Strategic Marketing Management at ski centers: the SMMP concept

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Abstract

Purpose – The current study develops a new concept for managing marketing strategy of a specific kind of tourism destinations, namely ski centers. The proposed Strategic Marketing Management Product (SMMP) concept is based upon the modern framework of business sustainability and the “triple-bottom-line” (TBL) responsibility.

Design/methodology/approach – The paper is conceptual in nature based on previous qualitative and quantitative research.

Findings – Previous research findings impose that most ski centers managers do not make any use of environmental and social dimensions of sustainability as key drivers of their marketing strategy. In fact, it seems that lack of an integrated strategic marketing concept is a possible source of that inadequacy. Therefore, SMMP actually bridges the traditional strategic marketing concepts and metrics with the idea of creating and sustaining an eco-efficient micro-economy for the mutual benefit of business units and the local societies as a whole.

Originality/Value – SMMP concept is introduced as a new approach to the well-researched discipline of strategic marketing management. Further discussion and specific case studies could support the SMMP concept and unleash unknown positive repercussions and benefits.

Keywords – Marketing, Sustainability, Concept, Strategic Marketing Management Product, Ski Centers

Paper Type – Conceptual/Research

Introduction

Ski destinations are tourism regions aiming at visitors’ attraction, coming through different stages periodically, which are differentiated from each other according to their distinctive
development schemes and management initiatives. An established management tool of these stages determination is the Tourism Area Life Cycle (TALC), introduced by Butler (1980), (Getz, 1992; Tooman, 1997).

In some cases of ski resorts – after long periods of prosperity – there have been observed changes in visitors’ habits, consequences of economic crises, tough competition and technological alterations, that eventually have led to a major reduction of the total number of tourists originated from urban areas. Quite often, the management and personnel of ski resorts take action and strain every nerve to increase revisiting when at the same time their tourists’ markets shrink. For sure, these efforts will help a lot, but at the end it is a strategic revitalization of the destination that will be required to obtain long last results.

For example, today there are 18 ski centers operating in Greece. The cumulative length of their ski pistes is about 190 kilometers wide, and the 110 available ski lifts could carry up to 70,000 visitors/hour. In most of the cases, greek ski centers were built during the decades of 70’s and 80’s, and since then some of them have been equipped by new lifts and other support mechanisms. Their contribution to the Greek economy can be roughly estimated if we multiply the mean number of the tickets per ski period e.g. 500,000 visits, with a level of 100 Euros hypothetical expenditures for food, overnight standing, transportation, extra facilities etc. The result of that product provides a contribution of 50 million Euros per year (Drivas, 2010).

Modern international competition among ski centers render of utmost importance the building of a sustainable framework for marketing management strategies and practices with limit affect on the natural/physical resources and competitive dynamics for their business future with the introduction of more social marketing management concepts. This is actually a new “repositioning” concept for tourism facilities which would create a rejuvenate profile of high input value for the visitors.

Strategic Marketing Management Product (SMMP) framework actually sets under consideration the concept of formulating a marketing strategy which does not seek customer satisfaction and financial profit solely, but also respect for the environment and corporate social responsibility (Johnson, 2009). Figure 1 provides a schematic view of SMMP concept.
The administration of destinations’ tourism product; the TPC concept

Kotler et al., (1993) determine the analysis of tourism product as a four-level approach procedure. In the case of ski-centers, at the first level of core tourism product it is the unique experience of skiing and, in general, winter sports that play a significant role. The second level consists of important services, such as customers’ transportation and lifts, lodgings and accommodation. Support services take place at the third level, e.g. retail trading and all kinds of shops. The traditional or modern image of the ski-destination stands at the fourth level of this
analysis, due to the visitors impressions of the tourism-destination and facilities in general during their period of stay. For example, as Lovelock, comments “nobody wants to be at Disney World on a record-breaking day for ticket sales” (Pullman & Thomson, 2002).

Ski-destination tourism attracts not only the active visitors who participate in sports activities but also the passive visitors who observe various events, visit athletic museums and enjoy being at a wonderful place (Gibson, 2002; Pitts, 1999). A lack of necessary infrastructure facilities inhibiting the accommodation of tourists should be seriously taken under consideration, preferably aimed at increasing the visitors’ duration of stay, rather than trying to increase the number of visitors, which would actually be more difficult to get successfully done by management (Ritchie, 2005).

Similarly, the experience of being in a highly crowded ski-destination can possibly cause physical and psychological fatigue to the visitors waiting in long lines for the lifts, or at the restaurants waiting for the first available table, noise, etc. Ski-centers should be regarded as “service networks that offer multiple services and activities at one site. Service networks face complexity in tuning and organizing service networks due to diachronical changes in visitors’ preferences, availability in time for activities and other services, physical constraints, and space limitations (Pullman & Thomson, 2002).

The environment of the ski center business competition

The need for rational management and usage of natural resources aiming at a sustainable development of tourism destinations, as well as the various effects of development to the local community and natural environment have been remarked by researchers in the literature (Needham et al., 2004; Pickering and Buckley, 2003; Moss et al., 2000; Dolli and Pinfold, 1997; Saremba and Gil, 1991; Wood, 1987). Modern ski destinations are established with the aid of reputable national or international institutions and organizations. The outcome of this cooperation is the emergence and promotion of efficient and effective business practices which probably provide positive influences to the viability of ski resorts. For example, in USA and Canada, the established body for the promotion of best practices is the National Ski Areas Association (NSAA). The main interests of this charter are the implementation of best practices, the assessment of environmental performances and goal setting for future improvement (George, 2004).

Some of the least used practices from the ski resorts management, according to NSAA are: “education and outreach”, “product-re-use”, and “energy use for lifts and vehicle fleets”. Many different programs like Pro Natura (2000), RMOW (2004; 2005), Colorado-based ASC (Schendler, 2001) and, of course, the Sustainable Slopes Program (SSP) of NSAA (Rivera et al., 2006), promote and measure corporate environmental responsibility in real life cases. There are also environmental unions and organizations, e.g. the SACC (Ski Area Citizens’ Coalition, 2005) that have developed environmental scorecards (see also the Environmental Scorecard Grades in http://www.skiareacitizens.com, 2008). However, it is imperative for all different bodies (ski resorts, environmental unions, and supervisory organizations) to improve their overall co-ordination. The implementation of internal marketing practices, that support common image, vision and intra-communication, has partly contributed in treating situations of passivity on behalf of managers at ski resorts (Hooley et al., 2004). A strategic plan is necessary for securing the development perspectives of the mountainous regions, isolating at the same time short term disastrous consequences for the natural and societal local environment (Dolli & Pinfold, 1997).
The negative effects that could appear due to inadequate management practices, based on short-term financial turn-over expectations and heavy intensive usage of natural resources, would possibly result to totally worse long-term financial performances. Overcrowdings, bad aesthetics, and destruction of natural environment from man-made constructions could probably limit the positive effects of the local economy from winter tourism. Problems like low visitation rates, high numbers of unsatisfied tourists, increase in non-retuning visitors (Doyle & Stern, 2006), and increasing rates of complaints at ski resorts have to be given high priority in finding and treating the causes of them (Pullman & Thomson, 2002). Apparently, tourism development is seen as a way of improving a country’s economy and social wellbeing, but if this development is not handled carefully, tourists will change their preferences to the benefit of competing destinations or attractions. Developing tourism products with a sustainable focus, is the way for tourism sector to fit in with the local environment and ensure its preservation (Eccles, 1995).

In most qualitative and quantitative analyses, it has been found that general management of ski centers is well informed about the importance of sustainability at business facilities. However, it is not yet common sense that a sustainable “triple-bottom-line (TBL) responsibility can be a very fruitful business mechanism. In our case, a business model that could bridge financial performance and environmental – natural and social – responsibility could set the basis for a series of huge success stories in the branch of winter tourism. Although, most ski centers managers try their best to respect natural environment with the implementation of relevant policies, the idea of creating and sustaining an eco-efficient micro-economy is totally absent, since the only indicators which are used in evaluating ski centers’ performance are the financial ones.

Marketing and Social Marketing Metrics

Past research on ski centers and sustainability is limited and centered on the attitudes of skiers about environmental concerns (Holden, 2000), the future of the skiing due to climate change (Moen & Fredman, 2007), the problems related to restructuring of winter sports resorts (Tuppen, 2000), and the ski operators perceptions regarding the impact of an environmental charter on their respective operations exists (George, 2004). Bridges and Wilhelm (2008) assert that for many years, marketing has been perceived as part of the problem rather than the solution to societal problems such as pollution, overconsumption, the depletion of natural resources and unhealthy lifestyles, consequently the authors emphasize the need for managers to have the requisite motivation to implement sustainable practices. Thus it is important for ski center managers to identify the underlying elements, specific service features and actors, that affect the sustainability of ski center services.

According to the World Business Council for Sustainable Development (WBCSD, 2000) definition, Eco-efficiency is achieved through the delivery of “competitively priced goods and services that satisfy human needs and bring quality of life while progressively reducing environmental impacts of goods and resource intensity throughout the entire life-cycle to a level at least in line with the Earth's estimated carrying capacity”. It depends on energy consumption, materials consumption, water consumption, greenhouse gas emissions (GHG), and ozone depleting substance emissions (ODS), and measured through relevant indicators.

This concept describes a vision for the production of economically valuable goods and services while reducing the ecological impacts of production. In other words eco-efficiency means producing more with less, and this aspect has been embodied to modern marketing culture by the application of the 3R’s scheme, namely Reduce, Re-use and Recycle, to marketing’s mix
4P’s (CSR Europe, 2010).

Moreover, as Danchev (2006) states, the organisation’s performance is strongly connected not only with its possible sustainable growth, but also with its behaviour, and in this context, corporate Social Responsibility (CSR) is the term used to refer to the social part of the sustainable development of companies.

Within the business and society literature, scholars have addressed the social issues concept, predominately through the life-cycle approach (Lamertz et al., 2003). Although several definitions exist, a widely accepted definition in the life-cycle tradition describes social issues as: Social problems that may exist objectively but become “issues” requiring managerial attention when they are defined as being problematic to society or an institution within society by a group of actors or stakeholders capable of influencing either governmental action or company policy (Mahon & Waddock, 1992). Nowadays, issues of a social nature are bearing on firms to the point that CSR appears to be a crucial dimension for competitive success, not only through meeting the interests of their shareholders, but also the interests of society at large (Porter & Kramer, 2006). Therefore, strategy takes on significant meaning not only with respect to fulfilling social responsibilities and the development of organizations, but also with respect to the development and sustainability of society (Rodriguez et al., 2002).

However, until recently, marketing was not in close connection and certainly not in the center of sustainable development, and marketing departments of firms were not occupied with designing and developing sustainable products and services (Chartered Institute of Marketing, 2006). Nevertheless, there is growing interest in “sustainable marketing” which has been defined as “creating, producing and delivering sustainable solutions with higher net sustainable value whilst continuously satisfying customers and other stakeholders” (Charter et al., 2006).

In the case of tourism marketing, it is necessary to move forward from an exchange system of suppliers and customers to a new holistic paradigm. As Jamrozy (2007) states: sustainable marketing orientation does not satisfy the needs and wants of individuals but strives to sustain living systems, the exchange does not take place between individuals and organizations but links self-generating networks of agents, the benefits are not profits but civic energy and diversity, and competition is replaced by dynamic balance.

Sustainability practices have gradually become common. Individuals and corporations are beginning to think about it and debate it more frequently than ever before and sustainability issues have become an essential part of the social and political agenda in many countries of the world (Jayawardena et al., 2008).

Sustainable marketing is a holistic, integrative approach that puts equal emphasis on environmental, social equity, and economic concerns in the development of marketing strategies (Bridges & Wilhelm, 2008). According to van Dam and Apeldoorn (1996, p. 46) sustainable marketing “is marketing within, and supportive of, sustainable economic development”.

On the other hand, traditional marketing is mainly based on seeking potentials to increase the number of visitors (visitation) at tourism destinations, and it treats them as commodities for sale. According to Buhalis (2000) this approach is disadvantageous, because it does not take into account equally important factors such as unique needs and limitations of each destination, geographical characteristics, environmental characteristics and socio-cultural characteristics of the destinations (Sustainable Tourism). These issues are processed by the cognitive object of tourism destinations planning.
Control Mechanisms and metrics of efficiency

The TBL model of sustainability is not a familiar term among most practitioners of winter tourism and it is evident that the managers-in-charge are not in position to connect marketing with the environmental and social dimension, although most of them recognise, during interviews, the need for respect toward physical and social environment. Moreover, they can not express, in general, specific principles towards a sustainable ski-center operation (Gibson, 2002). From their point of view, marketing management should secure, develop and accomplish financial goals with the use of microeconomics solely, without taking into account the power of natural and social responsibility as innovative branding tools for the ski centers.

Marketing planning makes use of two primary marketing measurement indicators; the sales and the market share goal. In the planning procedure often the planners makes use of financial goals for, profit, R.O.I. (Return Of Investment), and cash flow, performance evaluation. Also today satisfying customer needs must be the basic purpose of any economic organization. So, it is useful to use control mechanisms that includes intermediate goals related with customer satisfaction measures, loyalty measures, communications and distribution goals (Doyle & Stern, pp.40, 41 and 89).
In more detail, some very interesting central issues to be examined in a greater extent are:

- Whether ski resorts consider sustainability as a central notion of a modern marketing strategy and if they have got in use specific control mechanisms and metrics of efficiency aiming at strategic marketing of service provision within the frame of sustainable development.

- What is the basis of business competition among ski centers today and in the future, (i.e., competitor that constraints your revenues because he offers similar or better services in the sense of the total product concept with regard to visitors’ categories you are interested in)?
Which are the marketing efficiency metrics under use at ski resort, such as revenues control, market shares, customers’ satisfaction, eco-efficiency ratios (e.g. energy consumption, materials consumption, GHG emissions, recyclability), supportive behavior to the society and social support to local community programs, or other indicators?

Which of the research, planning, strategy and application items constitute part of a step-by-step cycle for the implementation of marketing management activities

Conclusions

Ski centers like other service oriented businesses, operate and maintain their facilities to service the needs of their customers (skiers) and other guests such as ski-lifts ski schools, lodging, restaurants, etc. However, in order to operate these functions, the ski centers consume materials, energy and water from the biophysical environment either directly or indirectly through their suppliers and generate wastes as an outcome.

Ski centers should pursue an approach towards potential visitors and specific target groups, aiming ultimately at sustainable development. The construction of a solid vision that would safeguard the right exploitation of natural and cultural elements of the resorts for the future local tourism activities as well as relevant evaluation metrics need to replace the monolithic criteria of marketing activities evaluation based on a solely financial origin (market share and income indicators). Searcy (2009) states that there is still much work to do in measuring sustainability. One explanation might be that is a growing area, however, analysis and description of organizations’ sustainability practices remain underdeveloped (Carraher et al., 2008), although today sustainability (or sustainable development) is generally accepted as one of the key success factors in the long term business strategy of the firms and organizations (Kuosmanen & Kuosmanen, 2009).

In general, the idea of holistic tourism destination product or Total Product Concept needs to be present at winter tourism facilities. Corporate strategies should be supported by expected quality elements according to their perception standards, e.g. snow at ski slopes should be of high quality, the surrounding scenery should be attractive; the architectural building elements should be aptly combined with local tradition and culture etc. A rational allocation of all kinds of resources could also contribute decisively in the coordination of all actions, e.g. common European collaboration in performance evaluation matters (use of scorecards), joint financing or other actions.

Low motivation and inadequate training of human resources in sustainable development, as well as the absence of modern marketing management practices seem to formulate the possible causes of inadequate advancement of the tourism product at ski resorts.

Another problem of ski-centers seems to be the absence of a customer oriented-total-Ski-Product design at their ski destinations. Unsatisfied customers can be negatively experienced from the whole tourism product they offer. Overcrowding at the ski lifts and areas on Sundays and Saturdays is a related problem that ski managers often face in the winter period. (Kotsina, 2010).

As sustainability continues to grow as a central concern of public or private organizations, academics and practitioners must offer new insights that build upon what we know about sustainability and begin to develop a more holistic conceptualization of sustainability (Connelly et al., 2010).
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