

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER
MAY 2018

TITLE OF PAPER : TOURISM MARKETING
COURSE CODE : BA 433
TIME ALLOWED : THREE (3) HOURS

INSTRUCTS:

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6).
2. SECTION A IS COMPULSORY
3. ANSWER ANY THREE (3) QUESTIONS IN SECTION B
4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED ALONG SIDE THE QUESTION.

NOTE:

MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH, AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR USE OF RELEVANT EXAMPLES.

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

FROM AIR MATTRESSES TO A GLOBAL BRAND

Niche accommodation provider outlines big plans to grow presence.

Global accommodation and travel provider Airbnb recently plans that could see a billion people a year using its booking platform by 2018.

At a press conference marked with cheers and whoops from the gathered faithful, Airbnb CEO Brian Chesky said the upstart tech company's future would include a tweaking to its listings by expanding accommodation categories as well a programme to boost recognition of its top hosts and guests.

At a trademark Airbnb presentation in a carefully chosen landmark, this time in San Francisco's historic Masonic theatre, Chesky remarked on Airbnb's meteoric rise since he and cofounder Joe Gebbia blew up a couple of air mattresses and invited their first guests to stay in their apartment to help make the rent.

"People said people wouldn't stay with strangers," he said.

Ten years later, Airbnb has grown from just over a dozen listings in San Francisco to 4.5 million places in 81 000 cities in 191 countries. North Korea, Iran, Syria and Sudan are not on the list although a combination of peace and the lifting of US sanctions would likely change that.

The site will now add new accommodation categories such as holiday homes and B&B listings to its current Entire Home, Private Room and Share Space categories.

In a nod to demand for boutiques properties and experiences, the company has launched Airbnb Plus-private homes that have been verified for quality and comfort-along with Beyond by Airbnb that will offer custom -designed trips.

Airbnb Plus's launch includes 2 000 homes in 13 cities, including Cape Town. The tier is not just about beautiful homes but is also aimed at what the company calls exceptional hosts.

Any discussion with Airbnb staffer inevitably turns to the hosts.

Worldwide, the company currently lists 400 000 "superhosts" - hosts with 4.8+ overall ratings quick response times and zero cancellations-of whom it is fiercely protective. With super hosts a critical part of the company's 10 year roadmap.

Airbnb also rolled out tweaks to its superhost programme with more benefits such as better exposure, dedicated URLs and good deals on home products.

The driver behind the 10-year roadmap, said Chesky was to make Airbnb "for everyone". It has not been an easy ride.

The company is grappling with issues ranging from criticism about it driving up rental costs in cities around the world to backlash from traditional hotel groups which say it flouts tax laws and regulations.

Airbnb growth has been driven largely by a fast-growing user base of millennials who are looking for what the company calls authentic travel experiences. At ease with tech and raised in a world where their lives happen online, millennials are Airbnb's core demographic and are key consumers in the world's biggest economies.

Airbnb has faced criticism from places as far apart as Berlin and its hometown of San Francisco, for apparently aggravating housing shortages as landlords, list their properties on short-term housing platforms.

Airbnb's response is that its platform allows homeowners to stay in their homes while boosting their incomes through short-term rentals.

According to its data, a typical host in the US will earn \$7 200 (about R86 000) a year- and keep up to 97% of the income –from short term rentals. Worldwide, 54% of Airbnb hosts say the platform has allowed them to stay in their homes.

“Show me a programme that generates \$7 200 a year without a single tax dollar being spent,” said Chris Lehane, Airbnb's global head of public policy.

In response to allegations that it skirts local regulations, Airbnb has also begun working with many city and state authorities on tax schemes. According to Citylab.com the company had paid nearly \$1 billion in hotel and tourist taxes world-wide as at May last year.

While big hotel groups contribute bigger sums than Airbnb to local and state coffers, the company says it is happy to pay occupant taxes.

Airbnb is now rolling out a system of voluntary collection agreements in cities around the world. It says the schemes generate millions of dollars in revenue while costing governments nothing; it has collected \$110-million from over 200 jurisdictions worldwide.

“That's real money,” said Lehane, noting that in Los Angeles revenue has been used to fund housing projects while in other countries such as France it is spent on destination marketing.

Meanwhile, Airbnb has sought to become more than just a home-sharing platform by expanding its offerings that bring it closer to becoming a full-service tourism operation. Users can explore neighbourhoods with locals and take part in experiences ranging from cooking lessons in local homes to working in animal shelters.

Such efforts may go a long way to alleviating government and industry antipathy to an upstart company, but the threat of overregulation is clearly a constant worry. “Our biggest challenge is whether we will live in an open or closed world,” said Lehane. “I'm an optimist- I believe the open world view will prevail.”

SECTION A

Q.1 (a) What business is Airbnb in ?

(5 marks)

(b) What are Airbnb's future plans ?

(6 marks)

(c) What is the marketing strategy behind these future plans ?

(6 marks)

Q.2 Airbnb is also venturing into a top class / up market niche market. How is it doing this ?

(5 marks)

Q.3 What are the backbone characteristics of Airbnb / the foundation characteristics they hold so dear ?

(6 marks)

Q.4 Airbnb's bread and butter market has remained the same and grown overtime. Discuss briefly.

(10 marks)

Q.5 Would Airbnb be successful in Swaziland or not, and why ?

(2 marks)

40 marks

SECTION B

Q.1 Discuss with examples the characteristics of the tourism product.

(20 marks)

Q.2 Branding is not only essential for physical products producing companies, it is also critical for service companies especially tourism companies. Discuss with examples.

(20 marks)

Q.3 Discuss with the use of examples, the tourism product pricing approaches, mostly used by companies today.

(20 marks)

Q.4 Discuss with the use of relevant examples, the major types of factors that influence the behaviour of individual tourism consumers.

(20 marks)

Q.5 Marketing planning has several definite advantages for a company. Discuss with relevant examples.

(20 marks)

60 marks

100 marks
