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**Summer school**

**SUSTAINABLE DEVELOPMENT OF YACHTING AND CRUISE INDUSTRY**

**MARKETING PHILOSOFY, STRATEGIES AND PLANS  
FOR YACHTING AND CRUISE INDUSTRY**

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Kotor, 19/7/2022, 20/07/2022**

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## Summary

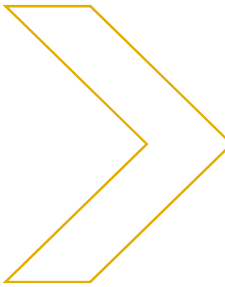
- Strategic marketing and sustainable yachting and cruise industry ;
- Marketing and branding;
- Understanding yachting and cruise industry markets;
- 4Ps for yachting and cruise industry – product, price, place, promotion;
- Marketing, brand, reputation, image;
- Marketing plan for yachting and cruise industry;
- New technologies in marketing in yachting and cruise industry .



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## INTRODUCTION



The Course provides knowledge and information that facilitates effective marketing and management of nautical/cruise ports. The Course covers the strategies for creating integrated destination marketing and management systems, giving the examples of essential elements of a marina/cruise port plan.

The overall goal of the Course is to equip the participants with a broad base of skills and knowledge, so they will be able to help marina/cruise port realize significant economic impacts that contribute to job creation, community sustainability and improved quality of life for residents and visitors alike.





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## Learning outcomes

- ✓ Examine and discuss the key concepts and principles of marketing as applied to yachting and cruise industry;
- ✓ Demonstrate an evaluative understanding of current issues associated with marina/cruise port marketing;
- ✓ Examine and assess the effectiveness of marketing strategies applied to yachting and cruise industry;
- ✓ Engage in marketing research in order to understand strategic decision making and problem solving (as the most important management techniques);
- ✓ Demonstrate skills in oral and written communication as well as critical and analytical thinking in accordance with professional contexts: case studies on marketing management;
- ✓ Work independently and as a team member to collect and analyse information to guide marketing problem solving and decision making at a strategic and tactical level.

## Trends in Nautical Tourism, Destinations and Statistics

Fig. 1. Number of international tourist arrivals worldwide from 2010 to 2020, by region in millions (Statista Research Department, 2022)

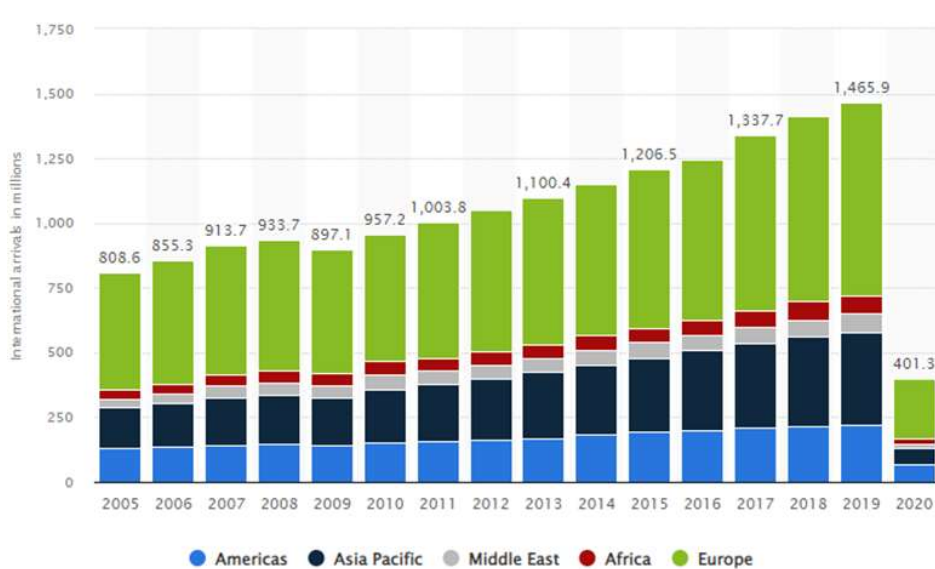


Fig.2. Number of international tourist arrivals in Europe from 2010 to 2020 in millions (Statista Research Department, 2022)



In Europe total number of arrivals dropped from around **746** million in 2019 to roughly **235** million in 2020

Montenegro was the European country experiencing the highest decrease in inbound arrivals. Between January and November, international arrivals in Montenegro dropped by **over 84 percent**.



Figure 3. The Impact of Covid-19 pandemic on International Tourism 2019 vs. 2020 (UNTWTO, 2021a)

In 2019, the Mediterranean region was welcoming annually more than 400 million of international tourists arrivals (ITAs), being one of the most popular destinations in the world. Tourism sector accounted for up to 15% of regional GDP, with a 75% growth since 1995, expected to reach 626 million ITAs by 2025 according to the UN World Tourism Organization (WTO).

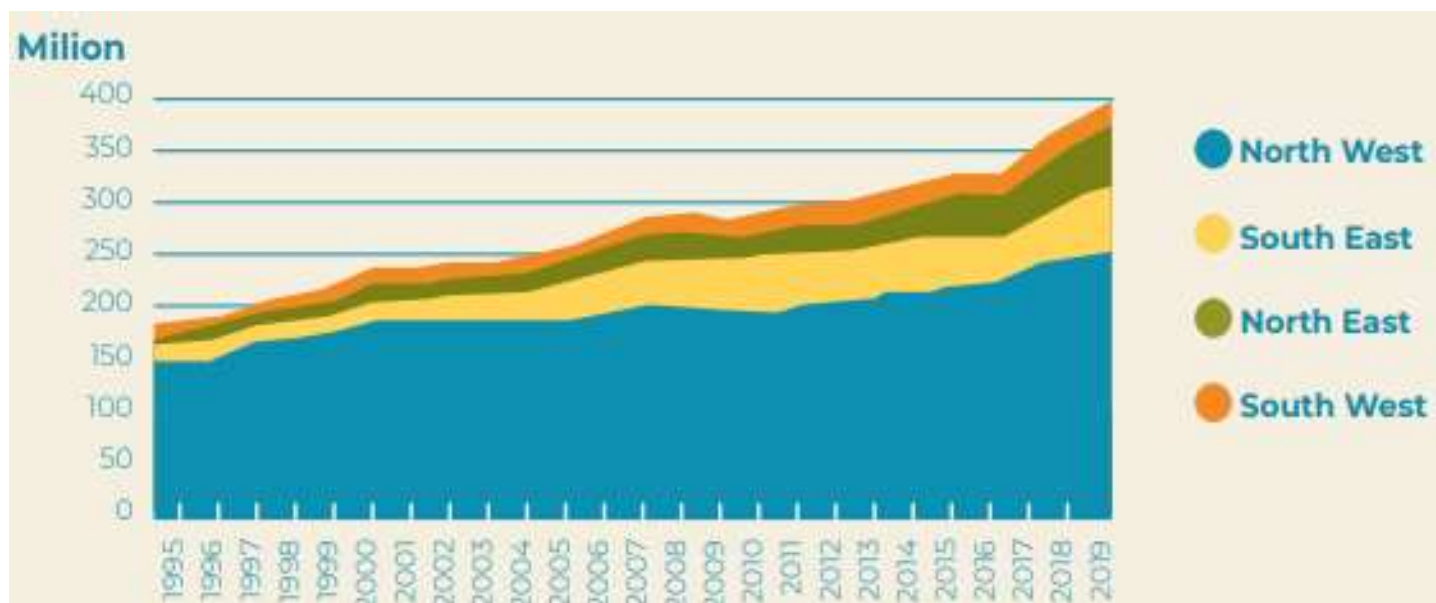


Fig. 4. International Tourist Arrivals (Ita) In Mediterranean Countries 1995-2019 (Eco-union, 2021, p.4)

The first scenario draws a recovery for mid-2023, the second by the end of 2023 and the third by the end of 2024.

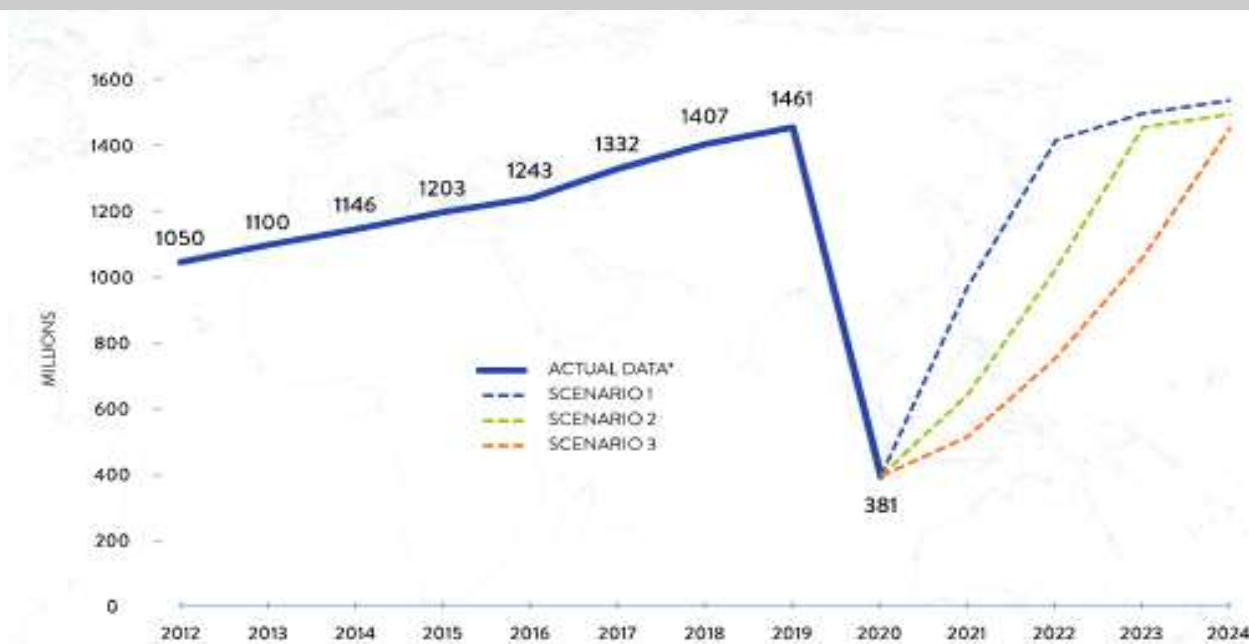


Fig. 5. 2021-24 Scenarios To Recover International Tourist Arrivals (UNWTO, 2021a)



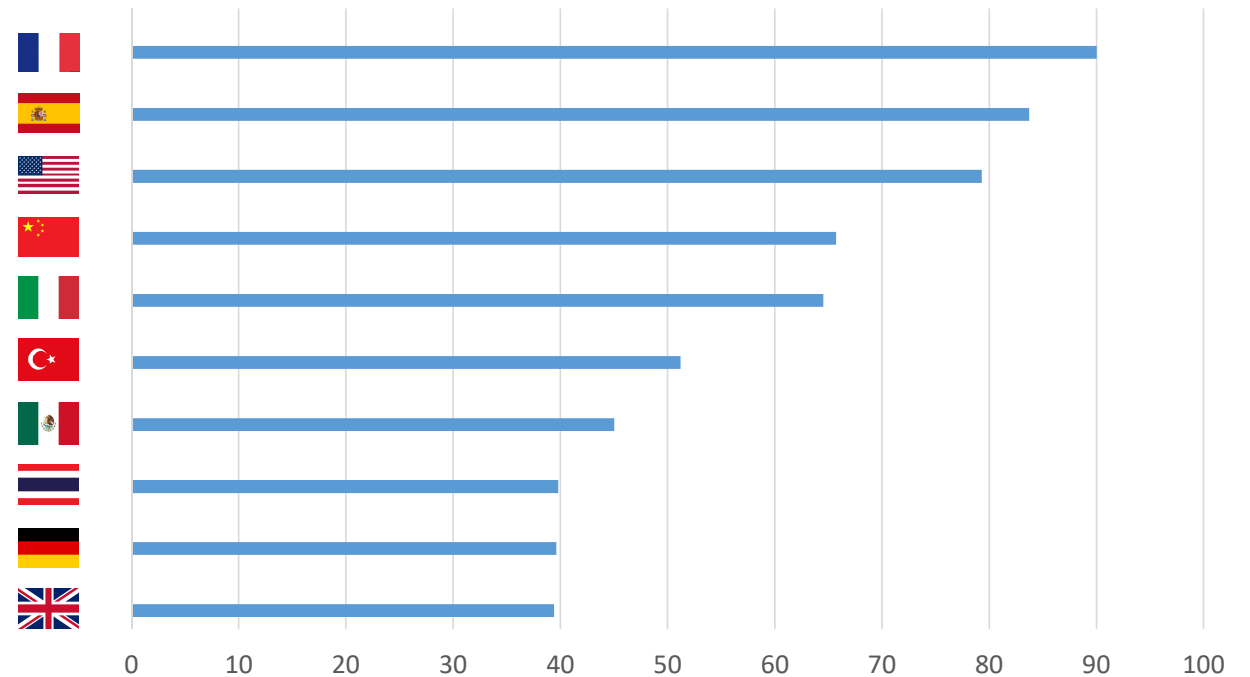


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### Top 10 Countries Most Popular with Tourists by number of 2019 visitor arrivals (World Popular Review, 2021):

- 1. France - 90.0 million
- 2. Spain - 83.7 million
- 3. United States - 79.3 million
- 4. China - 65.7 million
- 5. Italy - 64.5 million
- 6. Turkey - 51.2 million
- 7. Mexico - 45.0 million
- 8. Thailand - 39.8 million
- 9. Germany - 39.6 million
- 10. United Kingdom - 39.4 million



Having a look at the cruise tourism, according to the Cruise Lines International Association – CLIA the most popular destinations in 2019 in terms of visitor arrivals are shown in Fig. 6 below.

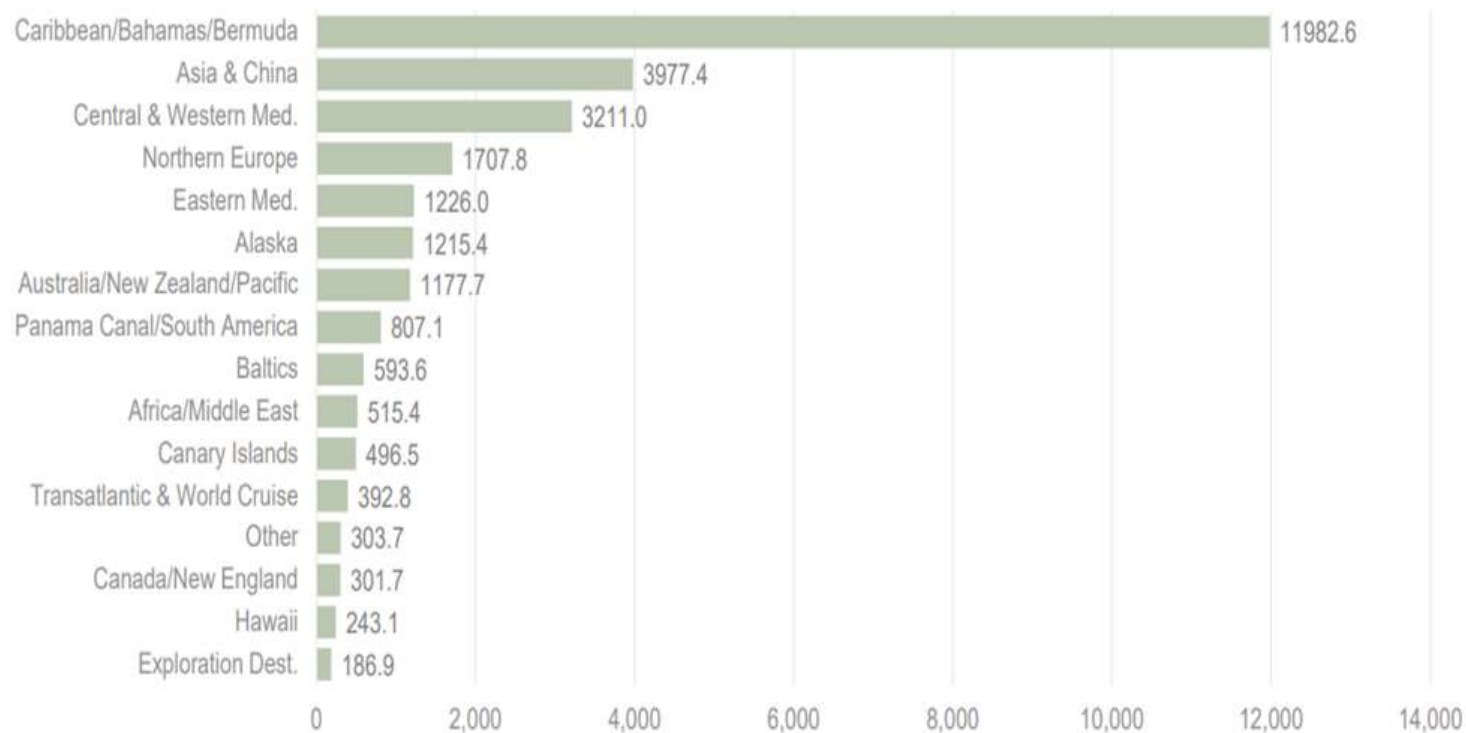


Fig. 6. Most Popular Destinations in 2019 Based on Volume of Passengers, in thousands (CLIA, 2021)

Ranking Mediterranean countries by superyacht visits (The Superyacht Annual Report, 2018):

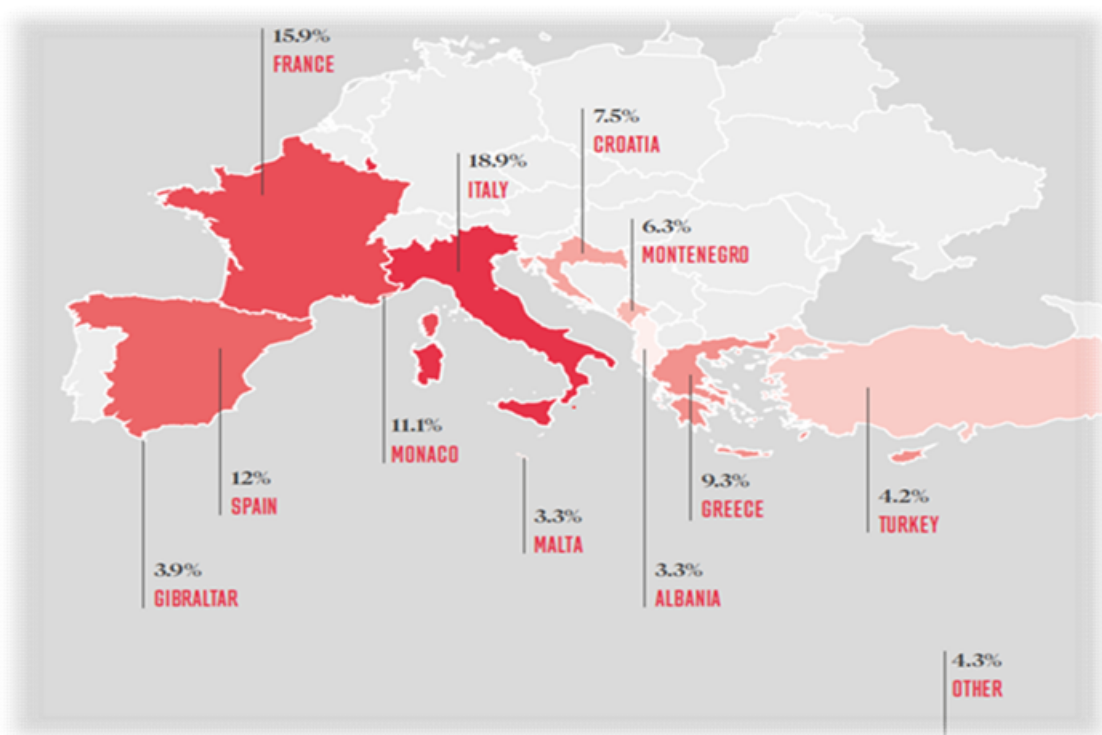


Fig. 7. Super yachts visits (The Superyacht Annual Report, 2018)

1. Italy – 18.9%
2. France – 15.9%
3. Spain – 12%
4. Monaco – 11.1%
5. Greece – 9.3%
6. Croatia – 7.5%
7. Montenegro – 6.3%
8. Turkey – 4.2%
9. Gibraltar- 3.9%
10. Malta – 3.3%
11. Albania – 3.3%

## Marketing for yachting and cruise industry : Management Perspective

**Reputation** is the public opinion about us and our behaviour. The opinion about our exterior, or image. Positive reputation is the situation when the majority share of the public have a positive opinion of us, our behaviour, presentation and appearance. Conversely, negative reputation is the opposite of all that.



**Image** is the “thing” that we want to “sell” to those we appeal to. Image is chosen.

**Identity** is what the company truly is. In case of individuals, we would call it personality.



# Branding

**Branding** is all about who you are. It is the focal part of marketing that, in turn, defines how you communicate and deliver your message to the right audiences.

It also entails monitoring the external environment, that is, a dynamic understanding of opportunities and threats, as well as the competitive forces in the environment. The process must involve government, citizens and businesses, all with a shared vision. It requires setting and delivering the incentives and managing the factors that may affect destination buyers' decisions, including image, attractions, infrastructure and people (Kotler and Gertner, 2004).



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Marketing is important in attracting tourists and business companies, as well. Some of the basic information sought by a business searching for a location areas are selected in Table 1:

Table 1 . Basic information sought by a business searching for a location

|   |
|---|
| Local labour market   |
| Access to customer and supplier markets                         |
| Availability of development sites facilities and infrastructure |
| Transportation  |
| Education and training opportunities                            |
| Quality of life   |
| Business climate  |
| Access to R&D facilities  |
| Capital availability  |
| Taxes and regulations   |

Source: Kotler and Gertner, 2004

Table 2. Locational characteristics: old and new

| Characteristics  | Old  | New   |
|------------------|--|---|
| Labour           | Low cost unskilled                           | Quality, highly skilled                             |
| Tax climate      | Low taxes, low service                       | Modest taxes, high services                         |
| Incentives       | Least cost production, cheap land and labour | Value-added adaptable labour force, professionals   |
| Amenities        | Housing and transportation                   | Culture, recreation, museums, shopping, airport     |
| Schools          | Availability                                 | Quality schools                                     |
| Higher education | Not key                                      | Quality schools and research facilities             |
| Regulation       | Minimum                                      | Compatible quality of life and business flexibility |
| Energy           | Cost/availability                            | Dependability/reliability                           |
| Communication    | Assumed                                      | Technology access                                   |
| Business         | Aggressive chamber of commerce, etc.         | Partnerships  |

Each country must be able to provide accurate and reliable information. The country should understand the locational characteristics that companies are seeking as they relate to labour, tax climate, amenities, higher education, schools, regulation, energy, communication and business.

Source: Kotler and Gertner, 2004



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## Yachting and Cruise Tourism Destination as a Brand

*Can a destination be a brand? Is there such thing as destination brand equity?*

*The term 'country equity' refers to the emotional value resulting from consumers' association of a brand with a country.*

Destination branding is about identifying the destination's strongest and most competitively appealing assets in the eyes of its prospective visitors, building a story from these that makes the destination stand out above its competitors, and running this narrative consistently through all marketing communications.



**Destination branding is about who you are; Destination marketing is about how you communicate who you are.**





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## Why is yachting and cruise destination branding important?

Differentiation is the ultimate objective of branding. Effective destination branding that stands the test of time while remaining competitive, dynamic, innovative, and agile to ever-evolving industry trends and consumer behaviors. It is what holds the key to successful destination development and tourism growth. (Zagere, 2021).



## How to brand your yachting and cruise destination successfully?

Understanding your target audience will allow you to effectively articulate and deliver your destination's unique selling point throughout the various touch points of the customer journey. A thorough competitor analysis should be carried out to identify a possible market gap, while successfully positioning and differentiating your destination.



Stakeholder involvement is an integral part of destination brand development and the branding process.

Applying the pyramid model for brand equity (Keller, 2001) to destinations makes it easier for destination planners to recognise the key factors conducive to sustainable nautical/cruise destination-based brand.

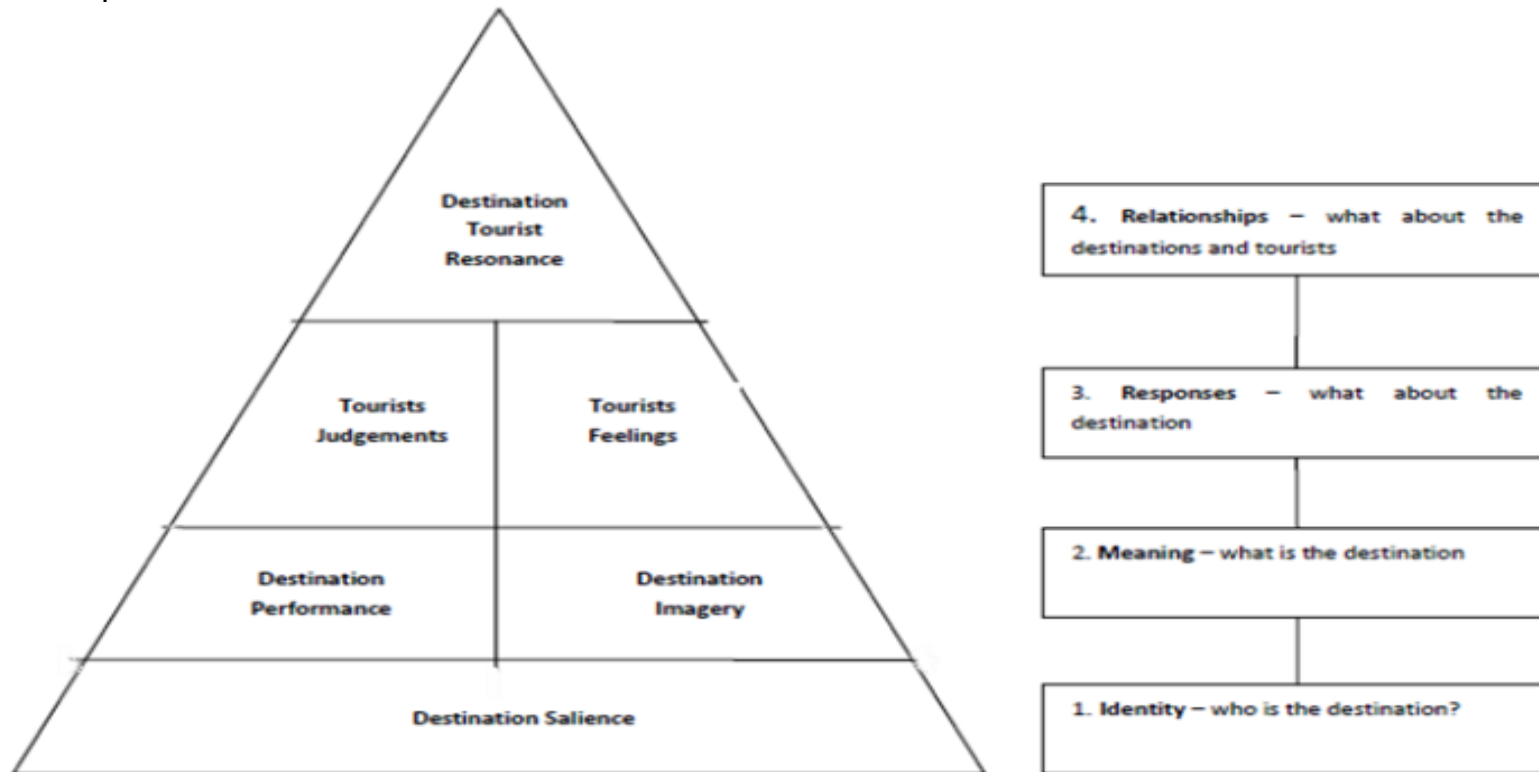


Fig. 8. Conceptualizing tourist based brand equity pyramid (Keller, 2001)



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## Managing yachting and cruise destination image

Explaining the issue of the destination image, Kotler and Gertner (2004) ask the following:

**Why do many more tourists visit Greece than Turkey or Montenegro?**

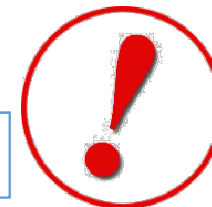


'Strategic image management (SIM) is the ongoing process of researching a place's image among its audiences, segmenting and targeting its specific image and its demographic audiences, positioning the place's benefits to support an existing image or create a new image, and communicating those benefits to the target audiences' (Kotler and Gertner, 2004).

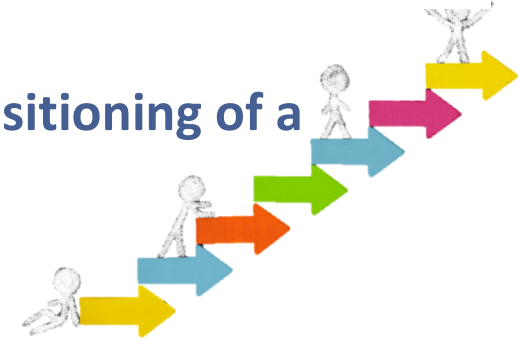
To improve a image, it may be easier to create new positive associations than trying to refute old ones.



Confronting a negative image can be an arduous challenge.



## Strategic Management approach and steps in marketing positioning of a yachting and cruise destination



01

The destination needs to carry out a SWOT analysis

02

The destination then chooses some industries, personalities, natural landmarks and historical events

03

The destination should then develop an umbrella concept that would cover and be consistent with all of its separate branding activities

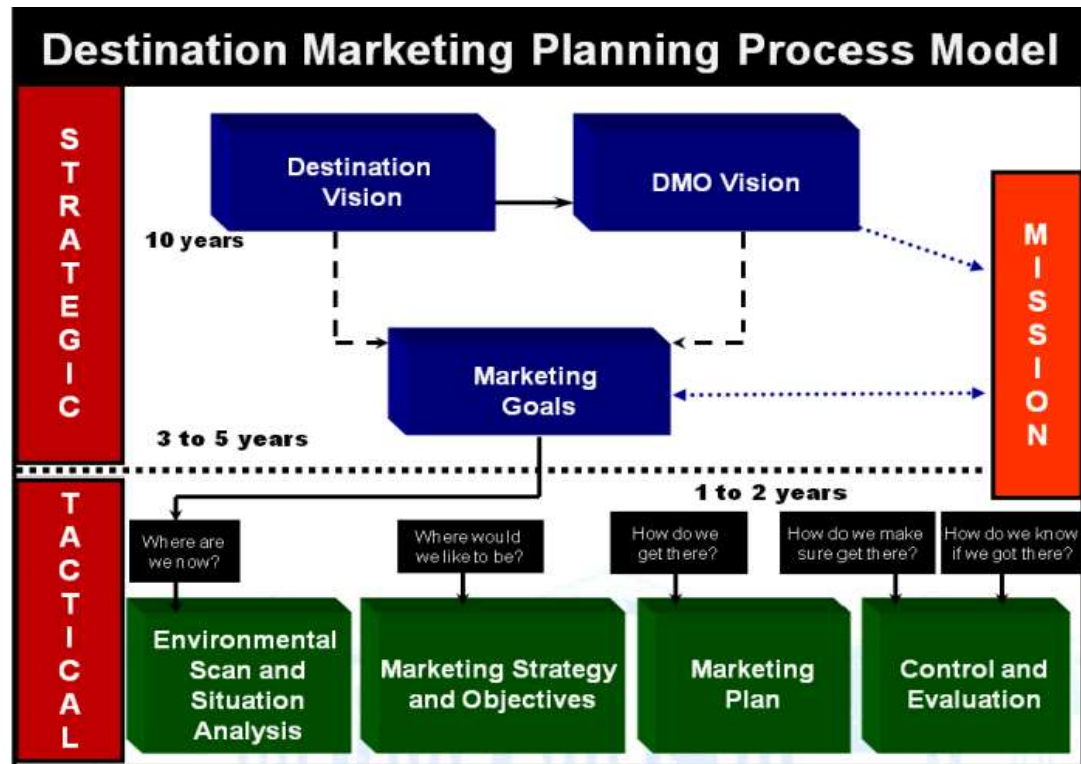
04

The destination then allocates sufficient national funds to each branding activity deemed to have a potentially large impact.

05

The destination creates export controls to make sure that every exported product/service is reliable and delivers the promised level of performance.

Fig. 9. Destination Marketing Planning Process Model





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## Marketing plan for yachting and cruise industry

Marketing plan operates at two levels: strategic and tactical.

**The strategic marketing plan** lays out the target markets and the firm's value proposition, based on an analysis of the best market opportunities.

**The tactical marketing plan** specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels, and service.





A marketing plan usually contains the following sections:



# Sample Marketing Plan – Situational Analysis

## Situation analysis

### 1. Market summary

#### Examples

Markets segments:

- Primary Demographic
- Secondary Demographic
- Geographic Target Markets
- Behavior Factors (how they spend money, activities they enjoy, lifestyle).

Market needs: quality of offer, innovation, etc.

Market trends: marketers do market research and projections, so they can define trends.

Market growth: More and more people are discovering nautical tourism as attractive, and marketers have to define the most growing market segments. Example:

- Interested in beach activities (10%, growth expected), Seeking unique culinary experiences (12%, growth expected), Looking for golf vacation opportunities (17%, growth expected), etc.

### 2. SWOT analysis

Strengths: natural beauties

Weaknesses: lack of organization, lack of innovation

Opportunities: public-private investments

Threats: environmental issues

Competition: regional, international

Product Offering: what we offer now

Keys to Success: marina/port must ensure total customer satisfaction

Critical Issues: Establish itself as the premier yachting/cruise destination





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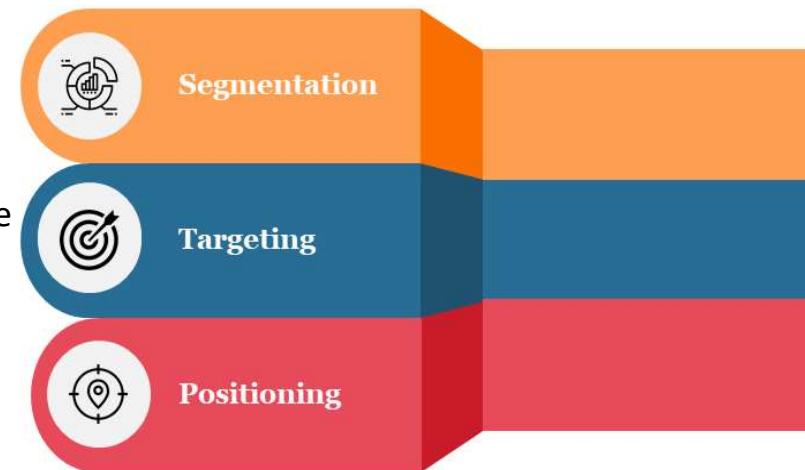


## Marketing strategy – STP

**Market segmentation** divides a market into well-defined slices. A market segment consists of a group of customers who share a similar set of needs and wants

**In evaluating market segments**, the marina / cruise port must look at two factors: the segment's overall attractiveness and the company's objectives and resources

**Positioning** is the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market.





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## Marketing strategy elements for yachting and cruise industry

### Statements

#### Mission Statement

#### Examples

To promote distinctive, world-class vacation experiences, which result in positive economic growth and stability for the yachting/cruise destination.

#### Customer Mission Statement

To be the trusted source of visitor information, destination amenities and activities to nautical/cruise tourists, meeting attendees, sports event participants and news media.

#### Vision statement

To be recognized as the most desirable cruise port in the Europe.

#### Commitment

We are dedicated to attracting high value visitors to our marina/cruise port, and encouraging them to spend their travel budgets in our businesses.

#### Marina/cruise port marketing goals

Communicate our unique brand to grow our port's awareness, customer loyalty and desire to share their experiences with other potential customers.

#### Target markets

Marketers here target the markets that are the most growing. In this situation we have the case of the target who is seeking nature-based and adventure type activities (20% growth expected), and combined they can easily grow to 55 percent (2,7 millions) of the market in the next five years.

#### Positioning

The marina/cruise port will position itself as the premier port. This positioning will be achieved by leveraging its competitive edge: premium service and nautical/cruise tourism industry stakeholders experience.



## Marketing Tactics

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- What do customers want from your product/service? Does it satisfy their needs?
- What features of your product/service work to meet your customer's needs? Have you missed out on any features?
- How and where will the customer use it?
- How will the customers experience it?

- How will you reach your target audience?
- Where will you send your marketing messages to your target audience?
- How does your competition promote their product? Does that influence your own promotional activity?
- When is the best time to promote?



- What is the value of the product or service to the buyer?
- How will your price compare to competitors?
- Are there any possible established price points for the product/service in this area?

- Where are target customers shopping?
- Are they using desktops or mobile devices?
- Are they shopping for similar products online, or in stores?
- Where are they engaging on social media?



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## Marketing mix elements

### Marketing mix elements

#### Product

#### Examples:

- Differentiate marina/cruise port from competition by continuing to build on upscale, luxury, etc.
- Brand positioning, avoiding imagery or copy that limits appeal or conveys unaffordable.
- Target audiences looking for a vacation/getaway opportunity that lets them escape the day-to-day grind while experiencing their definition of "Paradise".
- Stress luxury and quality, superior experience.
- Stress the quality of services: natural sights, culinary diversity, night life, beaches, events, accommodation, cultural heritage, infrastructure, etc.

#### Price

- Good value for money, price-wise.
- The customers are willing to pay more for richer service.

#### Place

- Online
- Direct sale
- Agency service

#### Promotion

- PR manager performed extensive writing and editing for website, visitor guide, newspaper by-lined articles, news releases, all bureau marketing materials.
- Increase the number and frequency of boosting Facebook posts.
- Increase brand engagement on all social media channels.
- Increase diversity in content images.
- Continue to grow Pinterest & Instagram to extend reach and drive awareness amongst travelers as an aspirational destination.
- Boat shows and special events.

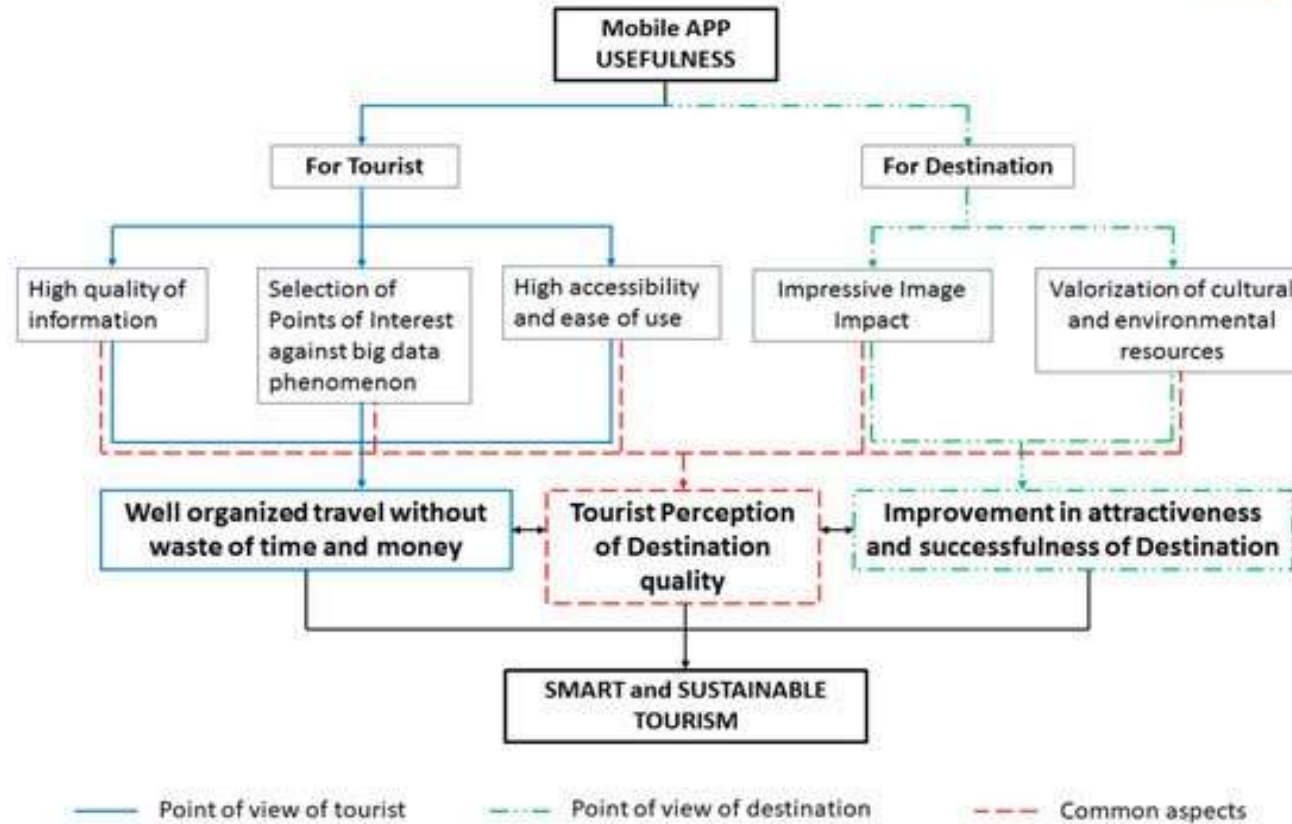


Fig 10. Usefulness of mobile apps in nautical/cruise tourism (Lerario et al.2017, p. 10)



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# Thank you for your attention!

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