

Tourism Marketing and Management: The Case of Pousadas vs. Solares of Portugal

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Abstract | Profound changes in contemporary society are driving Public Administration towards a constant revamping of solutions for answering the needs of consumers. Marketing and Marketing Strategy are playing a more prominent role in the *modus operandi* of public organisations.

In the context of Public Administration modernisation, a study was developed in 2003, considering two tourist products: Pousadas, under the domain of the public sector, Enatur; and Solares, a private entity associated with Turihab – Tourism Lodging Association.

The study sought to identify the similarities and differences surrounding the marketing and corresponding strategies between Pousadas and Solares by exploring the ideas and opinions expressed by Solares owners and Pousada directors. The study was carried out through the administration of a questionnaire preceded with interviews with key people in the tourism area.

Results showed similarities and differences in the strategies adopted by each of the different organisations reflecting their objectives and intrinsic characteristics.

Keywords | Marketing, Tourism, Public vs Private, Strategies, Regional.

Resumo | As sociedades contemporâneas caracterizam-se pelas profundas e contínuas alterações levando a que a Administração Pública se renove constantemente e vá de encontro às necessidades dos seus utentes/consumidores/clientes. A aplicação do *marketing* e estratégias de actuação tornam-se cada vez mais importantes no *modus operandi* dos diferentes organismos do sector público.

Neste contexto de modernização da Administração Pública desenvolvemos um estudo em 2003 a dois produtos turísticos, as Pousadas de Portugal, que está sob a alçada de uma organização pública, a Enatur, e outro privado, os Solares de Portugal, ligados à Turihab – Associação de Turismo de Habitação.

O propósito deste estudo foi, então, averiguar as semelhanças e as diferenças ao nível do *marketing* e respectivas estratégias, explorando as ideias, opiniões e respostas dos proprietários dos Solares e dos directores das Pousadas. Para esse efeito recolheram-se dados através da aplicação de questionários, precedido de entrevistas com *experts* na área do turismo.

Os resultados indicam as estratégias adoptadas por cada um dos organismos, que diferem de acordo com os objectivos e com as características intrínsecas de cada um dos dois tipos de unidade de alojamento em análise.

Palavras-chave | *Marketing*, Turismo, Público vs Privado, Estratégias, Regional.

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1. Introduction

Recent years have witnessed the appearance of several studies and publications in the tourism sector, and more specifically within tourism marketing.

Private and public sectors stress that, despite the critical economic role they play, there is a dearth of scientific research in several subjects of fundamental interest, thereby creating a critical need for scholarly work in these areas. This gap in tourism and marketing research has led to a number of studies which approach the matter from different perspectives.

The present study follows this trend and focuses on a comparison between the marketing and respective strategies of the private and public sectors. It explores ideas, opinions and answers offered by the Solar owners and Pousada directors about their marketing practices, activities, purposes and strategies developed in the units under their direct responsibility.

In this context, and bearing in mind that marketing is "an administrative orientation based on the understanding that the main task of the organisation is to determine the needs, wants and values of a selected market and to adapt the organisation to promote the desired satisfaction in a more effective and efficient way than its competitors" (Kotler, Armstrong, Saunders, Wong, 2001: 5), it will be of interest to approach the application of marketing in the public sector, as this question appears to be slightly different from that of Public Administration, while it presents several applications which have greatly assisted decision making processes.

Thus, the present study highlights the fact that any strategy which aims to be successful by achieving the goals defined for an organisation will undoubtedly have to favour the organisation that provides the service as well as satisfying the end-user consumer.

Several authors point out many conclusions related to definitions of strategy and their connections

to the public and private organisations, as well as their marketing implications and contributions. The perspective of Freire (1998: 17) assumes that "the strategy of a business relies on the prudent management of its distinctive resources to create products and services that reach a higher market acceptance than its competitors." This analysis is further reinforced by Johnson and Scholes (1993: 204) who point out that "the evolution of strategies for public service organisations focuses on the organisation through which it chooses to maintain its service quality, according to pre-established budgets – how to provide 'value for money'."

The above-mentioned approaches suggest there is a small difference in the relative role played by management between the private and public entities. More specifically, this is apparent between a product supplier and a service provider, as well as between a public and private supplier.

Within the climate of changes observed in recent years, different strategic answers have been devised by various organisations. The implications of these changes are reflected in concerns around strategic decision-making that, according to McDonald (1996: 5-6) goes through the stages of:

- Long term planning, by the organisation, as opposed to day to day management;
- Defining the scope of organisational activities in terms of what will and will not be done;
- Matching organisational activities to its environment, thus maximising opportunities and minimising threats;
- Matching organisational activities to its resources, namely financial, human, technology and capacity levels.

Based on this analysis and considering the framework of the tourism sector at the marketing level, some differences can be identified, resulting from the specificity of the tourism core activities, comparing to other service related activities.

Clearly, the marketing strategy will have to consider the specific characteristics of the complex tourism industry. Morrison (1989: 33) identifies eight major differences, as follows:

- Smaller time period between exhibition and use;
- More irrational and emotional buying behaviours;
- Greater importance given to the “evidence” management;
- A more prominent role played by image projection and the importance associated to brand names;
- A larger variety and types of distribution channels;
- Greater dependence on complementary organisations;
- Less difficulty associated with service imitation;
- The increasing importance of promotion in the low season.

In light of the previous discussion and with the final objective of developing strategies corresponding to a correct management of the specific characteristics of the tourism sector, Witt and Moutinho (1989: 527) have identified three major strategy groups for tourism:

- Market penetration strategy (...) usually focusing on gaining market share at the expense of competitors. This may be achieved through creating a differential advantage via any of the elements of the marketing mix;
- Market extension strategy (...) aimed at reaching new types of tourists by modifying the firm’s present tourist products (launching of a new tourist product);
- Market development strategy (...) meaning that the tourist firm will either seek new classes of tourists for its products, or will add salient product characteristics to the existing line.

The challenge for firms in the tourism sector will increase, thereby implementing the need to develop the necessary abilities for the conception and commercialisation of products and services that are compatible with the interests and needs of each consumer and of society as a whole.

To achieve this, the tourism sector will have to acquire an array of techniques and strategies in order to fulfil these interests and needs, taking into consideration a set of variables that, directly or indirectly, affect the marketing operations in a tourism organization.

This means that the tourism sector, in its diverse components including hotels, restaurants, transportation and attractions, amongst others, must act with respect to subjective satisfaction scales according to the evaluation of each consumer as a basis for achieving its intended goals, particularly in the case of accommodation units to “satisfy consumers is the only good strategy that a business can follow to make more money” (Barsky, 1995: 6).

Thus, Naumann (1995: 104), proposes three general attributes about the experience a consumer may have at the tourism services level, and particularly, in the accommodation area:

- A search of attributes, defined as the elements of a service that can be evaluated before purchase;
- Attributes based on the experience are included in the immediate experience evaluation in a restaurant meal or tourist service;
- Attributes based in credence, are experimented throughout time by the consumer that eventually forms an opinion of trust in a service.

As the importance or value that the consumer lends to certain attributes has to be appraised in order to determine the satisfaction level of this same consumer, the accommodation unit managers “should know the search impacts of the travellers, which special characteristics and types of accommodation can be provided during its stay and which products offered can be incorporated

in standard services provided by the hotel” (Heo, Jogaratnam, Buchanan, 2004: 13). To achieve this end, the tourism sector will have to be provided with a set of techniques and strategies to satisfy these interests and needs, and should take into consideration a set of variables that, directly or indirectly, affect the marketing operations of a tourism organisation.

In this context, a characterisation of services and their implications for marketing will be made in the accommodation sector, making an empirical analysis of two types of accommodation units present in Portugal, namely the Pousadas of Portugal, under the public administration domain, through Enatur, and Solares of Portugal, managed by private owners, associated with an organisation entitled Turihab – Tourism Lodging Association.

2. Research methodology

A cross examination of some dimensions and phenomena affecting the Portuguese tourist sector, specifically the accommodation sector, reveals that quality, image and efficacy of services are vital factors for its survival and success. On the basis of the actual realities surrounding the tourist industry, and a juxtaposition of the present conceptual framework with the literature review, objectives were defined considering developments in tourism politics, and the role that public administration plays in the sector (mainly in the accommodation sector) as well as the private sector activities at the same level.

In this manner, the purpose of the study became the analysis of two products in the national accommodation sector: Pousadas of Portugal (public sector) and Solares of Portugal (private sector), and related organisations, like Enatur and Turihab, respectively. The understanding emerged that it would be adequate to develop comparisons between a service rendered by a public institution and a service delivered by the private sector, permitting

the analysis of the differences and similarities of the marketing strategies used by both. The aim was to know the importance, at a national level, of these two tourist products, as well as to analyse public sector interventions in the marketing component, within the specifics of commercial accommodation, and at the same time, to compare strategies adopted by both sectors.

In an attempt to obtain basic information for the clarification and deepening of information on both chosen institutions, an analysis of the secondary data was performed. This proved to be a challenging task given the scant literature on the subject, namely papers and books published as well as the statistic data provided by the National Institute of Statistics.

As the information compiled was complex and brief, it was decided to develop exploratory interviews with the people responsible in each organisation, namely to the marketing department, aiming to clarify certain subjects and, at the same time, to collect more data in order to improve knowledge surrounding this sector.

Based on data collected in previous studies, a questionnaire was created, directed to the managers of each Pousada, as well as to the owners of each Solar. The design of this questionnaire underwent several changes. Initially, this instrument was analysed by several researchers in the areas of management, marketing, strategic planning and tourism, who offered their opinions and suggestions for the conceptual improvement of some of the questions and the elaboration of others.

After the changes and a revision by the same scholars, a test was conducted of this research instrument, with people directly connected to Enatur (the public company) and Turihab (the private association) who were not the final recipients of the questionnaire and others related to the hotel sector, who pointed out slight changes of technical issues related to each institution and the accommodation units.

The final version of the questionnaire was ready after the suggested changes as well as the

procedure of sending it, addressed to the directors of each Pousada of Portugal (public), and owners of each Solar of Portugal (private). For an improved performance in posting the questionnaires, two databases were developed, one with the identifying elements of the Pousadas and the other with the Solares, the last one including the names of the proprietors, which led to personalised letters.

From what was previously mentioned, the intention of this study was in the direction pointed out by Riley (2003: 37) as one of the new six themes of interest for tourism investigation at a post graduate level, namely the "study of tourism in organisational, strategy and entrepreneurial terms".

3. Sample characterisation

The profile scope of answered questionnaires demonstrates that the category of the establishment, based on the 72 questionnaires received (55% of the total of the questionnaires sent), 31 were from the Pousadas and the remaining 41 were from the Solares. In the first case, 65% of the total refers to *Pousadas Regionais* (Regional Pousadas) and the other 36% to *Pousadas Históricas* (Historic Pousadas). In the second case, around 85% are from *Casas Antigas* (Antique Houses), 36,5% from *Quintas e Herdades* (Farms and Estates), and the remaining 5% from *Casas Rústicas* (Rustic Houses), as can be observed in Figure 1.

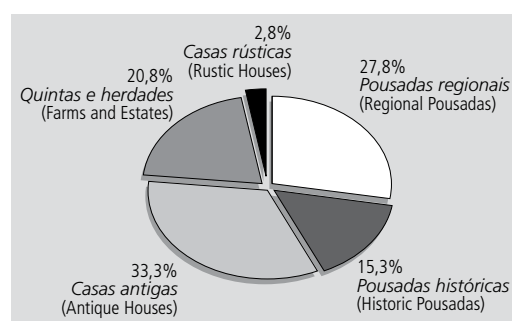


Figure 1 | Answers according to lodging unit categories (N=72).

4. Results

The need to evaluate the opinions of Pousada directors and Solar proprietors regarding the role of the marketing strategy used by Enatur (public) and by Turihab (private), respectively, led to a set of fundamental questions for its context within the scope of functional areas of the institution. The knowledge and use of the study of both types of lodging, their functioning and characteristics, their meaning according to the directors of the public units under Enatur and the directors associated to the private organisation Turihab all served as the conceptual springboards for the research methodology.

Furthermore, it was confirmed that the responses of units under Enatur (public sector) held that the marketing role in the organisation in the last five years was increasingly important (35,5% considered it very important and 54,8% quite important). According to the owners of the lodging for rural tourism that belonged to Turihab (private sector), marketing in this organisation has been highly important: about 73,1% considered it quite or very important. This data demonstrates that, for these organisations, marketing is a key element for the success of both types of accommodation units.

As marketing is a relevant aspect in the context of both institutions (Enatur and Turihab), it is important to define its role, pointing out that 58,1% of the replies of the Pousadas stated that the institutional marketing was centred on the promotion of products and services and that 22,6% stated that its role had to focus on identifying and satisfying the needs of the consumers/clients. The Solar owners described the role of marketing in Turihab as centred on products/services promotion (48,8%).

These results point to the conclusion that Enatur and Turihab both continue to use marketing mostly for the purpose of promotion/publicity, undervaluing questions like knowing the consumer, identifying and accompanying its needs, with the purpose of changing and influencing its attitudes and

behaviours in the direction of the goals specified by both organisations.

To evaluate interactions between the public (Enatur) and the private organisations (Turihab) a square-chi test was applied, using the association measure Gamma, that provides the “existence, force and direction of the association” (Walsh, 1990: 191).

Based on this statistic analysis and considering the opinion of the inquired about the priority goals for Enatur and Turihab (see Table 1), the improvement of the brand at an international level ($\alpha=0.008$) stands out as significant with a moderately strong positive association (0.616). The private organisation assumes this goal as more prominent (51,3%) than the public (20%) – this result is eventually explained by the fact that the Pousadas are already an acknowledged product, in terms of the international tourism market. Likewise,

the increase of the profitability assumes a diverging importance ($\alpha=0.002$) in both organisations, given that the public organisation (Enatur) considers it more significant (63,3%) than the private organisation Turihab (25,6%).

These data point out that a greater concern exists for Pousada managers to assure that the produced value is higher than the necessary costs to obtain it.

Regarding the main forms of advertising surrounding the accommodation units under study, it can be observed in Table 2, that in terms of use of radio and/or television programs ($\alpha=0$) there are some differences showing a very strong positive association (0.897), highlighting the fact that the public organisation units have a strong usage (87,5%), of this type of advertising, contrary to the private organisation units (25%). This may be related to the extreme prices charged by these media for

Table 1 | Relation between the priority goals of Enatur and Turihab

Variables	Chi-square Asymp. Sig. (2-sided)	Gamma	
		Value (-1 a 1)	Aprox. Sig.
– Competitiveness increase	1	0.000	1
– National market expansion	0.98	-0.007	0.980
– International growth	0.815	0.057	0.815
– Improved brand image at international level	0.008	0.616	0.004
– Improved brand image at national level	0.95	-0.023	0.950
– Increase in market share and sales	0.282	-0.265	0.282
– Leadership in quality	0.799	-0.062	0.799
– Reinforcement in innovation	0.352	0.326	0.334
– Increase in profitability	0.002	-0.667	0.001

Significance at 5%

Table 2 | Relation between types of communication activities used by the public and private units

Variables	Chi-square Asymp. Sig. (2-sided)	Gamma	
		Value (-1 a 1)	Aprox. Sig.
– Tourist operators / travel agent leaflets	0.068*	-0.267	0.471
– Trade fairs	0.065*	0.556	0.041
– Workshops	0.115	0.495	0.030
– Travel guides	0.301	0.355	0.135
– Radio and / or television shows	0	0.897	0.000
– Direct marketing	0.157	0.407	0.067
– Newspapers /magazines	0.512	-0.359	0.302
– Promotional brochures	0.232	0.143	0.737
– Consulates / embassies	0.103	0.275	0.220

* Significance at 10%

publicity spots, together with the relatively small dimension of the tourism units (private property), not permitting the expenditure of astronomical budgets for advertising purposes.

The relation between the tour operators/travel agent leaflets, as a method of publicity used by the Pousadas and Solares of Portugal, can be verified with a significance level of only 10% and with a low Gamma association measure (-0.267). Trade fairs and exhibitions are another element that present a significant value at 10%, but in which there is a moderate association measure (0.556). In this sense, it is possible to affirm that public lodging units (87,5%) are the ones that use more of this kind of advertising.

The following discussion points out that there is a greater use by the public sector of promotional brochures (92,3%), of radio/television programs (87,5%), trade fairs (87,5%) and tourist operators/travel agents leaflets (84,6%), while the private sector (Turihab) prefers tourist operators/travel agents leaflets (89,7%), newspapers/magazines (89,5%) and promotional brochures (89,2%).

In order to observe the main strategies developed by Enatur and Turihab, it was necessary to identify a smaller set of factors by reducing the number of variables using factor analysis.

Using this multivariate statistical method, and striving for a more coherent and concise interpretation of results, the choice was made to apply it separately to the data obtained from the responses of the Pousada directors and of the accommodation owners associated with Turihab.

Consequently, and in line with the collected data, it can be observed that the adopted strategies present some different priorities in public and private organisations. Thus, it can be inferred that in the case of Turihab (private organisation) the concern is focused on consolidating the existing market, trying to increase and improve the promotion of services offered, while in the case of the public organisation (Enatur) there is the underlying idea of an enlarging strategy, trying to maximise synergies with other

institutions through partnerships that allow for the increase of promotional channels of its products/services and, therefore, the development of the market and diversification of the offer.

Viewing these results under the perspective delineated by Witt and Moutinho (1989), it may be concluded that Turihab (private organisation) presents a type of strategy that, according to these authors, can be called "market penetration strategy" while Enatur presents another type of strategic approach, defined as "market development strategy".

In fact Turihab, by naming its product as Solares of Portugal "profits", in a way, from the brand used by Enatur to identify its hotel chain, namely the Pousadas of Portugal, in terms of considerations and implications at product, distribution and promotion levels where there is clearly a creation of synergies around the image of Enatur lodging units.

Subsequently, a knowledge "bridge" is created for guests (mainly international) on the existence of these two types of categories of accommodation units in Portugal. Regarding Enatur, the strategy is mainly to maintain loyalty and to search out new tourist segments by providing a broader range of services.

As for the main reason of choice by the guests in the accommodation units, it was observed that the Pousada directors indicate service quality (35,3%) and location (23,5%) as the most important motives pointed out by guests when choosing these accommodation units. As for the main reason of choice of the Solares, the owners indicate location (38,5%) and the price/quality ratio (30,7%).

It is important to note that location in both types of accommodation units (Pousadas, 23,5% and Solares, 38,5%) is an important element in the decision making process by guests, that usually look for these types of accommodation when they want to be in close touch with wide spaces in natural environments, where outdoor activities are prevalent. However, Pousada clients emphasise quality of services (35,3%) rendered, as an important factor in the decision making process, while Solares users

place their focus on the price/quality ratio (30,8%), which may lead to the conclusion that Pousada clients are of a higher economical status where the question of price is not a fundamental question in their behaviour. In contrast, the consumers that search for the Solares pay attention to the price factor, evaluating this variable in accordance with the quality offered by the accommodation unit.

Turning to the main staying purpose of the guests, in the case of the Pousadas, emphasis is placed on motivations related to holidays/leisure (80,6%), absolute rest (71%), cultural motives (48,4%), and tours (48,4%). Considered less important are health related motives (3,2%), sports (3,2%), and conferences/seminars (12,9%). Similarly, the Solares guests present practically the same motives, mainly leisure/holidays (86,1%), absolute rest (76,4%) and cultural reasons (48,6%).

Analysing guest ages in the Pousadas of Portugal, the range from 41-60 years represents 80,6% of the total market, and the other 19,4% of guests with ages comprised between 21-40. It can be observed that these accommodations are mostly sought out by couples (93,3%), being that the other 6,7% are families (couples accompanied by children). The average length of stay in this type of accommodation is 1.4 nights.

As for the profile of guests of the Solares of Portugal, the age ranges vary from 41-60 (50%) and from 21-40 (47,1%). These guests stay an average of 3 nights (35,9%), and are mostly couples (75%), and families (25%) (couples accompanied by children).

5. Conclusion

This study allowed, for the first time, an analysis of comparisons between organisations that are managed by the public sector and private sectors, observing in a more detailed way the similarities and differences of some marketing related questions, and the implementation of these strategies.

The present work verified that:

- Both organisations (Enatur e Turihab) place a great importance on marketing;
- The options, in terms of marketing, in both organisations, public and private, mainly revolve around the axis of “investing” in the promotion of products/services;
- Location is a major choice motive for the guests in both types of accommodation;
- The main visiting purpose of the guests is related to holidays/leisure, absolute rest and cultural motives;
- The profile of the guests presents identical characteristics, in terms of age and family constitution.

The following differences, however, were observed in the areas:

- Priority goals defined by Enatur and Turihab;
- The means of advertising their products/services;
- Marketing strategies presenting different priorities (as a public (Enatur) or private organisation (Turihab) are considered);
- The average length of stay of the guests in the accommodation units, Pousadas and Solares of Portugal.

Empty rooms cannot be stored for future use, guiding marketing strategies to be essential to fill these rooms, whether by offering the consumers added value, or by reducing prices, or even strengthening the image of the unit in the market. Accordingly, research in marketing functions within the definition of the psychographic profile of the target consumers and the correct interpretation of these profiles may be the key to success in the development of the strength of the global organisation in the attempt to reply to itemised services that consumers will demand/search out.

To meet ever increasingly new market demands and competition, Enatur (public sector) and Turihab (private sector) will have to promote a competitive inter-relational climate, within their organisations, considering, simultaneously the external factors that will raise its concurrent position in regard to as well as with other organisations of the same sector. At an internal level, this is achieved through the continuous endorsement of an innovative politics and the qualitative improvement of services rendered. This trend is directed towards the encouragement of awareness of the desired strategic goals by creating a "personalised chain of services", in an attempt to gain brand loyalty (Pousadas: clients are recognised by their names; Solares: clients are welcomed by the owners).

It is concluded that any organisation, whether publicly or privately administered, must give due importance to the study of consumer needs and/or preferences and must engage in direct contact with this target population, motivating and providing a set of specific services to attract the groups paramount in this type of tourist offer.

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