

An Evening With The **TOURISM MANAGEMENT CLUB**

The assertion:

There is a need to develop new tourism markets

. . . but how do you know this?

This assertion carries with it certain *assumptions*
and raises certain *questions*:

The assumptions:

- There is some goal or benefit we are seeking in developing new markets
- This goal or benefit can in fact be realized through new markets

. . . thus,

New markets is the instrumental goal, not the primary goal

The assertion also raises certain *questions*:

. . . and some of these questions are:

- What is the primary goal that new markets are to serve?
- How did we come to identify and embrace this goal?
- What is the mechanism, the intervening variables, that link new markets and the goal
 - . . . exactly how does the linkage work?
 - . . . how confident can we be that our understanding of the linkage is correct?
- What new markets will we develop and how do we arrive at the choice?
- What should be the program of actions that comprise the program market development?
- How will we implement these actions?
- How will we know if we have succeeded or failed . . . in our implementation? In our goal?

Questions and Answers

If you don't get the question right . . .

. . . you can't get the answer right

Even if you get the question right . . .

. . . no guarantee you will get the answer right

So you see the deck is stacked against you . . .

. . . even under the best of circumstances

. . . but it is really worse than this . . .

Some Common Self Deceptions:

... With the right data and the proper analysis we can know the answers:

- Managers assume that science and scientists produce truth?
The scientific method produces facts, nothing more
- Statisticians are addicted to data and analyses, not to solutions to practical problems
Solutions are nice, but not essential to us; we get our fix from data and analyses
- The three most commonly told lies
The check is in the mail
I will marry you as soon as I divorce my wife
I am from the university, I can help you

So what might you need to know to pursue the goal which new markets is to help you achieve?

- First and most important, you need know that you have elected a worthwhile goal:
Goals derive from what you value
What you value and why you value it is complicated and not always obvious to one's self
On questions of values science can tell you nothing, science is value neutral
- Every Choice except the most trivial involves tradeoffs:
For everything gained something is lost
Have you comprehended the tradeoffs, what you will gain? what will you lose?
- Next you need to know what is meant by new markets. Are you thinking of:
New customers for existing product?
New products for existing customers?
New products for new customers?
What you need to know is very different depending on what market development
- Then, after answering these questions, there are the questions of :
What should you do? and how should you do it, viz., the "minor" issue of implementation

Just how complicated is what we need to know

One author of a textbook on strategic tourism management asserts:

“To fully understand the new tourism business environment a more comprehensive approach is required”

And indicates the factors that will affect the environment and which must therefore be understood are:

Social factors

Cultural factors

Economic factors

Physical factors

Technical factors

International factors

Communications and infrastructure factors

Administrative and institutional factors

Legal and political factors

Appropriately, these spell out **“S C E P T I C A L”** which clearly I am . . .

Are these factors and the relationships among them difficult to grasp? Could we grasp them?

These factors will interact with one another, so each must be understood in relationship to each and all the other factors.

Now, making the absurd assumption that we could represent each factor with a single variable that measures the effect of all constituent variables comprising the factor, what might the *Analysis of Variance Summary Table* look like?

The Nine Factor Anov Summary Table

Source of Variance df SS MS F

Main Effects (9)

(S)ocial
(C)ultural
(E)conomic
(P)hysical
(T)echnical
(I)nternational
(Co)mmunications and Infrastructure
(A)dministrative and Institutional
(L)egal and political

Two-Way Interactions (36)

S x C
S x E
S x P
S x T
S x I
S x Co
S x A
S x L
C x E
C x P
C x T
C x I
C x Co
C x A
C x L
E x P
E x T
E x I
E x Co
E x A
E x L
P x T
P x I
P x Co
P x A
P x L
T x I
T x Co
T x A
T x L
I x Co
I x A
I x L
Co x A
Co x L
A x L

Source of Variance df SS MS F

Three-Way Interactions

84

Four-Way Interactions

126

Five-Way Interactions

126

Six-Way Interactions

84

Seven-Way Interactions

36

Eight-Way Interactions

9

Nine-Way Interactions

1

A total of :

9 Main Effects
502 Potential Interaction Effects

What do the market development experts prescribe?

The Market Development Process:

- Establish market development aims and targets.
- Identify target market(s), sectors and niches.
- Assess your existing sales organization and develop it as necessary.
- Source/utilize a suitable prospect database - ensure data is clean and up to date, and strategic decision-makers are identified.
- Develop and agree your strategic proposition(s) - with reference to USP's, UPB's, competitors, positioning, product mix, margins, etc.
- Design your communication(s) and method(s) to generate enquiries.
- Design your response and sales processes and establish or provide required capabilities.
- Design and provide your required monitoring, measurement and reporting systems.
- Implement your sales development activity and reinforce it through coaching, training, meetings, executive endorsement, etc.
- Follow-up the activity: coach as required, review, monitor, seek customer and prospect feedback (successful and unsuccessful) and report on performance.
- Make changes and improvements and continue your activity at the appropriate stage.

OK, I think we can agree that *“To fully understand the new tourism business environment ...”* is a formidable task

Just how well equipped are we humans to understand the tourism business environment and arrive at sound judgements about such questions as:

Why should we develop new tourism markets?

Which tourism markets should we develop?

Which customers and which products should we develop?

What activities need to be undertaken to develop the markets?

As it turns out, not very well

Enslaved to Empiricism and the Scientific Method

There are a variety of ways of knowing:

Revelation

Appeal to authority

Intuition

Experience

Scientific Method (empiricism)

e.g.

We in the western world have voluntarily submitted to empirical slavery because we believe the scientific method can produce things that it cannot and because we do not trust most unverifiable beliefs of others . . . especially if our money is at risk (*though strangely, we are perfectly willing to risk our souls with unverifiable beliefs*)

Three Reasons not to Expect too Much from the Human Mind

- It has repeatedly demonstrated that it cannot be trusted to be objective and impartial . . . *as the scientific method requires it to be*
- It has limited memory and processing capacity and harbors biases
- It cannot be self analytical . . . It has only itself to understand itself

It has repeatedly demonstrated that it cannot be trusted to be objective and impartial . . . *as the scientific method requires it to be*

Some classic examples:

Smoking marijuana lead to the use of herione:

Most herione users report having startin g drug use by smoking marajuana, so if you ask a randomly selected herione user if they used marajuana before using herione, almost all will say yes

The Daniel Kahneman leadership and officer training experience story:

Statistical evidence clearly showed zero correlation between leadership activity rating and military officer training results, yet the leadership activity was retained in use

The Black Swan and Daniel Kahneman investor behavior story:

Analysis clearly shows that personal investors who sell when share prices decline and buy when they rise perform worse than a random investor, yet investors still sell low and buy high. Perfomance is near random

The Harold Varmus, M.D human genome and medicine story:

It was widely declared by the medical community that the mapping of the human genome would revolutionize medical care, but a decade after the mapping, only a handful of changes have entered routine medical practice. The behavior of protiens simply more complex than we ever imagined

It has limited memory and processing capacity and harbors biases

The brain seems to do fine consciously evaluating around 7 (plus or minus 2) attributes at once. More than 9 overwhelms it.

But unconsciously, it seems (from much recent research) it can and does deal with very complex scenarios with many dimensions and attributes . . . primarily through older, emotion-related brain structures

The problem is we management analysts have got it completely backward:

We think we need formal decision analysis for exceedingly complex situations
But that we can let the conscious brain handle simpler choices.

It is exactly the other way around

The brain cannot be self analytical . . . It has only itself to understand itself

A disturbing development underway in marketing and consumer behavior

It might be called *neuromarketing*

The idea is that new brain imaging technology can allow us to monitor brain activity during consumer choice behavior

Imagine the brain interviewing itself so as to understand how it works

Haven't we learned our lesson from the disappointment of mapping the human genome?

How can these errors of judgement be so prevalent and resistant to decision making vigilance?

Because the human mind needs a coherent world . . .

. . . and it will invent explanations or deny evidence that portrays an incoherent world or contradicts the coherent story it has developed.

After all, how can it be that . . .

. . . leadership exhibited today in a group challenge cannot foretell leadership in a military unit?

. . . the investment performance of experienced investors not surpass random stock selections?

. . . a complete mapping of the human genome will not significantly improve medical treatments?

Because all of these are incoherent stories that contradict the coherence of the story we have built from premises that have appealing logic but factual inaccuracies.

So then, how can we approach the development of new tourism markets?

A few suggestions:

Clarify your goals and the linkage of new markets to accomplishment of your goals

Pay attention to and be suspicious of coherent stories that argue for new markets

Pay attention to and be suspicious of coherent stories that argue against new markets

Seek the points of view of disinterested third parties, but be suspicious of them

Challenge all coherent stories both for and against new markets, demand empirical data

Use statistical analysis more to challenge beliefs and assumptions than to support them.

Evaluate implications of all statistical analyses in the context of the relevant environment.

And then, after all discussion, debate and data analysis is complete, make the decision on the basis of *what your gut tells you, not what your management consultant or statistician tells you.*

In Conclusion

So, I will end my discussion where I started it:

Are we clear as to the question we are asking?

I would posit that if the answer is *yes* then we probably already know the answer . . .

. . . and if the answer is *no* then there can be no answer.