

## MARKETING IN TOURISM - DIRECT MARKETING AS MARKETING COMMUNICATIONS TECHNOLOGY

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### ABSTRACT

Marketing in tourism is a systematic adjustment of tourism company policy and political policy at the local, regional, national and international levels in order to meet the needs of tourists and make a profit. The purpose of the paper is to explain how direct marketing, especially as part of a marketing mix, can help facilitate the exchange process in the international and domestic tourism markets. The aim of studying marketing in tourism is to make this concept available in this activity in theoretical, methodological and application terms. Marketing in the tourism industry is in a phase of maturity and is becoming sophisticated, which leads to the fact that the entire industry increasingly accepts the basic principles of marketing: The concept of marketing; Marketing orientation;

Meeting the wishes and needs of consumers; Market segmentation; Value ; Product life cycle and Marketing mix (the principle on which the essence of the work is based). Direct marketing activities are based on databases and interactive communication media. Databases enable the selection of the target market (customer), which is acted upon by selecting the appropriate advertising/sales medium. The most famous media of direct marketing are certainly catalogs, direct mail and telephone (telemarketing), while in practice many others are used such as: television, radio, Internet, mobile phones, print, inserts.

**Keywords:** direct marketing, databased marketing, marketing mix, marketing segmentation

### INTRODUCTION

Tourism marketing is the systematic adaptation of tourism business policies and tourism policies at local, regional, national and international levels to meet the needs of tourists and generate profits. The purpose of scientific work is to explain how by using direct marketing techniques we increase the competitiveness of the subject. Direct marketing involves the distribution of products, information and promotional benefits to customers through interactive communication, in a way that measures their response. It is a relatively new method of direct communication with consumers. The reason for the popularity of direct marketing can be found in technological advances such as customer relationship management and Internet marketing, which allow direct contact with target consumers. Direct marketing is characterized by a high degree of precision in targeting, getting a quick and direct

response from consumers, and easy measurement of marketing results. Direct marketing is based on databases, and lists of potential customers and service users are increasingly available to marketers. The subject of research in direct marketing is constantly expanding, given the fact that rapid development influences the creation of new ones and the modernization of existing direct marketing techniques. The degree of exploration of direct marketing issues is relatively high, given the fact that the topic is related to hotel, tourism, e-commerce, and that many papers have been written on the topic, as well as easy measurement of marketing results. Direct marketing is based on databases, and lists of potential customers and service users are increasingly available to marketers. The level of research on the issue of direct marketing is relatively high, given the fact that the topic is related to the hotel industry, tourism, e-business, and that many papers have been written on this topic.

## MARKETING IN TOURISM

Futurologist Herman Khan defined tertiary activities as service activities in which he classified: transportation, communications, insurance, finance, management, engineering, commerce, aesthetic design, advertising and education. The expansion of the tertiary sector of the economy, consisting of service activities, is a phenomenon that characterizes post-industrial society. In a manufacturing company, it is necessary to first produce the product and only then contact the consumer and be with him in social and economic interaction, while in a service company, it is necessary to manage consumers as part of the production process. Consumers are not looking for a product/service but for appropriate benefits. Hannagan puts it vividly: "When consumers buy a loaf of bread, the basic need is not for bread, but to satisfy hunger" (Kotler & Keller, 2006). The special place of marketing in tourism in relation to the marketing system in other service activities

Table 1. Marketing in tourism at the "micro" and "macro" levels (in theoretical and practical terms)

arises from the specifics of the tourist market and business within it. In this particular case, for example, when selling a hotel service, there is always the influence of the tourist destination in terms of the availability of natural, cultural-historical and anthropogenic factors. These factors are a driving force for many tourist trips and a reason to get involved in these movements. Therefore, in tourism it is necessary to ensure the coordination of actions of all economic and other entities at the level of the tourist place, region, or country as a whole: "achieve completion of the offer in terms of the desired scope and range and a certain quality of service." (Kotler & Keller, 2006).

## Marketing in tourism at the macro and micro level

The distinction between these two approaches is very important, because the goals can not be achieved without connecting and permeating marketing at both the "micro" and "macro" levels. One of the better known definitions of marketing in tourism is that of J. Kripendorf, who is also considered the progenitor of this concept in tourism: "Marketing in tourism is a systematic and coordinated adjustment of business policy of tourism companies and tourism policy of the state at local, regional, national and internationally, in order to achieve optimal satisfaction of the needs of certain consumer groups and thus achieve adequate profits." (Kotler & Keller, 2006). Marketing management at the micro level is management at the level of a tourist company and practically consists in the implementation of various strategies related to marketing mix instruments (product, price, promotion, distribution) and finding their optimal combination (Čerović, 2009). In contemporary literature, the interaction between the public sector and tourism has become increasingly important. It is about the need for serious management of tourism development at the "macro" level, where the development involves state government bodies at the highest, and then at other levels.

	<b>THEORETICAL</b>	<b>PRACTICAL</b>
<b>Micro</b>	1. The theory explains how to manage the marketing process in a tourism company.	2. Constituting micromarketing models based on the use of marketing in order to better reach the goals of the tourism company.
<b>Macro</b>	3. The theory emphasizes explaining the functioning of the composite tourism marketing mechanism	4. Construction of macromarketing model of general marketing process of tourism that should lead to the best fulfillment of the interests of society

### **DIRECT MARKETING AS A MARKETING COMMUNICATIONS TECHNOLOGY**

Marketing is an organizational function and a set of processes of creating, communicating and delivering value to consumers and managing customer relationships, in a way that benefits the organization (Kotler & Keller, 2006). The most important components of this definition in the context of modern marketing are: delivering value to consumers and managing customer relationships. Kotler defines marketing as follows: "Marketing is the analysis, organization, planning and control of potential sources of customers, policies and activities of the company, from the point of view of meeting the needs and requirements of selected customer groups and making a profit." (Unković & Zečević, 2009). The goal of the modern conception of marketing is to satisfy consumers while optimizing income as a prerequisite for continued growth of the company (Babić, 2009). Many definitions of the direct marketing concept argue its role in creating and maintaining the relationships with the clients. Direct marketing is considered to be a manner of communication that allows "creating a personal, customized and interactive connection with potential customers" (Hermel & Quioc, 1994), "establishing a direct dialogue with a certain receiver, specially selected, in order to make him to act or to respond" (Desjardins, 1995). Direct marketing is an activity that "creates and exploits a direct relationship between the company and its

actual or potential clients (Bird, 2000). The goal of marketing is to attract new customers, but also to keep old ones. Efforts are therefore being made to deliver value to customers that will ensure their satisfaction and then loyalty, which will lead to profitability.

A wider view of the concept consider that the purpose of direct marketing is to gain new clients but also to build loyalty on the long term „in order to maintain a permanent development of the business" (Stone, Bond & Blake, 2004). One of the most popular definitions of direct marketing is offered by Direct Marketing Association that characterizes this concept as "an interactive system that uses one or more types of media to obtain a measurable answer and/or to conclude the deal in any location" (Lee & Johnson, 2005).

#### **Advantages of direct marketing**

There are many kinds of direct marketing which are used nowadays, and they include the internet based initiatives such as the direct E-mail. However, direct marketing can also include many traditional types like the advertising direct mail and telemarketing. There are many advantages for the usage of direct marketing in reaching the customer directly. Some of the advantages are the following: Narrowing the target audience: it is the most noticed benefit for the direct mail because of its ability to target only the consumers who are most likely to buy the products or services. Companies can narrow the potential market and to find the potential customers and send flyers directly to them with direct

marketing, but first they have to determine its customers by answering the questions about their generation, sex, ethnicity needed, hobbies and interests, location, and willing to travel for their offers. Since the company sends information directly to the individuals, they can specify the target on demographic that have interest in such product. This enhances the response rates as they receive the information directly, in addition this gives the chance to personalize the relationship between the consumer and producer such as the email addresses and names of consumers. Direct measurements: direct marketing is an easier way to track because it is compared with sayings, advertising, and word-of-mouth. People can calculate directly the percentage of responses due to the amount of responses to the campaign. The company can monitor the rates and find out the amount of responses due to basic send-out programs such as the MailChimp or Campaign Monitor.

Cheap and quick production: all the forms of direct marketing that the company may choose to use are cheap and cost little budgets and are quick to produce, such as the email campaigns which have little cost and don't take much time to be created and reaches people's inboxes directly. Potential to build list of potential or existing customers: the company can build a database of contacts and consumers for future use by engaging repeatedly the potential or existing customers. This process makes the targeting much easier for future marketing campaigns.

Refining the initiatives: direct marketing has a great advantage which is having exact numbers of individuals reached. Thus instead of depending on approximations, the company campaigns can determine the exact ratios, as the conversion rates.

If the company campaign didn't receive the willing turn-around after the advertisement, they can treat the tactic used and repeat the advertisement all over again. Therefore the advertising direct mail can be used for many purposes because the company has to deal with easy management

and they can test new markets, study the response of customers towards the new products or services, manage the pricing, and use small runs to examine the marketing field before exhibiting the products in the market and before big launches.

Due to the spread of web usage, selling process to the future clients and consumers became very simple and have distributed in huge way. Therefore direct marketing is an interactive system of marketing in which it uses advertising Medias to affect consumer's response toward the product and deal with them at any location. Direct marketing allows the postcard printing pieces to create awareness of the business among the targeted consumers. It allows the company to build a qualified and probable database for the business. It also allows the company to develop an effective and responsive feedback system (Cooper, Fletcher, Fyall, Gilbert & Wanhill, 2008).

Through direct marketing it became easy to measure the results because it is accurate and the company can know exactly how many people have been contacted. When the company runs a direct marketing campaign and knows the exchanges rates that occurred in it and how many products got sold, it can work on refining and improving the success rates. Buying direct means the dealing directly with the manufacturer without involvement of the third retailer or distributor. And this saves money and time for the consumer.

### **Marketing mix**

The marketing mix is a continuation of the marketing strategy, that means after the company defines its strategic objectives relating to market, must further develop detailed strategies on product, price, place, promotion (Felicia, 2014).

The marketing mix was created by Neil Borden in 1964, meaning the idea of proper allocation and use of key marketing variables, which the company is active on the market. At the beginning Neil Borden identified 12 variables: product, price, brand, distribution, personal selling,

advertisement, sales promotion, packaging, the display of products, after sales services, logistics and marketing research.

In order to deliver value for customers that will provide a competitive edge, companies need to tailor the marketing mix to the needs of end consumers. The marketing mix is a key component of marketing management and the most significant aspect of the marketing concept (Jobber & Fahy, 2006), because combining elements of the marketing mix is done based on market requirements and adapted to the needs of consumers. The four basic elements of a marketing mix are: product, price, promotion, distribution. When it comes to managing marketing services, there are three other elements to the marketing mix: people, the physical environment, and the process, making the 7P mix. The application of the marketing concept and market orientation imply adapting the marketing mix to meet the needs of the consumers, so there is also an approach in which elements of the marketing mix 4P have been renamed in synchronous SIVA (solution, Information, Value, Acces) in order to emphasize consumer-focused marketing.

### **Promotion - element of the marketing**

Although not the only aspect of marketing, promotion is a key marketing activity. The goal of any promotion policy, regardless of the nature of industry in which company operates, is to influence directly or indirectly the purchasing attitude of the target market. Or, as understood by (Munteanu, 2016), the role of promotion is to "stimulate, develop and guide the potential customer needs. The basic elements of the promotional mix available to marketers can be divided into techniques of mass and direct communication. In mass communication techniques, marketing activities are intended for the market as a whole. However, in recent years there has been an increasing use of promotion targeting individuals, which is called direct communication (Jobber & Fahy, 2006).

Mass communication techniques include: propaganda, public relations and

publicity, sales improvement and sponsorship.

Direct communication techniques include: personal sale, Internet marketing and direct marketing (Popescu, 2009).

Propaganda is the oldest promotion tool and consists of informing the public about a product or service through mainstream media, paying for media space.

Depending on the method of placement and reception of the propaganda message, propaganda means can be divided into three groups:

- graphic means (printed text, printed image)
- audio visual aids (TV, radio, ads, Internet)
- plastic products (souvenirs, business and emblems) (Čerović, 2009).

Public relations is about communicating with journalists, influential figures and organizations. Publicity involves the placement of information in the media whereby media space is not paid directly, but the publication of information in the media is considered part of the regular activities of the media themselves.

Both public relations and publicity strengthen the brand image and create prestige. **Public relations** "tell the story of a product", while publicity "creates a story for a product" (Popescu, 2009). **Sales promotion** is made by strategic marketing moves that most often have a short-term character. The goal is to increase sales in a short period of time through discounts, bonuses, free samples, rewards, loyalty cards, coupons, premiums, etc.

**Sponsorships** mean a business relationship between one who provides funds, resources, or services and an individual, event or organization that in turn offers certain rights or associations that may be used for commercial purposes (Popescu, 2009). Sponsorship also enhances the brand image and creates publicity.

**Personal selling** is a direct communication technique because of the direct relationship between the seller and the buyer. Direct selling, as a form of relational marketing, creates a customized relationship between

the parties involved in the transaction, ensuring its long-term maintenance. From a consumer perspective, personal relationship, face to face with the seller, offers the opportunity of social interaction. **Internet marketing** represents a significant transformation in the conduct of promotional marketing activities, especially the use of e-mail and website. Internet marketing has significantly eliminated mediation.

**The main benefits that users have from the internet are:**

- permanent availability under affordable conditions,
- global character,
- providing special value by enabling price and product comparisons,
- facilitating the purchasing decision-making process by evaluating alternative products and the offerings of service organizations (Popesku, 2009).

**Direct marketing** involves the distribution of products, information and promotional benefits to target customers through interactive communication, in a way that measures their response (Jobber & Fahy, 2006). It is a relatively new model of direct communication with consumers. The reason for the popularity of direct marketing can be found in technical advances such as customer relationship management and Internet marketing, which allow direct contact with customers. In addition, direct marketing is characterized by a high degree of precision in targeting, receiving a quick and direct response from consumers, as well as easy measurement of marketing results. Direct marketing is database-driven, and lists of leads are increasingly available to marketers. The basic forms of direct marketing are:

- direct mail (sending material by mail to your home or work address, with particular importance to the quality of the so-called. Mailing lists, or lists of potential customers to whom material is sent);
- telemarketing (use of tele-

communications and information technologies, first of all telephones);

- mobile marketing (sending short text messages directly to mobile phones);
- direct response propaganda (requires direct response - order, inquiry or visit request - interactive television, home shopping);
- electronic media (Internet, email, interactive cable television);
- accessories (leaflets in magazines);
- Door-to-door leaflet distribution. (Popesku, 2009).

**DIRECT MARKETING IN HOTELS**

Direct marketing is direct communication with previously defined target groups in order to get immediate feedback on marketing incentives and build a more solid relationship. Direct marketing has evolved into database-based marketing and customer relationship marketing (Cooper et al., 2008). As services imply interactions, and transaction products, the interaction and transaction processes create an overall experience of the hotel's content and services by the guest. A positive guest experience makes the guest return to the hotel and become a regular guest. The marketing process involves a marketing mix that consists of: **product, price, promotion, distribution**. The guest pays the price for a specific product, all done at a specific location. Promotion is a marketing activity that encourages and encourages a potential guest to decide to try a particular product or service. E-commerce systems have a huge impact on marketing because they provide users with direct insight into products, prices, location, through electronic media. Technology creates an environment where guests have access to all the 4P information of a particular hotel. On this basis, direct or interactive marketing is built. Interactive marketing involves the processes that take place before, during and after the decision to purchase a product or service. Before making a decision, potential guests search the Internet to collect hotel information. The decision itself results in the hotel reservation, after

which the guests participate in the processes of interactions and transactions and on that basis form their experience of the hotel (Tesone, 2005).

### **Development of direct marketing**

Today, marketing communications are increasingly viewed as an interactive business-to-consumer dialogue. Thanks to technological innovation, people can now communicate through traditional media (newspapers, magazines, radio, telephone, television, billboards) but also through computers, faxes, mobile phones, pagers and wireless devices.. As communication costs have decreased, new technologies have encouraged an increasing number of businesses to turn from mass communications to increasingly targeted communications as well as one-on-one dialogue (Kotler & Keller, 2006). The term direct marketing has taken on a new meaning in relation to what it originally had. Previously, this term simply referred to a form of marketing that involved the transfer of products or services from manufacturers to consumers without intermediaries. However, the development of telephone and other interactive communication media has influenced the redefinition of the term direct marketing. Direct marketing is an interactive marketing system that uses one or more media to get consumer feedback. Today, the term direct marketing is referred to as direct relationship marketing. Marketers are learning about consumers using databases, so an increasingly solid relationship is being built (Reid & Bojanić, 2006). Direct marketing is not aimed at the mass market, but individuals can be targeted too, without intermediaries. Consumers are expected to respond immediately, which means that direct marketing results can be measured quantitatively. Direct marketing, Internet marketing and database-based marketing, are in practice a whole, because with the help of the Internet, data becomes the base for consumer lists with which direct contact is established (Kotler & Keller, 2006). Due to the increasing fragmentation of the

market, as well as accelerated technological development, the application of direct marketing is necessary, especially in the field of tourism and hotel industry. In all service companies, including hotels, there is often no choice when it comes to promotion and sales channels because the service is produced and consumed at the same time. Direct channels allow close contact between business and consumers, creating the ability to respond quickly to any changes in the market. Hotels use call center central reservation systems and Web sites to provide consumers with direct contact (Reid & Bojanić, 2006). This is how interactive communication evolves, increasingly initiated and controlled by consumers themselves. They determine when and how they will start communication with the hotel company, but also how the interactive relationship will continue, what information and offers they need, and how much they want to pay for certain services and products (Kotler & Keller, 2006). Direct sales are primarily related to the goals of a particular hotel company.

### **Importance of Internet for direct marketing development**

The modern way of life and doing business is hard to imagine without using the Internet. Its presence and use in the developed countries of the world has long ceased to be a luxury, and has become an indispensable element of daily business and communication. The evolution of the Internet from a simple way of transmitting messages to the main mode of communication has had a major influence on the way in which the brands were created and promoted, as well as on the way in which the organization's marketing activity was structured (Tanase, 2019). The Internet, as a worldwide information and business network, influences the exchange of participants in the world market more easily and faster, while reducing the space and time barrier. The Internet is a fundamental factor in the development of e-commerce, but also in raising the speed and efficiency of traditional, physical business.

Internet and modern technology also transformed the way people behave, interact, communicate and purchase. Big data has become not only the business reality, but also the reality of each consumer, that has to adopt to the informational age and develop new patterns of behaviour. Entering the Internet market companies are actually taking the veil of a massive market and new age audience that cannot be ignored (Grubor i Jakša, 2018).

E-commerce and the use of the Internet provide the collection and systematization of detailed information on the needs and requirements of individual consumers. Based on this, companies create their offer according to the needs of individual consumers. The Internet has relatively recently emerged on the marketing scene, but Web sites have quickly become the most powerful form of direct communication with individuals in the market. The Internet is used in the hotel industry to fulfill different goals and tasks, such as: direct email marketing, advertising, customer service, relationship marketing, database information collection, distribution, sales. A huge number of consumers use the Internet to gather information and even book hotel accommodation, which implies that the Internet will continue to grow rapidly as a marketing tool (Goeldner & Ritchie, 2006). A growing number of hotel companies are moving from mass communication techniques to communications that are more tailored to specific segments as well as individuals. Due to the heterogeneity of tourism demand, it is difficult for marketers to promote mass market supply. Internet development enables a high degree of adaptation of the marketing mix to consumers, their individual needs, as well as changes in the market itself. In today's market, it is essential to use the Internet as a direct distribution channel. It makes direct sale of hotel services easier than ever. There has always been a direct sale by phone or mail, and the introduction of toll free 800 numbers is especially important. The development of computers, central reservation systems, faxes, videos cannot be

ignored. However, the emergence and development of the Internet has attracted the most attention and the Internet has become more powerful than its predecessors, as a medium of communication, reservations and transactions (Goeldner & Ritchie, 2006). It can be said that the Internet is a revolution in the way we do business. A hotel company cannot survive in the market without the Internet and technologies based on Internet usage. The use and impact of the Internet on society and the economy can be considered one of the key factors for global transformation in the late XX and early XXI century (Popesku, 2009).

The expansion of the Internet has also influenced the formation of companies operating exclusively over the Internet ("dot-com companies"), such as Expedia, Hotels.com, Travelocity. These kinds of companies have completely changed the way hotel businesses operate because they represent intermediaries between hotels and consumers, which reduces the competitiveness of hotels. Therefore, it is imperative that hotel companies review the way they provide services and adapt to new electronic streams to establish direct communication with consumers (Kotler & Keller, 2006). Many hotel companies combine direct and indirect channels to achieve optimal results. Hotels use global distribution systems - GDS (Global Distribution Systems), which connect hotels and intermediaries (agencies, tour operators, Internet companies). This makes it easy for consumers to browse through various hotel services and complete transactions on their own (Reid & Bojanić, 2006). Major channels of Internet marketing are the following: Web Site, Search Engine Marketing, Social Media Marketing, Content Marketing, E-mail Marketing, Mobile Marketing, Banner Advertising.

#### *Web site*

Web site is a starting point in Internet marketing campaign and communication with customers (Grubor i Jakša, 2018). It is a "place" in digital space "owned" by a

company, where all information about the company and its products can be found. This is also the final destination of all banners, social media profiles, texts and similar content that exist across the Internet about the company. Specific and very popular type of web site is blog, which generates its power to make an influence on consumers by providing information about particular subject (usually about products) in a form of personal opinion, usually given by an expert or just an ordinary consumer that is expressing his first impressions about the subject in a form of personal diary. The idea that stands behind blogging is electronic word-of-mouth and encouraging communication about the product between consumers that has experience with it.

#### *Search Engine Marketing (SEM)*

Search Engine Marketing (SEM) is a tool for increasing visibility of a company's website and making online promotion of a company more effective. It uses paid advertisements links (pay per click platforms – e.g. Google Adwords) and Search Engine Optimization (e.g. Google, Bing, Yahoo) for acceleration of website traffic – specifically, the aim is to attract as many targeted users as possible and to increase visits to a website and awareness of company's brands (Dawson & Dawson, 2007). In this process, special attention should be put on the process of designing unique and attractive content for the targeted audience.

#### *Social media marketing*

Social media marketing is “an innovative tool that organizations use for creating a very strong public relation with the customers on the virtual networks” (Jan & Khan, 2014). Social media platforms (e.g. Facebook, Twitter, Instagram, LinkedIn etc.) consist of large and various communities of customers that are not that easily available and visible in traditional channels. Those groups have a great power in sharing information about the company and its products, expressing personal opinion, rating their experience that can be both positive and negative (Balteanu,

2019). Social media web sites help in enhancing the communication with all users, and each social media site demands different approaches, techniques and strategies of marketing. Conducting marketing through social media networks is not about you getting your story out; it's about your customers; it's about being more transparent, earning trust, and building credibility. Social networks provide great opportunity for reaching maximum results with minimum investment (Ilić, Ostojić i Damnjanović, 2015).

#### *Content marketing*

Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience and, ultimately, to drive profitable customer action. It is a “good story about the company that is described in hundred words, without mentioning company's references, brands and all other superlatives, and that, even without these components, carry attributes authentic, focused, and relevant” (Jan & Khan, 2014). The aim is driving and retaining customer action and interaction with company and its brands with authentic, original and inspiring content.

#### *E-mail marketing*

E-mail Marketing is the direct way for personal and customized communication with new and old customers. It helps in reaching more customers and conveying a wide variety of messages in creative forms with the possibility of getting direct feedback from customers' and measuring its effectiveness easily (Atshaya and Rungta, 2016). E-mail marketing campaigns are cost effective, personalised, fast, massive but targeted, approved by consumers that are usually consciously registered on the companies e-mail list, easily tracked etc. However, it is very important to Internet marketing as a business necessity avoid spamming consumers with lot of information that are not relevant but rather sent just to remember the consumers about the company's presence.

### *Mobile marketing*

Mobile marketing is about creating content or ads that is viewable and suitable for a mobile device (Grubor i Jakša, 2018). It implies “any marketing activity conducted through a ubiquitous network to which consumers are constantly connected using a personal mobile device” (Kaplan, 2012). Mobile marketing has become business necessity in the last few years, given that “the extent of mobile engagement by consumers is so pervasive that it can’t be ignored by any business”, and implying that “all marketing must be optimized for mobile, first” (Grubor i Jakša, 2018). Smart phones are devices that are always “in the pocket” of its users, with constant connection to the Internet, so the opportunity mobile marketing provides for a company is creating fully customised information to customers, depending of their location, time, activities and other data about the person that could be tracked through mobile device and application installed on it.

### *Banner advertising*

Display Advertising is focused on the usage of visual elements like images, videos, animations, rather than text, in creating brand awareness and image, and finally sales. Internet marketing channels, together with all possibilities and opportunities they give for growing business online, can also be presented as “The Internet marketing tree”. The main parts of the tree – deep roots, sturdy trunk and branches – demonstrate priority and order in conducting Internet marketing strategy.

### **Databased marketing**

Due to the absence of a database, direct marketing campaigns may not be carried out, direct marketing terms and database were often used as synonyms. Many direct marketing communication techniques rely on a customer database (Prihoanca, 2011). The use of the Internet as an interactive medium, and the development of information technology in

the hotel industry, influence the transition from mass marketing to database-based marketing. Database-based marketing has enormous potential, especially in the hospitality industry. Specifically, all hotel staff in contact with guests should have instant access to the same information, as well as regularly update the information and add new ones. Computer technology provides the ability to store and analyze large amounts of data from a variety of sources, as well as the ability to present information in a convenient, accessible and useful format (Jobber & Fahy, 2006). Web content is created based on tracking user behavior and their preferences. Hotel companies are constantly gathering significant consumer information.

Additional value is formed by collecting, analyzing and distributing information. This way it is easy to determine what consumers like and want and respond to market incentive (Reid & Bojanić, 2006). The database is a list of current and potential consumers in electronic form, containing various information about them, such as names, addresses, phone numbers, lifestyle, social class, geographical location to which they belong, frequency and frequency of visits, preferences, transaction data, responding to promotional activities, etc. The use of databases is essential in direct marketing. Direct marketing campaigns most often target recent visitors, who are invited to re-visit the hotel, or are encouraged by loyal guests to visit the hotel at a lower hotel visit time. Databases are also used to form adequate lists that are critical to a direct marketing campaign (Kotler & Keller, 2006). Marketing must use database technology to more precisely target promotional activities to priority market segments, especially tailoring messages to the needs of the target audience.

### **Relationship marketing**

Database-based marketing helps strengthen relationships with individual consumers. Through precise targeting, hotel companies can reach the most profitable consumers and then strive to retain them by

delivering value based on individual needs and interacting effectively with them. When target market segments are determined, efforts are made to individualize. This creates one-on-one marketing, ie marketing dialogue, which is the highest level in the development of direct marketing. Direct marketing is a significant tool in Customer Relationship Management (CRM). Access to and use of consumer information to tailor the marketing mix to individual consumers can create a competitive advantage. Hotel relationship marketing involves the special treatment of each guest by all employees who are in contact with them. Interactions between the hotel and the clients can take place by phone, mail, email, sales force, site, as well as on site (via reception). This makes it easy to keep track of all your customer contacts and calculate their value to the business. That is why it is important for the hotel company at all levels to understand the needs and requirements of the guests, to encourage feedback and thus create value for the guests, ensure their satisfaction and loyalty. The emphasis is more on retaining existing than on gaining new clients. Fornell and Wernerfelt use the terms offensive and defensive marketing, where defensive marketing is identified with relationship marketing. Namely, defensive marketing is focused on reducing the dissatisfaction of already existing customers, while the goal of offensive marketing is to "release" dissatisfied consumers from competition and win them over (Kozak, 2011).

The goal of marketing, in addition, should be to make the hotel lose as few potential guests as possible due to the bad experience of current guests. Relationship marketing adds a new dimension to the essence of marketing - the goal is not just to encourage guests to return to the hotel, but to do everything they can to convey to their friends the enthusiasm for the hotel. Relationship marketing implies attachment and trust, and a good relationship is characterized by mutual giving. while the goal of offensive marketing is to "free" dissatisfied consumers from competition and win them

over (Kozak, 2011). The function of relationship marketing in the hotel industry is to attract and retain guests, but also to strengthen the connection with them.

Relationship marketing gives a new dimension to the essence of marketing - the goal is not just to encourage guests to come back to the hotel, but to do their best to convey to their friends their enthusiasm for the hotel. Relationship marketing involves attachment and trust, and a good relationship is characterized by mutual giving. It should also be that the hotel loses as few potential guests as possible due to the poor experience of current guests. Relationship marketing adds a new dimension to the essence of marketing - the goal is not just to encourage guests to return to the hotel, but to do everything they can to convey to their friends the enthusiasm for the hotel. Relationship marketing implies attachment and trust, and a good relationship is characterized by mutual giving. it should also be that the hotel loses as few potential guests as possible due to the bad experience of current guests. Relationship marketing adds a new dimension to the essence of marketing - the goal is not just to encourage guests to return to the hotel, but to do everything they can to convey to their friends the enthusiasm for the hotel. Relationship marketing implies attachment and trust, and a good relationship is characterized by mutual giving.

### **Loyalty Marketing**

Loyalty marketing refers to building relationships with consumers based on mutual trust, whereby consumers receive loyalty rewards. The first loyalty program was launched by American Airlines in 1981, and today many airlines as well as hotels and other companies offer similar programs. Hotel companies offer different loyalty programs because they see the multiple benefits they have from loyal consumers. All major hotel chains have programs like this, and the goal is to provide customer loyalty so they can choose the same brand over and over again. With each retained consumer, the

company's profit increases. Loyal consumers are less likely to compete; can initiate free word of mouth promotion; less financial and human resources need to be allocated to serve them, because they are already familiar with all the procedures; and they also affect the satisfaction of the employees themselves, because it is easy to cooperate with them. According to some estimates, the cost of attracting new consumers is five times higher than the cost of retaining existing ones. The loyalty program can be improved by having a dialogue with the guests. Hotel staff should monitor guest behavior and record all observations. Loyalty programs should be different from the competition, and offer personalized rewards, that is, rewards tailored to the needs of different guests. Repeated visits may be due to the programs themselves and the expected rewards, but there is a much stronger connection between guests and hotels if they are repeated due to genuine brand loyalty. Loyalty programs usually target regular guests by encouraging them to take action-booking hotels, by offering special programs and rewards tailored to their individual needs. Regular guest programs require significant financial investment in this area of marketing, but they should ensure guest loyalty and thus become profitable. In addition, an opportunity is created to gather more relevant information about guests (Barrows, 2009).

### **CRS (computer reservation system) and its basic functions**

The computer reservation system is a central system in the hotel business that provides reservations and tools to increase overall booking and revenue. The basic functions of this system are:

- Reservations - handling all types of reservations (individual, group, business), review of available rooms, prices, deposit handling, room blocking, change of reservations, cancellation of reservations, possibility of booking restaurants, transport, activities, etc.
- E-commerce - provides the ability to

book at any time during the day and night, seven days a week and pay electronically.

- CRM (Customer Relationship Management) - involves the collection and management of information about guests (email, mobile, information about previous stays, needs, etc.), pairing services, use of mini-bars, Web services, etc.
- GDS (Global Distribution Systems) - provides the ability to link hotel databases and GDS systems and Web booking (allows Internet users, travel agencies, tour operators to make, modify, or cancel reservations) (Wymbs, 2011).

Central reservation systems use airline companies, hotels, and tour operators. Used nationally or globally. Since the 1980s, they have experienced a major expansion, affecting almost all tourism businesses. The biggest advantages of central reservation systems are that the information is updated at any time, they are constantly available and the possibility of obtaining a reservation confirmation immediately after its completion. Central reservation systems appeared on the road in the early 1960s, with the aim of offering the most efficient way to manage inventory / information. However, the very rapid development of tourism supply and demand in recent decades has indicated that powerful computerized systems are required to manage the tourism industry. Airlines were the first to start using these systems and replaced manual booking systems with electronic databases. In addition to controlling internal databases, the systems provided distributors and business partners with access to information on occupancy, pricing, and schedules. In this way, they were able to adjust their prices and schedules to tourism demand. Shortly thereafter, hotel chains and tour operators realized the potential of these systems and developed their own information and reservation systems. Agents receive information about current occupancy and prices electronically. The

system often provides information about the location of the hotel, as well as the facilities that the hotel offers. The agent can directly book a hotel room and receive an automatic booking confirmation.

Some of the most famous reservation systems used in large hotel chains are: HOLIDEX (Holiday Inn), MARSHA (Marriot), RENOIR (Remada), GLOBAL II (Intercontinental), HILTON (Hilton), RESERVATOR (Sheraton), TRAVELODGE (Forte), (Buhalis, 2003, 233). Global distribution systems have, as already mentioned, been used to sell airline tickets, and today they are used to sell a variety of tourist services. The four key GDSs in the world are:

- AMADEUS- This system is used by airlines: Air France, Iberia, Lufthansa, SAS, TAM; online travel agencies (Anyfares, CheapOair, Ebookers, Expedia, Flights, Opodo, Jetabroad); over 500 individual airlines, over 90,000 travel agencies, over 76,000 hotels.
- GALILEO- Used by airlines: Aer Lingus, Sabena, Alitalia, British Airways, Swissair, TAP, United Airlines, KLM, Olympic Airlines, Austrian Airlines; online agencies: CheapOair, CheapTickets, Orbitz, Ebookers; hotels.
- SABER- A system used by American Airlines; online agencies: Travelocity, Lastminute.com, Travel Guru, Priceline; then 88,000 hotels, 180 tour operators, 55,000 travel agencies in over 100 countries; as well as many car rental agencies.
- WORLDSPAN-Airlines that use this GDS are: Delta, Northwest, TWA; and is also used by online agencies: Expedia, Hotwire, Priceline, Orbitz, BookIt.com; as well as by numerous hotels.

GDS have significant advantages in the form of: Possibilities of interconnection in the network, connecting multiple users, ability to connect to computers of different manufacturers or different data networks; variety of available data,

simultaneous use of resources for multiple purposes. As most large hotel chains have developed their own central reservation systems, so the problem of interconnection of different systems has arisen. The solution to this problem is the so-called "switch" companies, such as TSISCO, WIZCOM, PEGESUS and others, which represent the interface between different systems and allow a greater degree of transparency.

### **Online reservations**

Online reservations are becoming a popular method of booking hotel rooms. Through on-line booking systems, consumers have become very powerful and more able to determine the elements of tourist products especially students who are tourists of lower budget. Also, they have become more sophisticated and experienced, and thus have become harder to satisfy (Nair & George, 2016). Guests can book rooms from their homes while protecting privacy and financial information.

The advantage of this method of booking is that Internet users have the opportunity to search the sites of several online agencies and thus compare prices and services of different hotels. Web-based agencies have pictures of the hotel on their sites, information on amenities and events, and often comments from other guests who have already visited the hotel. Several major online travel sites are actually agencies. These sites send hotel information to thousands of online sites that serve as agents. They usually get a commission from the hotel if the hotel receives a reservation through their site. Large hotel chains are usually directly connected to global distribution systems and thus networked with thousands of agents. What is important is that there is a unique database from which precise data on room occupancy and prices can be obtained at any time, regardless of which source of reservation is used. The Holiday Inn hotel chain example is the perfect example of a hotel that has a comparative advantage due to its distribution systems and Holidex internal reservation system. An increasing number

of hotels recognize the importance of creating their own site through which guests can make a reservation directly. In this way, guests are allowed to book at the lowest possible price, as well as last minute reservations (last minute reservation). Both hotel and guest costs are reduced by the availability of the Internet and the easier distribution of information. It is estimated that in the near future, one third of all hotel reservations will be made directly via the Internet, and the other third will be encouraged by online searches. Therefore, marketers are intensively exploring online marketing opportunities to strengthen brand awareness in the marketplace, attract as many guests as possible, and increase profits (Cooper et al., 2008). Based on the research I conducted with employees in the reception and reservation sectors in Sarajevo high category hotels (Holiday, Radon Plaza, Europe), it is concluded that the hotel system in the capital of BiH is not sufficiently developed. The most online bookings were made by the Holiday Hotel, as much as 40% of the total bookings, happened online. The Holiday Hotel has its own reservation system and in this hotel reservations can be made by agents who are also part of the GDS, as well as Internet users directly through the Web site. Reservations are made in real-time, which means that receipts are automatically received.

## RESULTS OF RESEARCH

The survey was conducted at the hotel Holiday, on a sample of 50 respondents. Based on the analysis of the answers received in the survey, it can be concluded that: 48% of the respondents come to the hotel 3 or more times a year, 21% come twice a year, 25% come once a year, and 6% come to the hotel for the first time (Figure 1). 53% of them planned to visit the hotel in advance, 30% decided during the trip, and 17% stopped by chance to see the hotel. 32% of respondents found out about the hotel via the Internet, 25% from promotional materials, 21% by a friend's recommendation, 19% by accident, and 3% by some other means (Figure 2). 43% of them had problems due to traffic density, 57% of them easily found a hotel (Figure 3). 69% of respondents had the opportunity to book accommodation online via/have done so this or previous times (Figure 4). What is easily noticeable is that a large percentage of clients have made an online reservation, which confirmed the thesis that the reservation system is the main advantage of this hotel. Hotel management relies on customer loyalty, which is confirmed by this survey, and many guests are returning. A large percentage of clients learned about the hotel via the Internet, which confirms the thesis that direct marketing provides a comparative advantage to hotels.

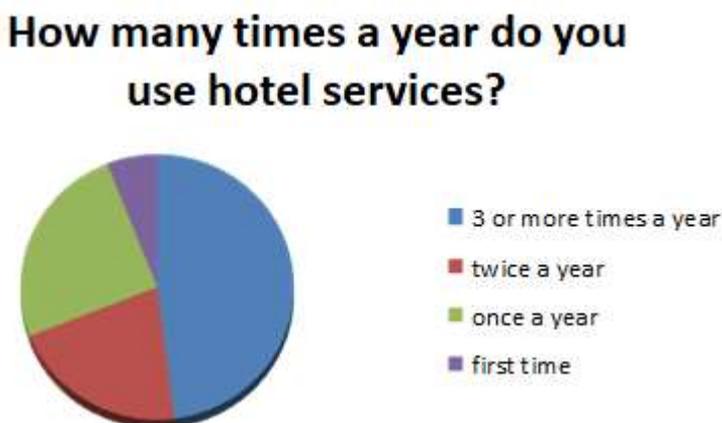


Figure 1. Results of research: How often do you use hotel services?

## How did you find out about hotel?



Figure 2. Results of research: How did you find out about hotel?

## Did you have any problems finding hotel?



Figure 3. Results of research : Did you have any problems finding hotel?

## Have you booked accommodation online?



Figure 4. Results of research: Booking accommodation

## CONCLUSION

Marketing research is market oriented, to different consumer requirements. Research results in a huge amount of marketing information that would not be used properly without a marketing information system. The use of the Internet in marketing activities has led to a shift to digital marketing. Direct marketing techniques have evolved thanks to information technology. Electronic databases create an opportunity for direct communication with target consumer groups, as well as with everyone individually. The use of the Internet enables the collection and systematization of detailed information on the needs and requirements of individual consumers. Interactive communication is of great importance for adapting services and products to certain market segments, especially in service industries where direct marketing is of great importance due to the specific type of services, which involves simultaneous processes of production and consumption of services. Marketing is applied during the course of service delivery. Direct marketing has become the optimal way of communication. Tourism companies have multiple benefits from the use of direct marketing. Lowering costs by eliminating middleman costs and developing an interactive relationship with guests and clients are just some of the benefits of direct marketing. The advantage of direct marketing is the presentation of hotels through their websites. The Internet is available to users as a source of information and interactions and reservations are made through it. Databases are the basis on which direct marketing rests. Targeted marketing is conducted on the basis of databases, and loyalty marketing is based on databases.

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