu” period is since the year of 2011 until 2015.

#### 4.1.4 Tourism resources in Henan

The Henan province boasts abundant tourism resources. The beautiful natural landscapes and the abundant cultural relics are the main tourism resources in this province. At present, the major tourism resources in this province are presented in five aspects: ancient culture, famous and beautiful rivers and mountains, the root of Chinese people, Kong Fu, and beauteous flowers.

Henan has the best abundant tourism resources of ancient culture in China. The province is No.1 in the whole country in terms of underground cultural relics, and the second in existing cultural relics on the ground. More than 1.3 million antiques in the museum of this province which account for 12.5% in the whole country. The Yellow River is very famous as it is the Mother River in China. Songshan Mountain, Yuntai Mountain, Taihang Mountain and others are very beautiful. The root of Chinese people means the most of family names in China were genesis from Henan. Besides, Yellow Emperor is one of Chinese ancestors (alongside Yan Emperor), and his hometown is Xinzheng where near to the capital of this province. Shaolin Kong Fu and Taiji are both come from Henan. The exhibitions of peony flowers and chrysanthemum are held in every April in Luoyang and every October in Kaifeng. (China International News Center 2010.) The abundant tourism resources attract more and more international tourists and domestic tourists to travel to Henan.



## 4.2 The current situation of the tourism market

The centuries-old history, abundant cultural heritage and charming landscapes are the main tourism resources attract tourists come to Henan for a travel. The convenient transportation is also one of advantages of the tourism market in this province. However, the situation of the Henan's tourism market is not good even it is bad when compared with other provinces in China. And the economic benefits which from the tourism industry are also not good. Some negative factors to impact on the development of the tourism market in Henan, for instance, the deficiency in advertisement, and the traveler structure is single, not good service in some sectors of tourism market and so on. The external competitions also affect the tourism's development in this province. The detailed description and analysis about the current situation of the tourism market in Henan are the following which include the main tourism programs at the present, SWOT analysis of this target market.

### 4.2.1 Tourism programs

The historical culture is the major tourism resources in the Henan province. Thus, the Henan's tourism industry focuses on using the centuries-old history and abundant culture heritages to attract tourists come to this place since this tourism market started develop. At present, the best tourist attractions are location in four areas which are Luoyang, Zhengzhou, Kaifeng, and Dengfeng. Interestingly, the distribution of these four areas is along the Longhai railway. The convenient transportation offers an advantage for the development of tourist attractions in these regions.

The famous Longmen Grottoes and White Horse Temple are both location in Luoyang, and the famed Tang three-glaze horses also were excavated in Luoyang. Shaolin Temple and Songshan Mountains are location in Dengfeng which attract many international tourists come. Many domestic tourists and international tourists are interested in the 1.3 million antiques which exhibition in the Henan Museum. Besides, the Yellow Rivew Scenic Area is also interesting that both location Zhengzhou. Kaifeng as capitals in seven ancient dynasties, more ancient culture heritages are location in Kaifeng, like the

Dragon Pavilion, the Iron Pagoda, Xiangguo Temple and the Garden of Market in Qingming Festival.

Expect the tourism programs in history and culture aspects, the ecotourism start a quick development in Henan in recent three years. The beautiful Yuntai Mountain Geological and Taihang Mountain are in Jiaozuo, Jigong Mountain is in Xinyang, and Tongbai Mountain in Nanyang and others. The Luanchuan is location in Luoyang which provides exciting drift for tourists. Furthermore, a new emerging tourism program was appeared. Tourists are to travel to countryside in order to experiencing the activities in farmland, and tasting the foods which from farmers. These activities are very interesting for people who living cities with long time, especially for children to understand the hard-own of food.

#### 4.2.2 SWOT analysis

This SWOT analysis is based on the current situation of the tourism market in the Henan province through considering of the internal and external factors.

The Strengths of the Henan's tourism market are the following:

Firstly, Henan as the cradle of the Chinese civilization, the advantaged tourism resources in history and culture, and the abundant and excellent cultural heritages and antiques are exhibited in this province. The centuries-old of historical and cultural resources have a strong appeal to tourist.

Secondly, Henan is location in the central of China, and it is an important traffic hub in China. The convenient transportations make it is easily accessible to Henan by railway, freeway, and airplane. Except the general railway, the high speed railway which are "D" and "C" railways were started using since April in 2007 and December in 2009, and the speeds are 260 kilometers/h and 350 kilometers/h, respectively.

Thirdly, the most of staffs that provide services in the tourism industries are professional

and friendly in the Henan's tourism market. In recent decades, the quantities of international tourists are increasing quickly who come to Henan. Thus, more and more cicerones study foreign languages in order to offer high level services for international tourists.

The Weaknesses of the Henan's tourism market are as follows:

Firstly, the map of the Henan province which in sub-chapter 4.1 shows the most natural tourism resources are location mountain area which in the northwest and southwest of this province. Some tourist attractions are difficult arrived as the inconvenient transportation. Furthermore, the quality and quantity of travel bus is not very good and enough. Besides, the international air line is fewer in spite of three airports in this province which are location in Zhengzhou, Luoyang and Nanyang.

Secondly, the reputation and image of the Henan's tourism market are not very good with the low level services in some tourism sectors. For instance, the food is not delicious, the quality of accommodation is imperfect, the traffic facilities are not convenient and with some bad services.

Thirdly, the deficiency of advertising is a very important factor which influences the development of the Henan's tourism market. There are not much people know the tourism of Henan with the not enough promotion in outside.

Fourthly, the most tourists like to buy some souvenirs on tourism destinations. They are not happy when they get a souvenir with lower quality. Low quality of souvenir is a weakness in the Henan's tourism market in spite of in other tourism markets.

The Opportunities of the tourism market in Henan are the following:

Firstly, the People's Government of Henan Province and Henan Province Tourism Administration designed and approved "The Plan of Tourism Development in the Henan

Province” in December, 2005. The government’s policy and promotion stimulate the quick development of the Henan’s tourism market.

Secondly, with the Chinese economic reform and the rapid development in economy, the standard living of Chinese people gets an obviously rising in recent 30 years. In 2009, the net income of per capital was 5153 Yuan in Chinese countryside, and 17175 Yuan in cities. (CHINANEWS 2010.) More free time and governable money are the basic elements when people have a travel.

Thirdly, in recent score years, the relevant industries i.e. transportation, catering, hotels get a rapid development in Henan. These industries’ developments stimulate the development of the tourism industry in Henan.

The Threats of the tourism market in Henan is including the following:

Firstly, at present, the main competitor is Xi’an which location in the Shaanxi province and it borders on the west of Henan. Xi’an is the capital of Shaanxi and it is also one of the birthplaces of the ancient Chinese civilization. The famed the Emperor Qin Shihuang’s Tomb and Museum of Qin Terra-cotta Warriors and Horses are both in Xi’an. They are very interesting for international tourists even for domestic travelers. Furthermore, Xi’an also invested much capital in advertisement of their tourist attractions.

Secondly, the latest economic crisis was break out in 2007 from USA, and it was extend the most countries of the world in 2008 and 2009. It causes some companies closed and unemployment in the world. Thus, the reduction of international tourists who come to Henan is obviously in latest two years. The Government of Henan province does not have strategies to attract international tourists when facing the economic crisis at present.

### 4.3 The development objectives of the Henan's tourism market

The draft of “The Shierwu Programming of Tourism Industry's Development in Henan Province” describes that the tourism industry of Henan is standing in a critical stage of strategy transformation, and the tourism industry of Henan province will enter a rapid development period in the next five years (Henan Business Daily 2010).

The Government of Henan Province and The Henan Tourism Bureau provided the main development objectives of the Henan's tourism market in next five years. The main development objectives of Henan's tourism industry in 2011 - 2015 are the following:

The first objective is creating the collection and distribution centers of tourism in the middle part of China as the territorial advantage and transportation advantage of Henan. Secondly, becoming one of the well-known tourist destinations in China based on the advantages of the abundant culture and beautiful natural scenery in Henan. Thirdly, building the tourism centralized areas is based on the tourism resources in order to cultivate the cores of driving force in tourism industry. (Henan Business Daily 2010.)

In a word, the objective of Henan's tourism industry in 2011-2015 is to develop the tourism industry as a strategic pillar industry in Henan, achieve more satisfaction of modern service industry, create a famous tourist destination with a higher international level, and realize the change from a big province of tourism resources to a stronger province of tourism industry.

## 5 TOURISTS IN HENAN

Tourists are the core and the most important factor in tourism business, and it has close relationship with other factors in tourism industry. From the micro point of view, all the people in the world are potential tourists who come from different countries and different age groups. They have different cultures, different religions, different education backgrounds and different professions. Every tourist is an individual with his or her own habits and interests. Therefore, it is very important and necessary to study and understand people, and then, define people into different potential market. By studying and understanding people, the Henan Province Tourism Administration, tourism companies and tourist attractions can create different tourism programs to fit people's like, and choose a good channel and design a good promotion to attract people's attention. The final aim of these measures is to get more customers and increase sales and extend profit.

### 5.1 Research methods for data

In subchapter 1.3 I presented the research methods in this Thesis are qualitative and quantitative. The data are obtained through the interviews and a questionnaire. On the one hand, I got the main information about the Henan's tourism market at present time via the interviews with four tourism agencies' managers and some websites on the Internet. Furthermore, I also researched and analyzed some documents that about the Henan's tourism industry. (See Chapter 4.) On the other hand, it is impossible that I distributed the questionnaire to tourists who travelling in Henan. Thus, the 200 questionnaire were distributed to tourists under the assistance of the tourist guides who come from the 4 interviewed tourism companies in order to collect the data and information of tourists and tourists' behaviors in the tourism market of Henan.

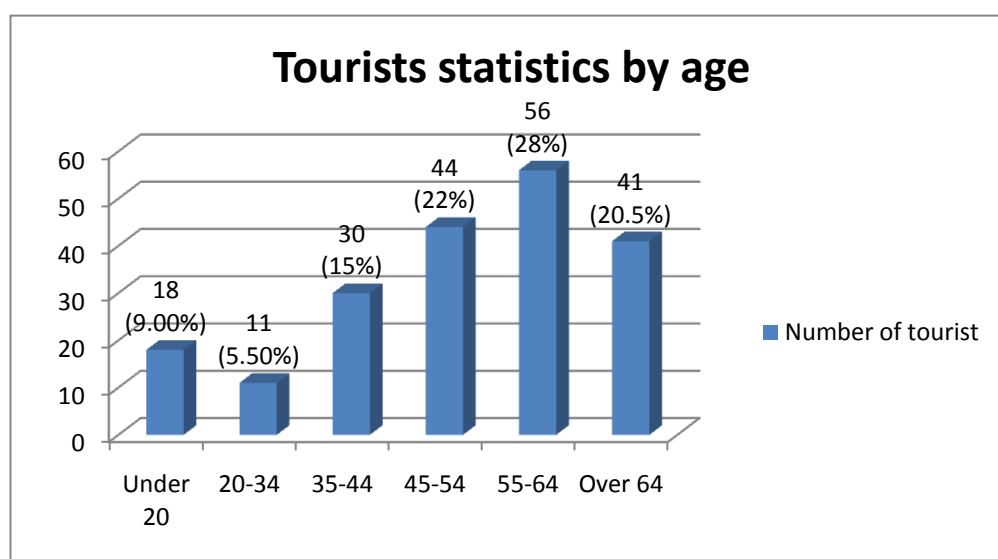
### 5.2 Analysis of questionnaire

The questionnaire is focuses on the gender, age, education and occupation of tourists. Furthermore, it also collected the factors to be considered in tourists have a travel, the

style of their travel, and their opinions and suggestions about the tourism market in Henan. The detailed questionnaire is presented in Appendix 3 in this Thesis. The analysis of this questionnaire is as follows.

### 5.2.1 Tourists statistics by age and gender

In this analysis, 200 tourists were divided into 6 age level. As illustrated in Figure 5, there are 18 tourists younger than 20 years (9.00%), only 11 tourists between 20-34 years (5.50%), 30 tourists between 35-44 years (15%), 44 tourists between 45-54 years (22%), 56 tourists between 55-64 years (28%) and 41 tourists are over 64 years (20.5%). It is obviously that the biggest share (85.5%) is older than 35 years, and then only 14.5% under 34 years.

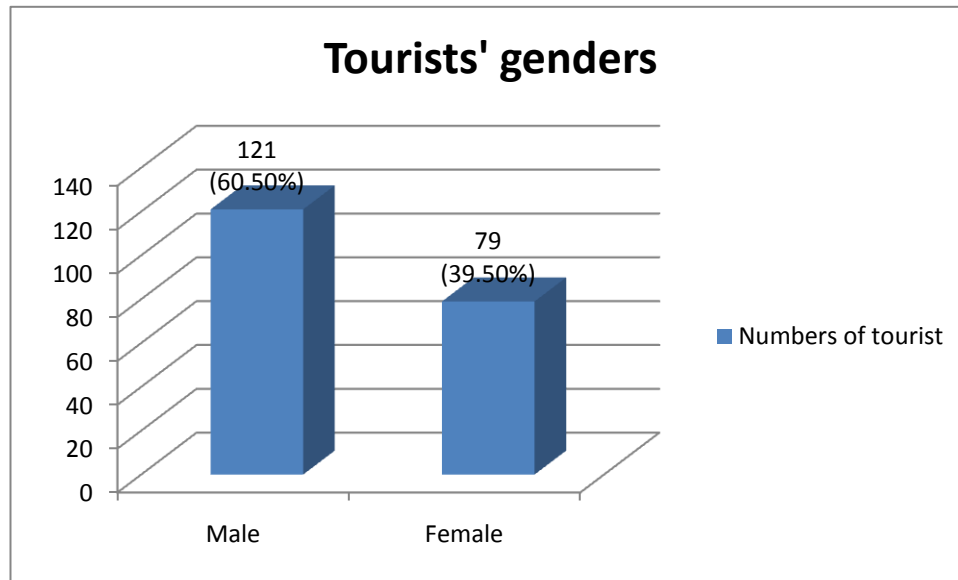


**Figure 5.** Tourists statistics by age

The abundant historical and cultural heritages as the major tourism resources in Henan attract tourists who are older than 35 years. Why the most tourists are over 35 years in this province? Firstly, these people have a stable income for their travel. Secondly, they have more understanding about Chinese traditional history and culture, and more interesting to attain more knowledge of history and culture. The young people who younger than 35, most of them do not have enough revenues for their life, and they are

interesting for the exciting activities not 'bored' history and culture.

Furthermore, 121 (60.5%) interviewees are male and 79 (39.5%) of interviewees are female in total 200 tourists in this questionnaire (see Figure 6). The number of male tourists is higher than female tourists in the Henan's tourism market.



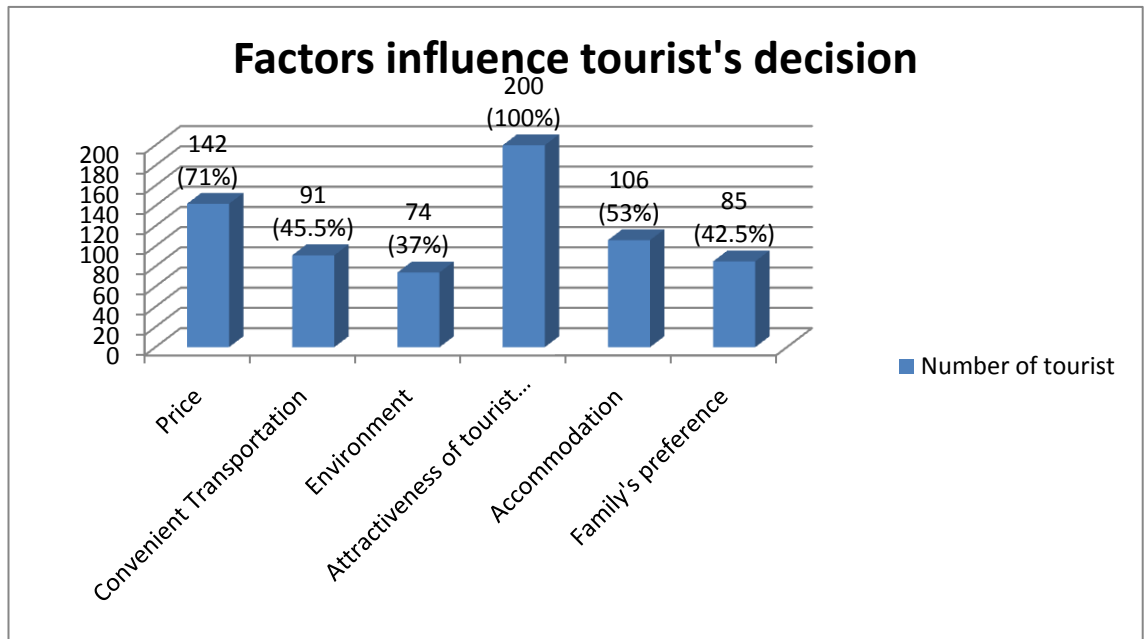
**Figure 6.** Tourists statistics by gender

### 5.2.2 Tourists statistics by factors influence tourists' decisions

Clearly, the attractiveness of tourist attractions and the expenses of travel are the main factors which influence the tourists' decisions when deciding the travel destinations. The numbers of these two factors are 200 (100%) and 142 (71%) in these 200 interviewed tourists. The nature and quality of tourist attractions are the basic elements to attract tourists. Thus, it is the most important factors to impact on tourists' decisions. The most tourists who travel to Henan are over than 35 years. However, the expenses of travel is also an important factor to be considered in spite of they have stable revenues. Anybody wants to get a good service in an appropriate price. Then, there are 106 (53%) and 91 (45.5%) of interviewed traveler considered the quality of accommodation and transportation on destination. The environment of destination and family's preference are not very important affect the decisions of tourists when they decide a travel. The two factors are account for 37% (74 tourists) and 42.5% (85 tourists) in this questionnaire.



(see Figure 7.)



**Figure 7.** Factors influence tourist's decision

### 5.2.3 Tourists statistics by degree of satisfaction

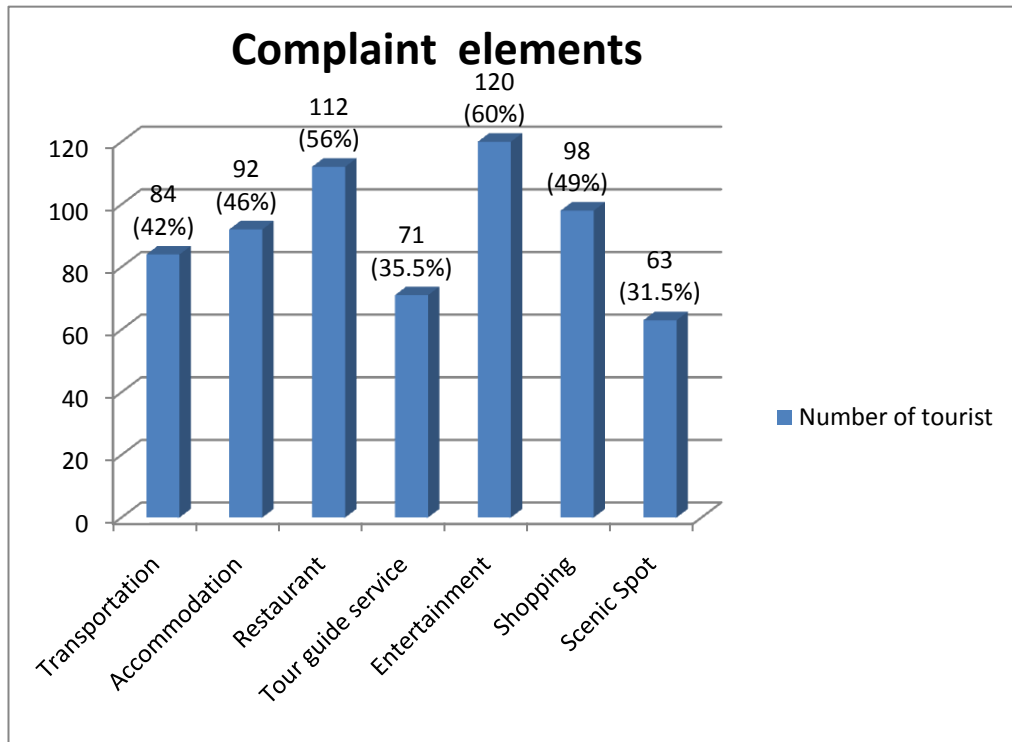
Some scenic spots are chosen as the examples to research the degree of satisfaction of tourists in Henan which divided into 4 levels from 1~4. Table 1 illustrates the number and percentage of tourists for these scenic spots in Henan. Obviously, the tourists' satisfaction degree in The Shaolin Temple and The Longmen Grottoes are very high. There are 124 (62%) and 119 (59.5%) of the tourists are very satisfaction for the two tourist attractions with the interesting and attractive history and activities. The most of tourists are satisfaction in the other four scenic spots in this province, also because of the abundant history and culture, and beautiful natural scenery. However, the different percentage of tourists are unsatisfied in the five tourist attraction as some elements, for instance, the environment of spots is not good, the price is expensive, and the explanation about spots is not enough or clear which from tourist guides.

**Table 1.** Satisfaction Degree

Degree Scenic spots	4 Strongly satisfied	3 Satisfied	2 Unsatisfied	1 Never visited
The Shaolin Temple	124(62%)	56(28%)	17(8.5%)	3(1.5%)
The Longmen Grottoes	119(59.5%)	63(31.5)	10(5%)	8(4%)
The Dragon Pavilion Scenic Spot	71(35.5%)	89(44.5%)	24(12%)	16(8%)
The Garden of Market in Qingming Festival	94(47%)	67(33.5%)	21(10.5%)	18(9%)
The Yin Ruins Museum	58(29%)	81(40.5%)	42(21%)	19(9.5%)
The Yuntai Mountain Geological Park	49(24.5%)	103(51.5%)	11(5.5%)	37(18.5%)

#### 5.2.4 Statistics of complaint elements

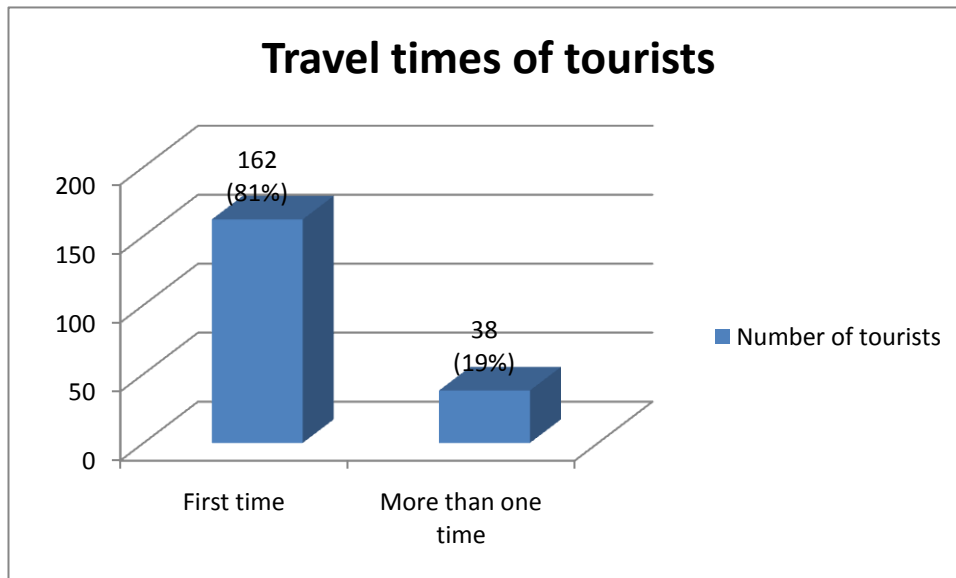
The tourist elements should be improved in the Henan's tourism market, and this phenomenon is emerged from the following Figure 8. Firstly, the activities organized in the entertainment (120/60%) attained the most complaints compared with other factors. As a matter of fact, the entertainment is the most important and straight way to set the tourists into an atmosphere, what's more, the tourists get the culture of the landscape or the scenic spot directly and clearly. However, due to the constraints of the resource, the holder of tourism market would not spend investment on this part as much as possible. The 98 tourists who account for 49% in the 200 tourists complained that quality of the souvenirs in their shopping activities during their travels. Then, the complaint of services in transportation, accommodation and restaurant take 42%, 46%, and 56% with some not good facilities and low level services, respectively. In the end, the complaints in scenic spots and tourist guide services are low compared with others, the percentage of these two elements of tourism are 31.5% and 35.5% in the 200 tourist. The most tourists want to get more detailed explanations about the tourist spots from tour guides.



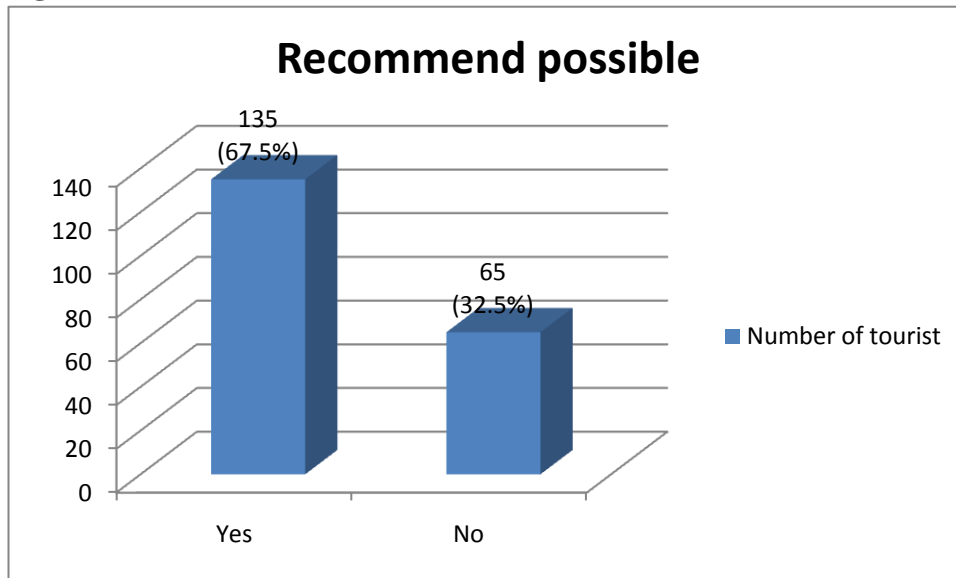
**Figure 8.** Complaint elements

#### 5.2.4 Travel times and recommended possible

In the questionnaire of the 200 tourists in the Henan's tourism market, there are 162 (81%) tourists is the first time travel to Henan and 38 (19%) are more than one time to travel to this destination (see Figure 9). Furthermore, 135 tourists (67.5%) want to travel to Henan again in future and 162 tourists (81%) will recommend the tourism of Henan to their friends or families (see Figure 10). On the basis of the data in these three aspects, it is obviously presents the situation of the Henan's tourism market in the mind of tourists. The most tourists are interesting and satisfaction for the tourism market in Henan, and they want to travel more times. However, there is also a litter part of tourists do not want to travel again and not recommend others travel to Henan with the deficiencies in some services, for instance, transportation, guide service, accommodation and so on.



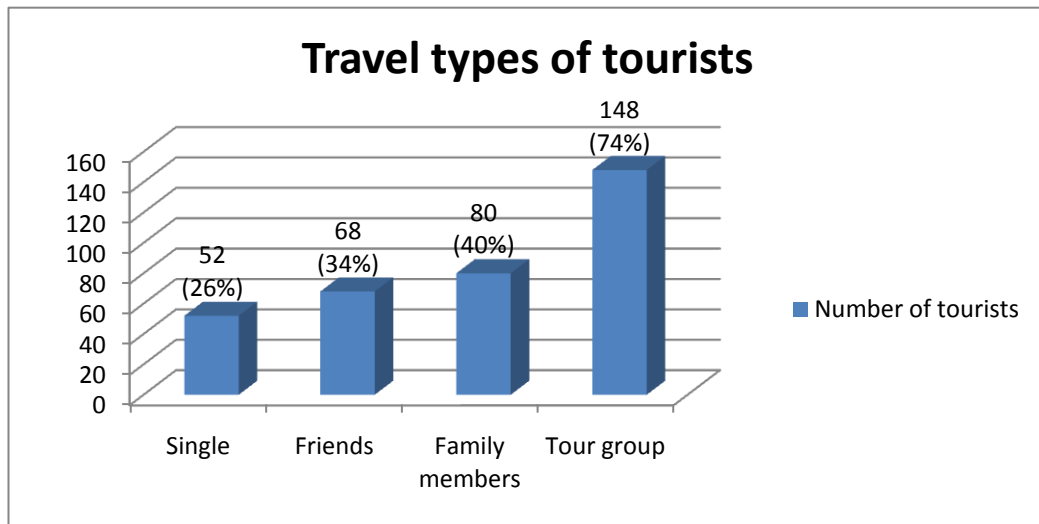
**Figure 9.** Travel times of tourists



**Figure 10.** Recommend possible of tourists

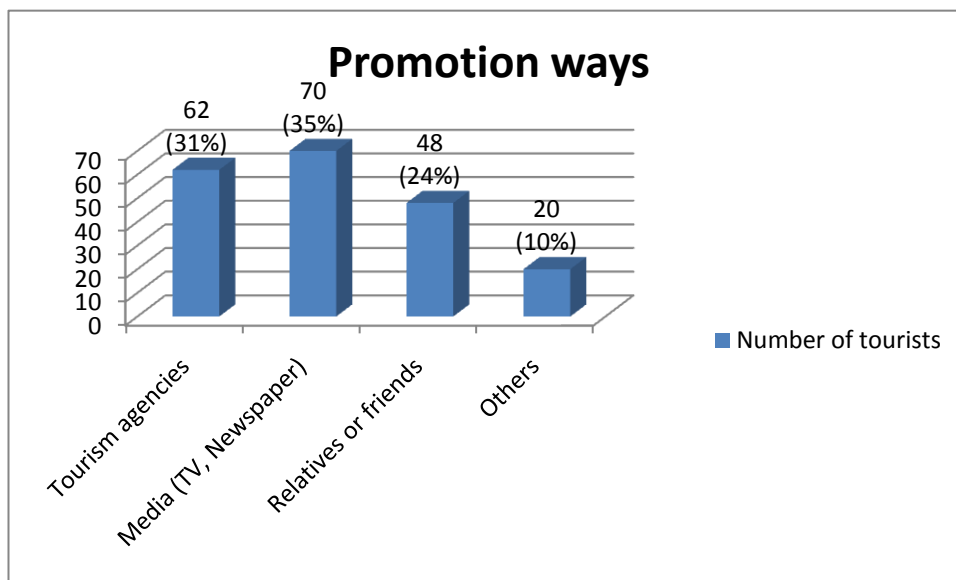
#### 5.2.5 Travel types and promotions

Figure 11 illustrates the main travel types of tourists in the Henan's tourism market. Obviously, at present of the tourism market in Henan, the most tourists (148, 74%) choose the type of tour group when they have a travel. Only 26% of tourists are single to travel on destinations in the 200 tourists. There are 68 (34%) and 80 (40%) tourists are travel with their friends and family in the tourist who chose the tour group, respectively. This question also presents that the decision of tourists more impacted by their family members and friends.



**Figure 11.** Travel types of tourists

Furthermore, in the 200 tourists, 70 (35%) and 62 (31%) obtained the information about the Henan's tourism from media channel (i.e. TV, newspaper) and tourism agencies. There are 48 (24%) attained the Henan's tourist information from their relatives or friends. Only 20 (10%) tourists made the travel decisions as the impact on which from other reasons, for example, the basic knowledge of themselves, the promotion from companies or organizations (see Figure 12).



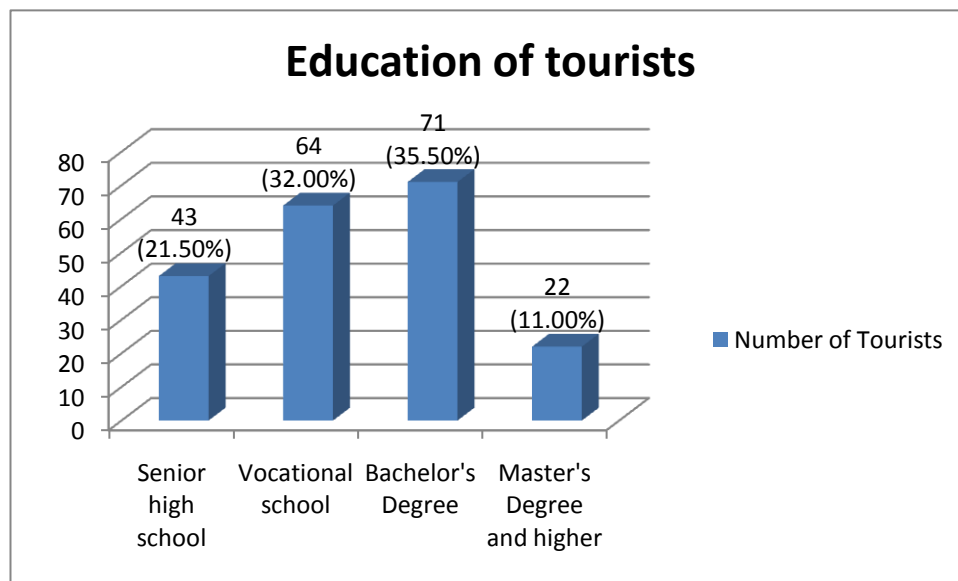
**Figure 12.** Promotion ways

#### 5.2.6 Education and occupation of tourists

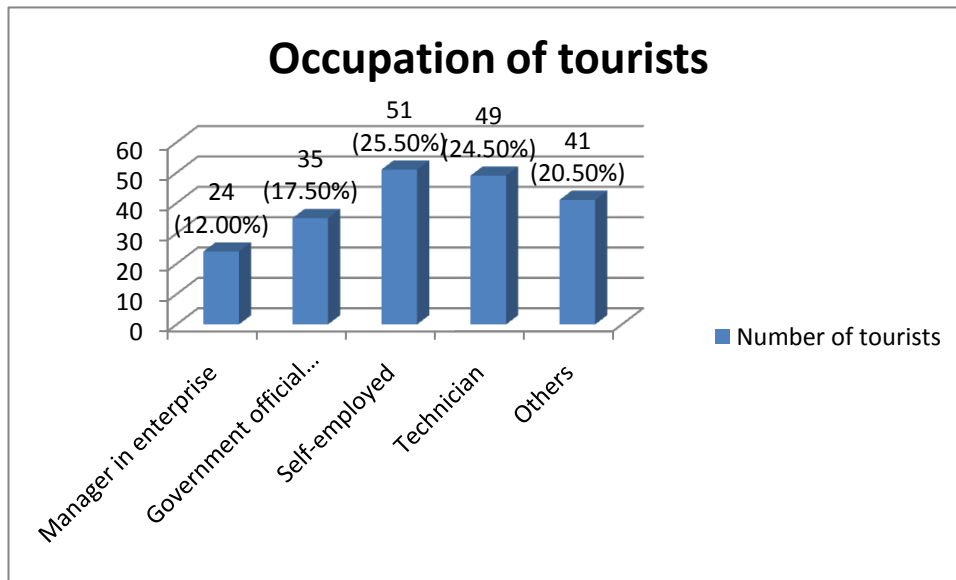
The education degree of tourists is divided into 4 levels, senior high school, vocational

school, bachelor's degree, master's degree and above. The most tourists graduated from vocational school (64, 32%), and there are 71 tourists (35.5%) have the bachelor's degree in the 200 tourists in the Henan's tourism market. There are 43 (21.5%) and 22 (11%) tourists were graduation from senior high school and took master's degree or higher, respectively (see Figure 13).

The percentages of tourists in different occupations are did not have big difference between them except the managers in enterprises. The percentages of every categories are 12% (24) in managers, 17.5% (35) working in governmental organizations, 25.5% (51) and 24.5% (49) are self-employed and technicians, and 20.5% (41) working in other aspects, respectively. Obviously, the education degree and occupation of tourists do not have serious impact on tourists' consuming behaviors in their travels (see Figure 14).



**Figure 13.** Education of tourists



**Figure 14.** Occupation of tourists

## 6 A STRATEGIC MARKETING PLAN FOR THE HENAN'S TOURISM MARKET

The analysis of the tourism industry in the Henan province, and the development objectives of the Henan's tourism industry were described in Chapter 4. Furthermore, the data and analysis of the questionnaire for 200 tourists in the Henan's tourism market were presented in Chapter 5. In accordance with the analysis of the Henan's tourism market in Chapter 4 and Chapter 5, a new strategic marketing plan for the Henan's tourism market are described in this Chapter. The new strategic marketing plan are supported by the seven 'Ps' (Product, Price, Promotion, Place, People, Physical Evidence, and Process).

### 6.1 Product

In this aspect, it is important to take the keystone of the tourism resources in Henan firstly. The ancient culture, famous and beautiful rivers and mountains, the root of Chinese people, Kong Fu and Taiji, and beautiful flowers are the major tourism resources in Henan that were described in 4.1.4. It is very necessary to avoid the independent development in variety of the tourism products, and integrate with other tourism products. Thus, creating a specific system of the tourism products in Henan is a feasible strategy which makes distinction with the cultural tourism in the Shanxi and Shaanxi provinces.

Secondly, improving the tourists' participations in the tourism products is also a useful strategy appeal to the tourists. On the one hand, the history and culture are abstract and they cannot be contacted. On the other hand, the drab and repeated explanation of the history and culture of the tourism attractions can cause the boring feeling of tourist, and cannot bring about tourists' interesting.

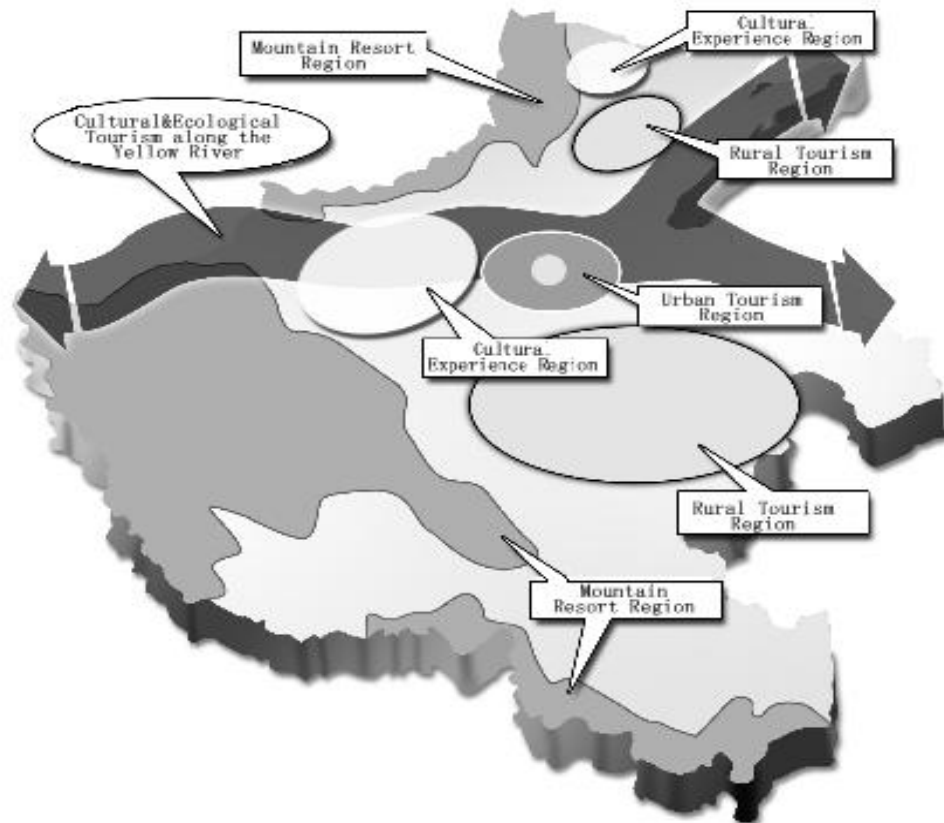
Thirdly, it is also important to improve the image of the Henan's tourism market. The image of tourism market can impact on the degree of satisfaction of tourists during their travel activities, and also affect the decision of potential tourist when they plan a travel.



The image of tourism destination decides the market positioning of tourism destination, and the development and promotion of tourist production.

Finally, festival activities are also a variable strategy to promotion the tourism market in Henan. At present, the famous festival in Henan includes the exhibition of peony in Luoyang, the international competition of Kongfu in Zhengzhou, and the looking for the root in Xinzheng. Of course, more festival activities can be organized according to the features of every tourist attractions. The core of this strategy is how to advance the quality of the services during festival activities.

On the basis of the suggestions for the development of the tourism products in Henan, the new system of the tourism products in the Henan's tourism market can be conducted. The new system of the tourism products in this province is divided into one line and four classified regions of tourism products in the different areas in this province. Figure 15 presents the system of the tourism product in Henan in the future. (see next page)



**Figure 15.** Tourism regions in the Henan Province

The one line means Cultural and Ecological Tourism along the Yellow River. In addition, the four classified regions of the tourism product in the Henan province are Mountain Resort Region, Cultural Experience Region, Rural Tourism Region, and Urban Tourism Region. The detailed description of the new system of the tourism products in the Henan's tourism industry are as follows:

#### Cultural & Ecological Tourism along the Yellow River

This one line can be created which starts in Shanmenxia in the west of Henan, and goes to Shangqiu in the east of this province, and toward the northeast of Henan province in Puyang. It will be a great travel to appreciate and experience the abundant culture and beautiful scenery along the Yellow River.

#### Mountain Resort Region

Mountain Resort Regions are the main locations in the northwest and southwest of

Henan province which are based on the body of mountains, water system, climate, hot well and other natural resources to create resort regions.

#### Cultural Experience Region

In this kind of regions, the main strategy is consummating the cultural tourist attractions according to the international standard, for example, to rebuild some facilities and make further improvement the quality of service in the cultural tourist attractions. Furthermore, an additional strategy is to create some new activities to enhance the participations of tourists in the scenic spots, for instance, to let the tourists to experience the real life in temple via the practice in temple.

#### Rural Tourism Region

This kind of region is conducted using traditional agricultural activities and foods in farmer to attract tourists to taste the actual life in rural area.

#### Urban Tourism Region

This region is developing based on the modern capital city of this province Zhengzhou and an ancient city Kaifeng as their combine of the modern buildings and activities with traditional culture and conductions. Moreover, the convenient transportation between these two cities is also an obvious advantage to develop the tourism in them.

### 6.2 Price

The price is a difficult and critical element in the seven 'Ps' of tourism marketing, and impact on the demand of tourism market. The establishment of price in tourism should be influenced by the situation of economy, capability of shopping, revenues, total expenses and potential competition and so on. The price of tourism in Henan affects the image of the Henan's tourism, and influence the development of Henan in social and economic benefits. In this aspect, there are two main strategies that should be used to develop the tourism market in Henan.

Firstly, it is important to establish the different price in the peak season and the low season of the tourism market in Henan to develop the Henan's tourism industry. The way of this strategy is raising the price in the peak season and reducing the price in the low season period. Through the price differences in the peak and low seasons to attract more tourists in the low season and distribute the overfull tourists in the peak season it is possible to avoid some problems in security and services as the overmuch tourists.

Secondly, it is possible to use the strategy of free ticket in some specific garden, museum, science museum to attract tourist. Furthermore, the Henan Province Tourism Bureau can create some low price strategies. For instance, one card travel to the most of the tourist attractions in Henan, and special annual ticket that means tourist can travel to appointed tourist attraction in one year using the annual ticket. The main objective of these two strategies is to stimulate the domestic tourists in this province as the biggest province in population.

### 6.3 Promotion

There are more promotional tools when promoting tourism industry, such as, promotional print, public relations (PR), advertising, the Internet and so on. However, it is not possible that the all promotional tools are suitable of the specific tourism industry. There are several factors that influence the selecting of promotional tools, like, the target markets, the product, competition, and product awareness. (Briggs 2001, 89-93.)

The new promotion strategies are conducted according to the analysis about the tourism market and questionnaire of travelers in the Henan province at the present. The new strategies in promotion are the following:

Using more kinds of promotion tools

Firstly, it is necessary to use the indirect advertising way to promote the Henan's tourism market, such as, Internet, guide book of tourism, newspaper, TV, radios and so on. Secondly, the Henan Province Tourism Bureau can reward the tourism agencies who take more tourists entry, distribute the ticket of consumption and scenic spots to tourist

and potential consumers. Thirdly, it is possible to promote the tourism market of Henan province to foreigners by some international activities, for instance, international exhibitions, international visits.

#### Cooperating with competitors

The three main competitors are Xi'an, Wuhan and Shandong as was described in 4.2.2. These competitors all have better promotion than Henan. Therefore, it is feasible strategy that cooperating with competitor to promote the tourist attractions in these four provinces to attract more tourists based on the convenient transportation in the four regions.

#### 6.4 Place & People

When considering the strategy in place aspect, it is necessary to think how to use the channel and specialty of intermediary business in optimization to promote the service in tourism industry is the main question. Then, using the optimal channel and intermediary business to attract more tourists come. At present, there are still some problems of transportation during the travel process in spite of the convenient transport. Thus, it is necessary to increase the quality of the transportation services by the substantial increase of the transport network in Henan.

The main strategy in people aspect could be divided into several parts, as follows:

- Enhancing the personal quality of the current employees
- Stimulating the motivation of the employees
- Attracting more high quality people as employees

#### 6.5 Physical Evidence & Process

Besides of the software part, such as people, place, and so on, which I mentioned above, also, it is also very important to pay more attention on the hardware part of the tourism. Normally, this part is something that should be tangible by the tourists.

- Improving the quality of the environment of the tourist attraction.
- Improving the quality of the accommodation and the catering.

The Process of the tourism management is complex since the core is mainly concentrated both on the psychological of the tourists and the employees working for service.

- Establishing an integrated ordinary rules and standard of services to enhance the management of the high quality of the services.
- Monitoring the process of the services and its quality completely.

The new strategic marketing plan for the development of the Henan's tourism market is conducted based on the seven 'Ps' in marketing. Obviously, the above suggestions are only the strategic ideas for the development of the tourism industry in this province. Of course, there are still some difficulties that impact on the Henan's tourism industry's development. For example, I am not sure the invested capital when developing the new strategic marketing plan. In a word, the new strategic marketing plan is important and useful for the Henan's tourism industry in spite of some troubles.

## 7 DISCUSSIONS AND CONCLUSIONS

During the process of this Thesis, I studied and analyzed the basic theoretical knowledge of tourism industry. Moreover, I also collected information about and analyzed that information about the tourism market in the Henan province. On the basis of the study of the literature and my research about them, the new strategic marketing plan was compiled. In this chapter, the discussion and analysis of the result of this research, the limitations and the whole conclusion about this Thesis are presented.

### 7.1 Discussions and analysis

In this sub-chapter, I will discuss and analyze the development of this Thesis which is based on the theoretical knowledge of tourism industry and actual situation of the Henan's tourism industry. The discussions and analysis of this Thesis is addressed the research questions of this Thesis.

I described the research questions of this Thesis in sub-chapter 1.2. The main research question is: How can a strategic marketing plan be developed in the tourism market in the Henan province? There are many aspects that need to be considered when to answer this question. Firstly, it is very necessary to study and understand what a strategic marketing plan is and how to conduct it. Secondly, considering and analyzing the reality of the case market are also important for the development of the strategic marketing plan. Thirdly, it is important to evaluate the possible new strategic marketing plan based on the analysis of the actual tourism industry in the case market. In my Thesis, I used three sub research questions to answer the main research question indirectly. The discussions and analysis of the sub research questions are as follows:

1. What are the factors affect the development of the tourism market?

Generally, internal and external factors all should be considered when thinking the

factors that impact on the development of market. In the same way, the development of the tourism market in Henan is also impacted by the internal and external factors. On the one hand, the motives of travel, the factors that impact on consumers' decisions and the analysis for the 200 tourists in the Henan's tourism market were described in the foregoing chapter in this Thesis. They are obvious to present the influence of consumers' activities for the development of the tourism market in Henan. The consumer's activities in tourism are affected by income, age, education, influences of family or friends and motivations. Furthermore, the politics of government, the competitions and technology (transport, communication and information) are also the factors that impact on the development of the tourism market. The above factors are the external factors affect the Henan's tourism industry. On the other hand, the quality of the tourist attractions and the quality of services during tourist activities are the main internal factors that impact on the development of the tourism industry in Henan. Therefore, in a word, the main factors that affect the development of the tourism market are the quality of products and services, economy, politics, demographic change and technology.

2. What are the main elements to be considered when develop a new strategic marketing plan?

The ten steps of a strategic marketing plan were presented in sub-chapter 3.4. On the basis of the steps of a strategic marketing, the main elements to be considered when conducting a strategic marketing plan are the current situation of the market, SWOT analysis of the market, competitors, the target markets, promotion channels, monitoring and evaluations. In the Henan's tourism market, the current situation is not good in spite of the abundant tourist resources in this province. The deficiencies of the Henan's tourism industry are representing some aspects. They are the quality of the tourist attractions and tourist services, the drastic competition with other provinces, insufficiency of the transportation, and the drab tourist activities, respectively. Furthermore, it is necessary to consider the government's objective of the tourism industry when thinking the new strategic marketing plan for the Henan's tourism market.



Therefore, when developing a new strategic marketing plan, it is necessary to study and analysis the state of the case market and understand the development objectives of it.

### 3. How is it possible to develop a new strategic marketing plan?

The study and analysis of the factors that impact on the development of the tourism market in Henan and the elements to be considered in a strategic marketing are very important for the development of a new strategic marketing plan in the Henan's tourism market.

The long history of Henan province, the abundant tourist resources and tourist programs, and the development objective of the Henan's tourism market were presented in chapter 4. Furthermore, also on the basis of the analysis of the Henan's tourism industry, the new strategic marketing plan was conducted and it is discussed in chapter 6. The new strategic marketing plan was developed by using the seven 'Ps' in marketing for the Henan's tourism market. These strategic ideas can provide some new thinking and assist the development of the tourism industry in Henan. Therefore, it is possible to develop a strategic marketing plan in the Henan's tourism industry.

## 7.2 Conclusions

This Thesis illustrates the new strategic marketing plan in the Henan province. The new strategic marketing plan is conducted that in accordance with the studying and researching about the tourism market situation, the market objectives in future, and the tourists' behaviors on destination. The new strategic marketing plan is supported by using the seven 'Ps' in the marketing. Combing the current tourist attractions and creating a new system of the Henan's tourism attraction is the strategy of the Henan's tourism products. The new system of the Henan's tourist products is divided into one line and four classified regions of tourism products in the different areas. Furthermore,

the other main marketing strategies of the Henan's tourism industry are improving the quality of the tourist services and the environment of the tourist attractions, and increasing the promotions. Therefore, the new strategic marketing plan is supposed to improve the tourism market in Henan. Through the study of the Henan's tourism market and conducting of the new strategic marketing plan for it, I believe that the tourism industry in Henan will get a rapid development period. Furthermore, the abundant and interesting tourism resources, and the high quality services will be the main advantages of this tourism market.

### 7.3 Limitations of the study

During this Thesis, there were still some difficulties and problems baffling the development of the process. In the preparation period of this Thesis, on the one hand, theoretical knowledge of tourism market is essential to study and analyze, but the relevant literatures is not enough. Ample theory information would have supported me to get more understanding of tourism market. On the other hand, it was very difficult to find the relevant documents and materials of the tourism market in Henan when I prepared the interview questions. Moreover, the interviewed managers of the four tourism agencies in this province did not have documents or materials to describe the Henan's tourism industry. However, I gained access to some information about the tourism market in Henan which is from the Internet and some printed magazines. Furthermore, through the interviews with the managers of the tourism agencies, the more actual situation of the tourism market in Henan was understood by me. In the process of the questionnaire submitted for 200 tourists in Henan, I could not send the questionnaire to tourists directly. All questionnaires were distributed by the tourist guides from the four tourism agencies. In this way, I could not get direct information of tourists and understand more by myself. Maybe it can affect the result of the questionnaire.

#### 7.4 Suggestions for future research

The study in this Thesis focused on the new strategic marketing of the Henan's tourism industry. The new strategic marketing provides the new tourism system of the tourist attractions in Henan. Furthermore, some other strategies are also provided in this new strategic marketing plan for the development of the Henan's tourism industry. If the new strategic marketing plan is accepted by The Henan Tourism Bureau, it is necessary to monitor and evaluate the performance of the new strategic marketing plan after five year. On the basis of the research of this Thesis, this research could be expanded to a new field in the future. For instance, it is possible to create a new big tourism region in the middle part of China through the cooperation with other provinces which located around Henan. That is because there are some stronger competitors around the Henan province in tourism industry, i.e. Shanxi, Shaanxi, Hubei and Shandong. These four provinces are very famous in the world and possess well-known tourist attractions in their regions. Therefore, it is important that these five provinces cooperate together to developing a strong tourism region in China.

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## APPENDICES

## Interview questions

## Appendix 1

1. How do you think the situation of the tourism industry in the Henan province at the present?
2. What kind of tourism resources or tourist programs were provided for tourists in this province?
3. What kind of marketing strategies were used to promote the Henan's tourism industry?
4. What is the marketing strategy in your company to attract tourists come here?
5. How do you see the marketing strategies of the tourism market in the Henan province and in your company?
6. What are the advantages and disadvantages of the Henan's tourism industry in your opinion?
7. What factors affect the development of the tourism market in the Henan province? (positive and negative)
8. What kind of persons like travel to Henan province?
9. Who are the potential tourists will travel to here?
10. Do you know the development objective of the tourism industry in future?
11. What is your suggestion for the development of Henan's tourism industry in future?

## Interviewees

## Appendix 2

Name	Position	Company name	Interviewed time	Interviewed date
Wang, Li	Marketing Manager	Henan Kanghui International Tourist CO.	10:00~10:40	15, June, 2010
Zhou, Minggang	Manager	Henan Province Chinese Youth Tourist CO.	13:00~14:00	15, June, 2010
Ping, Zhaohui	Manager	HENAN DAHE TOURIST CO. LTD	9:30~10:45	16, June, 2010
Chen, Haining	Marketing Manager	Henan Zhongzhou International Tourist Ltd.	13:00~13:50	16, June, 2010



## Questionnaire

## Appendix 3

1(2)

1. Age:

Under 20  20-34  35-44  45-54  55-64  Over 64

2. Sex:

Male  Female

3. Education:

Senior high school  Vocational School   
 Bachelor's Degree  Master's Degree and higher

4. Occupation:

Manager in enterprise  Government official and civil servant   
 Self-employed  Technician  Others \_\_\_\_\_

5. Is this your first-time visit Henan?

Yes  No

6. Before you visit a place, what factor(s) will you consider? (Multi-)

Price  Convenient Transportation   
 Environment  Attractiveness of the place   
 Accommodation  Family's preference

7. How do you decide the travel to Henan?

From tourism agencies  From Media (e.g. TV, Newspaper)   
 From relatives or friends  others \_\_\_\_\_

8. Who did you travel with? (Multi-)

Single

Friends

Family members

Tour group

9. Have you visited the following places? If yes, please rate your degree of satisfaction with them. 4 means strongly satisfied, 3 means satisfied, 2 means dissatisfied and 1 means never visited.

Degree	4	3	2	1
Scenic spots				
The Shaolin Temple				
The Longmen Grottoes				
The Dragon Pavilion Scenic Spot				
The Garden of Market in Qingming Festival				
The Yin Ruins Museum				
The Yuntai Mountain Geological Park				

10. After your travel, what factor(s) should be improved in future? (Multi-)

Transportation

Accommodation

Restaurant

Tour guide service

Entertainment

Shopping

Scenic Spot

11. Do you want to travel to Henan again if possible?

Yes

No

12. Do you will recommend Henan travel to others? And why?

Yes

No

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**Thank you very much!**