

## **Niche and Thematic Strategic Planning to Increase International Tourism**

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### **Abstract**

*The focus of this study was to review the tourism planning procedures of Hangzhou. Hangzhou is a city in China that has the largest domestic tourism base. Tourism professional primarily used a mass marketing approach for planning which was effective, but the city is exploring new methods to increase its international tourism. What is being proposed is the development of niche marketing based upon thematic planning. Mass marketing is from top to bottom and the proposed method is from bottom to top with the active involvement of tourism professionals. Both methods are necessary for the development a plan that has continuity.*

**Key Words:** strategic planning, thematic development, niche planning, international tourism, and planning continuity

### **1.0 Purpose**

The purpose of this study was to review the planning process used in Hangzhou, China. Hangzhou is an excellent case study because it has an urban and rural environment, excellent tourism perspective, and a progressive and aggressive tourism development philosophy. This is a case study to illustrate how niche marketing methods can be used as an input for the planning processes. The primary focus of the mass marketing has been on current tour populations and not upon segments that have not visited Hangzhou. (Ap, 2003) In order to have a strategic plan that has a future focus, a new method of assessment must be devised to identify the uniqueness of Hangzhou and relate these exceptional characteristics to new audiences. (Formica and Kathari,2008) The purpose was to review the current planning documents (Hangzhou Publication No. 40 (2004), Hangzhou Publication No. 80 (2012), Hangzhou Performance Assessment (2004-2012, Hangzhou Tourism Innovation Development (2012), and the 2012 Tourism Survey, and propose a new research methodology to improve the planning process, especially as it relates to the development of new international audiences, based upon a niche tourism approach. The goal was to make planning recommendations for improvement of the process.

It must be recognized that Hangzhou already has an effective, as well as efficient, tourism industry. Therefore, it is often very difficult to discuss improvement upon existing systems that are effective and have been tested through time. A qualitative research planning approach was used for this project.

## **2.0 Introduction**

"Be born in Suzhou, live in Hangzhou, eat in Guangzhou, die in Liuzhou"

"Heaven Above, Suzhou and Hangzhou below"

The famous quotes about living in Hangzhou are tributes to the environment, history, and cultural heritage of the city. Hangzhou is one of the jewels of China. Its primary unique character has been an inspiration and motivation for living. This is about the quality of life that must be maintained and preserved for future generations in China, as well as international visitors.

Hangzhou is already a well known domestic tourism destination. Hangzhou is in the process of developing new strategic plans to increase international visitation. It is important to have a long-range planning goal of preserving and enhancing the image of the destination that inspires and motivates both tourists, as well as local residents. This is the basic element that will allow Hangzhou to become a very popular international destination. It should be the objective to incorporate the element of sustainability in any planning process so as not to change the character of the destination. Therefore, the development of new directions for the future for Hangzhou may be different than other Chinese cities because it is the focus to maintain the old and to add new heritage that is consistent with its position, in current and past Chinese society.

Some destinations have growth as their primary objective and they developed non-authentic cultures that do not incorporate sustainability. (Cho, 2011) Once an individual has visited these destinations, the activities and events will not be fashionable any more. The individual may seek diversion and alternatives in the future. Subsequently, the destinations may have to constantly add new attractions to meet the unreasonable expectations of their audiences. (Weaver *et al.*, 2009) If they do not meet these expectations, the numbers of tourists significantly decrease. There is always an effort in these kinds of destinations to meet or exceed expectations. As a result, these kinds of cultural paths of developing a destination are unrealistic and destructive. If a destination allows its natural potential to develop based upon its uniqueness, visitors often find a new enrichment every time they visit. (Oakes, 1998) This type of development is very appropriate for Hangzhou. It is the image of Hangzhou associated with its natural potential and uniqueness of peace and tranquility that has, and will flourish as an international tourist destination.

## **3.0 Current Planning Process for Hangzhou**

### **3.1 Overview**

Hangzhou is one of the cultural and historical centers of China's tourism. It is an urban area with a substantial population that has a charm of no other city in China. The tourism numbers are substantial and have produced great impact to the city's development and residents' lives. In addition to the heavy tourism, Hangzhou is a commercial and technological industrial center. Clearly, Hangzhou is an organic tourism and leisure destination, especially for domestic tourists. The infrastructure of the tourism industry in Hangzhou is very sophisticated with multiple attractions and themes. This city has great energy and tradition. These traditions are the glue that holds the city together and attracts numerous visitors.

### **3.2 Review of Strategic Planning Documents and 2012 Survey**

In reviewing the Planning Documents and 2012 survey, it is evident that the planning authority has done an outstanding job in maintaining and improving tourism in Hangzhou. The indicator of this is the steady growth of the industry in terms of numbers and revenue. It is also evident that the planning authority is using a strategic plan to ensure the future of tourism by an aggressive developmental program. This program is changing the face of tourism in Hangzhou. Tourism is being diversified to change the nature of the experience that the tourist has in Hangzhou. Hangzhou is in a state of transition because of this development.

It is struggling with integrating the old establishment and the new development. It is also struggling in trying to integrate an urban commercial and industrial center with rural agricultural attributes.

Upon the success of the city's transition and integration, Hangzhou, with her unique resources, rich history and wealth traditions, can position herself as one of top ranked international tourism destinations.

Nevertheless, the nature of the destination can only be determined when all the construction and attractions are complete. There will then be a branding or image that will have to be developed to coincide with the changes that have been made.

As a domestic tourism destination, Hangzhou has established a substantial reputation among regional residents, as well as other Chinese provinces. The new development must not destroy what has been established in the past. There must be a very delicate integration of the new to the old for the next tourism developmental stage.

The proposed changes will allow a new mix of tourism products and creation of an international destination that will encourage the tourist (Domestic and International) to increase the number of days of their stay. The new development will bring in a new image that will be able to compete with other international destinations. Again, the key will be not to destroy the old, but to develop a compatible set of attractions that complement current images.

There has been a very effective international marketing campaign proposed and executed by the tourism authority in Hangzhou to coincide with the new developments. This marketing effort is reaching out to new international audiences. The campaign has created a number of new images for Hangzhou that correspond with a new development and trying to establish Hangzhou as a tourism destination coupled with many specialized programs. This marketing campaign is primarily a mass marketing approach with multiple images being developed to reach a diversity of audiences.

With the new development, new revenue centers can be found for international travelers. Currently, shopping is the largest. However, more revenue can be generated from accommodations, sightseeing, food, and beverage and entertainment services. Additional revenue can also be generated from amenities. It must be pointed out that these additional revenues will also be more likely to help increase the length of stay of a visitor from 2.95 to 5 nights (Foreign Visitors).

Domestic tourism revenues can also be increased by changing the purpose of the visit from sight-seeing to active involvement of multiple programs. This will also result in an increase in the number of days of visitation from 2.2 to 4 (Domestic Visitors).

In regard to the infrastructure, there are two elements that are very important: the number of hotel rooms and international direct flights. The former is low in Hangzhou compared to the total number of visitors. The number of international direct flights is quite limited to destinations other than Asian and Oceania countries. The existing hotel capacity in relation to millions of annual visitors is small. Most of the domestic visitors are regional or those who stay with family or friends, but with the vision of new development as an international destination, capacity may have to be increased as the number of international visitors increase. Additionally, it is essential that if Hangzhou is going to be a true world tourism destination, the number of direct flights have to be increased to match the departure destinations. The other aspect that needs to be explored, based on infrastructure, is marketing. Most of the marketing has been extensive and is very appropriate for saturation/mass marketing. This is essential in creating an identity with a destination, but a niche approach will be necessary to complement the mass marketing to reach the desired audiences and target the message on an individual basis.

## **4.0 Niche Marketing**

### **4.1 Perspective**

The refined purpose of this manuscript is to outline a research method to help in the development of international tourism programs for Hangzhou. Many research methods are focused upon a selected group of individuals' ideas or focused upon visiting other places and patterning their designation after a community that has been successful (Formica and Kothari, 2008). This approach, based upon selected group ideas, is limited and often results in error because of a restricted perspective. The method, based upon successful patterns, does not take into account the different locations and affiliated cultures. A successful developmental approach must also be based on a destination's demographics and psychographics.

One of the most successful approaches is a consensus method like Delphi or nominal focus group. This is an approach that seeks input from a number of sources and allows for a consensus to be developed.

This method collects different perspectives from a number of participatory inputs. This tactic also encourages audience engagement. When it is time to make a decision and implement a plan, there is a commitment by those people who have been involved.

Many times planning is an exclusive process and what happens is that a few individuals have made a decision, and when it comes to implementation, people feel left out and do not put full effort behind the implementation because they are not committed to the established goals. (Yuxia, 1995)

Another methodology that has been successful in planning is thematic development. This approach encourages a community to develop consistent goals and work toward a common purpose (Lew, 1989). Many times the planning is random and individuals move in different directions and these directions are often competing. (Yuxia, 1995) This type of planning is very dysfunctional. Thematic planning provides guidance for the development of an infrastructure and sets up goals for the movement toward one direction by an entire community. The approach that may be the best for Hangzhou is a Delphi or a focus based group upon thematic constructs. This type of research method will let the environmental, historical, and cultural resources be assessed appropriately; with the development of a plan consistent with resources.

The difference between Delphi and nominal focus group is the perspective of individual vs. group processes. The Delphi is a research process, based upon individuals' responding to items or issues and several rounds of responses developing consensus in terms of the position held. The advantage of this type of research approach is that members of the group do not influence one another. The nominal focus group is a same type of research method but it is based upon group processes to build consensus (Clark and Stein, 2008; Harvey and Holmes, 2012) But still, it is the individual's reactions to one another that produce an influence. Group dynamics influences the outcomes. Of these two approaches, the one that may be best for Hangzhou is the nominal focus group because it will allow individuals and groups to state their positions in relation to one another and resolve conflict. The facilitator of the group is the individual who has to ensure that all opinions are sought and recognized because it is the brainstorming process to bring in new ideas into the planning discussion. This is more creative and less sterile.

#### **4.2 Framework/ Focus Group Process**

The first step in the focus group process is the isolation of homogeneous groups from the tourism infrastructure, heterogeneous groups made up from the homogeneous groups, and central planning committee that represent various opinions in the planning and developmental process (Appendix I/outlines a potential focus group process). Once consensus has been established from the focus groups, then, a report is processed to a larger group. This larger group is made up of representatives from each of the primary groups. All the ideas are copulated into a report and reviewed by the homogeneous or heterogeneous groups. The function of this discussion is to isolate common and dissident positions. The idea is to develop a consensus about the direction of planning and priorities for a final plan. This information is then formulated into a report by the larger group (Central Committee) to build a strategic plan. The strategic plan is distributed for the final review to all concerned.

#### **4.3 Special Events and Theme**

A way to build up an international tourism destination is through special events. Hangzhou already has a substantial domestic tourism business and good international business.(Davison *et al.*, 2012) Additional international business can be brought through niche event planning. Hangzhou has several existing festivals that can be used as a base to attract visitors. An approach that has a possibility of establishing a long term tourism development ought to focus on uniqueness of special events representing unique environments and localities of Hangzhou. Namely, events are used as ways to attract selected niches (Soteridades and Dimou, 2011). The uniqueness of Hangzhou can be used at the beginning stages to develop special events for niche audiences, while special programs with individualized approaches can be used to attract selected audiences (McCleary, Jiho, and Blosser, 2009). The selected audiences once they have experienced the unique temperament of Hangzhou will want to return with their friends and family to enjoy its beauty, history, and culture. These events are the starting points for the development of the long-term tourism programs. The current festivals may be points of departure for the beginning of event development. Small and large events can be developed to start the tourism process. These events ought to be seen as "Fam" trips in the travel industry.(Mackercher and Chan, 2005) Once these events are successfully conducted, the travel brokers will begin to promote them in the tourism industry for international markets. Hangzhou will be seen as an event, as well as a tourist destination. As the infrastructure is developed general tourism will increase on a steady growth basis.

Furthermore, to organize niche events, thematically is crucial. The theme helps to develop content depth for an event that will attract specialized audiences.

(Mckercher and Chan, 2005) The concept of utilizing a theme is based on the development of a consistent program and message. The consistent program appeals to individuals who are seeking a destination with a particular theme to have a comprehensive experience in one location. It is the depth of this experience that will produce greater satisfaction. This requires a unique program and location. (Su and Teo, 2009) Consequentially, this type of destination will be more likely to be easily marketed because it is so different from any other location. Once an individual visits the destination, he/she will spread the information by word-of-mouth. The message becomes much easier to market because of reputation and image of the destination. Therefore, the key is the theme and the development of unique settings that complements the theme. It will be a comprehensive destination devoted to an experience that has a special atmosphere with outcomes that cannot be achieved in any other destination (Krueger and Buckingham, 2012). It is one of a kind of experience and it must be remembered that this experience must continue to evolve to meet the needs of the clients.

### **5.0 Initial Assessment/Example**

In order to obtain some basic information on a theme, an initial assessment has been completed to identify some of the resources in Hangzhou. (Zhang, 1995) This initial assessment is cursory and only done to provide a perspective that shows the potential of Hangzhou. This is not a comprehensive review, but only to provide some examples of how this process may work.

### **5.1 Example Assessment**

#### **1. Festivals**

- Dragon Well Tea Festival
- West Lake Lotus Festival
- Hangzhou Golden Autumn International Tourism Festival
- West Lake Osmanthus Festival
- China International Qiantang River Tidal Bore Festival
- West Lake International Fireworks Show
- West Lake Expo

#### **2. Water/Natural Resources**

- Grand Canal
- Qiandao Lake
- Xixi National Wetland Park
- Tidal bore on Qiantang River
- West Lake, a UNESCO World Heritage Site
- Dreaming of the Tiger Spring
- Yangtze River Delta
- Hangzhou Bay

#### **3. Architecture**

- West Lake Cultural Square/Zhejiang Natural History Museum and Zhejiang Museum of Science and Technology
- Hangzhou Zoo
- Hangzhou Botanical Garden
- Fenghuang Temple
- Yue-Wang Temple
- Lingyin Temple
- Jingci Temple
- Baochu Pagoda
- Immaculate Conception Cathedral
- Liuhe Pagoda
- Confucius Temple
- Chenghuang Temple

#### 4. Universities

Xiasha is a cluster of several universities and colleges.  
Eight Universities/Art, Science, and Technology

#### 5. International City Relationships

There are at least 25 plus relationships with International Cities.

#### 6. Industry

- Jade
- Silk
- Umbrellas
- Folding fans
- Textiles
- Logistics hub
- Medicine/biological
- Information technology
- Heavy equipment
- Automotive components
- Household electrical appliances
- Electronics
- Telecommunication
- Fine chemicals
- Chemical fibre
- Food processing
- Machinery manufacturing
- Banking Center

#### 7. Culture

Historically, Hangzhou is the home of philosophers, poets, literature and the arts. Famous poets from the area are Su Shi, Lu You, Xin Qiji, and Shen Kuo.

He Fang Street

History periods

Liangzhu Culture/Jade

One of seven ancient capitals of China

Wuyue Kingdom/noted patrons of the arts, especially architecture and artwork

Tang Dynasty Bai Juyi/famous poet

Su Shi/famous poet

Song Dynasty

Yuan Dynasty/Kublai Khan

Southern Song Dynasty

Ming Dynasty

Qing dynasty

#### 8. Food

- Longjing tea
- Zhejiang provincial cuisine
- Vinegar Fish
- Dongpo Pork
- Longjing Shrimp
- Beggar's Chicken
- Steamed Rice and Pork Wrapped by Lotus Leaves
- Braised Bamboo Shoots
- Lotus Root Pudding

## **9. Explores**

- Ibn Battuta
- Marco Polo

## **10. Transportation**

- International air port
- High speed rail hub/direct connection to major cities
- Internal transportation bus, subway, trolley, etc.

## **6.0 Potential Themes**

### **6.1 Themes**

- Heritage Tourism
- Industrial Tourism
- Culinary Tourism
- Natural Tourism
- Art and Cultural Tourism

### **6.2 Example of a Program to Develop a Theme on Culinary Tourism**

#### **Title: Taste of Hangzhou**

- International guests are invited to Hangzhou for culinary food experiences.
- Hospitality social with entertainment for international visitors.
- Families from Hangzhou invite guests to their homes for traditional Hangzhou dinner.
- A tour to visit sites of food industry in Hangzhou.
- A meal with a variety of traditional Chinese foods. Historical presentation on specialty foods of China and Hangzhou. Presentation followed with entertainment and travel log on Hangzhou.
- All restaurants will participate in a food exposition. They will provide samples of items on their menu.
- Invitations will be sent to guests inviting them to come to certain restaurants for a special meal. Chefs will give food demonstration.
- Famous chefs will give cooking classes on how to prepare special dishes after the guests have eaten the dishes in the restaurants.
- Guests will be allowed to try to prepare their favorite dishes under the supervision of the famous chefs. Guests will be able to sample each others dishes.
- Different restaurants will offer meals on different days, based upon a theme.
- Farewell banquet for guests.

## **7.0 Summary**

Hangzhou, has provided an excellent case study because they already have a well defined tourist strategy that has resulted in over 92,000,000 tourists a year. Almost all of these tourists are domestic. They have developed a very aggressive mass marketing plan that has resulted in increased international tourism, but they are still very short of their goal. This type of mass marketing is the traditional approach to increase numbers of tourists. (Guangrui and Lew. 2003) The future is developing an integrated marketing plan that includes mass marketing as well as a niche approach. Reaching specific audiences with a very friendly message in defining the uniqueness of a destination is the best approach. The tourists are becoming far more sophisticated and are looking for very different and varied active experiences that are directly related to their interests. (Perterson,1995) A niche approach is also tailored for a social media approach.

Individuals can be reached through social media, but the niche has to be well defined. Understanding the niches and the social media platforms will allow for direct marketing and will take tourism planning to the next level. Through the social media, relationships can be developed and these relationships are the key to return visits. Hangzhou already has an excellent reputation among domestic tourists because they understand the inherent nature and traditions. Social media and niche marketing is a way of helping new and returning tourists understand the uniqueness of a destination like Hangzhou.

Hangzhou is one of the few cities in the world that has unique characteristics in an urban area. Her beauty, history, and culture have been maintained, and yet it is an urban area that has been the center of China's business. It has an urban infrastructure, yet, it has maintained a natural environment that is beautiful and represents the traditional Chinese culture.

Hangzhou will be a world tourism destination with appropriate developmental approaches.

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## **Appendix I**

### **Focus Group Research Approach and Its Extension**

Start by hosting an International Forum on development of themes for Hangzhou as an international tourism destination (invited speakers only).

### **Groups**

Homogeneous groups based upon the tourism infrastructure

Heterogeneous groups formed from the homogeneous groups

Central planning committee for development of the reports and decision-making

### **Plan Development**

Idea discussions based upon homogeneous groups

Report that can be shared among groups

Selection of best ideas based upon homogeneous group discussion

Report on best ideas that can be shared among groups

Formation of heterogeneous groups from previous groups so they can engage in conflict resolution discussions

Report that can be shared among groups to reduce conflict and establish a plan to develop congruence

Group discussion to establish goals and objectives

Report that can be shared among groups on goals and objectives

Development of a plan among groups to achieve goals and objectives

Report that can be shared among groups to establish a consistent plan to achieve goals and objectives

Resource assessment of current resources and needed resources to implement the established plan

Review of the resource assessment by groups to determine the priority of developing the different phases of the plan

Impact assessment of the plan on resources and the sustainability to ensure maintenance of quality of the resources

Report on carrying capacity with the increased tourism traffic and how to maintain the resources

Discussion among the groups to finalize the plan and solicit involvement

Report on final plan

Implementation

### **Marketing Plan Development**

Development of a marketing plan

Review of the marketing plan by groups

Report on revision of marketing plan and establishment of the final plan

Implementation

### **Training Plan Development**

Development of the training plan for employees of the infrastructure

Review of the training plan by groups

Report on revision of training plan and establishment of the final plan

Implementation

### **Evaluation**

Evaluate the implementation of the plan, marketing, and training every two years

Make changes based upon an evaluation