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SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGMENT

MARKETING STRATEGIES OF TOUR OPERATORS FOR
LUXURY TOURISM PERFORMANCE

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JUNE, 2020
ADDIS ABABA, ETHIOPIA

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Thesis submitted to the school of graduate studies of Addis Ababa University in
partial fulfillment of the requirements of the degree of Masters in Marketing
Management

**JUNE, 2020
ADDIS ABABA, ETHIOPIA**

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
GRADUATE STUDIES

Statement of certification

This is to certify that Amanuel Tsegaw has carried out his post-graduate thesis work on the topic entitled “Marketing Strategies of Tour Operators for Luxury Tourism Performance.”

The work is original in nature and suitable for submission for the Degree of Masters in Marketing Management (MA)

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DECLARATION

I, the undersigned, declare that this study entitled, Marketing Strategies of Tour Operators for Luxury Tourism Performance is my own work. All information in this document has been obtained and presented in accordance with academic rules and ethical conduct. This study has not been submitted for award of any degree or diploma program in this or any other institution or country and, I have fully cited, acknowledged and referenced all material and results that are not original to this work.

Researchers' Name: Amanuel Tsegaw Zewdie (Mr.)

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Date: _____

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LIST OF ACRONYMS

DMO	Destination Marketing Organization
EHA	Ethiopian Hotels Association
ETO	Ethiopian Tourism Organization
ETOA	Ethiopian Tour Operators Association
MoCT	Ministry of Culture & Tourism
NTO	National Tourism Organization
OTA	Online Travel Agency
PPC	Pay per Click
SME	Small & Medium Enterprises
TO	Tour Operator
UNESCO	United Nation Educational Scientific and Cultural Organization
WB	World Bank
WEF	World Economic Forum
WTO	World Tourism Organization
WTTC	World Travel and Tourism Council

ABSTRACT

This study is designed to examine the relationship between selected marketing strategies of the marketing mix elements and business performances of tour operators in Addis Ababa, Ethiopia. The marketing mix elements which were surveyed are Product (the destination & experience), Price, Place (distribution channel), Promotion and Processes. The study had mainly employed quantitative approach with descriptive statistics analysis and regression. The sample size was 63 Tour Operating firms which solely or partially provide tourism service for affluent travelers. The survey questionnaire had 40 questions covering demographic details, level of application of marketing strategies by tour operators and survey response on selected marketing mix elements. Data were tested using linearity, normality, Cronbach alpha and multicollinearity in order to determine the appropriateness of the data and the tools used for analysis. Correlation and regression methods were applied for data analysis were applied to examine the relationship. The findings showed that the selected marketing mix elements in general were partially responsible for the business performance of tour operators in Ethiopian luxury tourism. The variables that had significant effect on satisfaction of inbound tourists were found to be Product, Place and Promotion. The contribution of Price and Process in the business performance of tour operators for luxury tourism was found to be insignificant.

Key words: *Marketing Mix, business performance, luxury tourism and luxury /affluent travelers.*

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Marketing is identifying and meeting human and social needs profitably through building demand for products and services. Good marketing is no accident, but a result of careful planning and execution using state-of-the-art tools and techniques (Kotler and Keller, 2012).

According to Kotler (2000), marketing mix is the set of controllable variables that a firm can use to influence the buyer's response. The controllable variables in the context of service sector are the seven elements of the marketing mix. This research focuses on selected five marketing mix elements, which are destination (product), price, place (distribution), promotion and process. It is widely assumed that these independent variables affect the business performance of firms which are tour operating firms according to this study.

The term "tourism marketing strategy" is often used incorrectly to describe the individual tactics a destination, Tour Operators or other stakeholders use to promote themselves. Instead, your tourism marketing strategy is your master marketing outline.

Luxury tourism is one of the ever growing segment of tourism industry in which competition is growing even at the fastest rate than ever due to the global economic dynamism. Over the past six decades, luxury tourism has experienced continued expansion and diversification becoming one of the largest, fastest-growing, and lucrative economic sectors in the world. According to CPP-Luxury (2019) Global luxury tourism market reaches US\$831 billion in 2019 and even more the sector is expected to grow at 7.3 % until 2023. Effective marketing is vital to tap this lucrative industry. As a result many big globally competitive service providing companies are spending millions of dollars for marketing purposes. For example, the current efforts of many service providing companies' such as the Turkish Airline, Qatar Airline, Zenith Bank, etc. sponsoring the travel show programs that focus on tourist destinations on BBC World Service and the CNN can be taken as a case in point.

Globally, stakeholders involved in Tourism applies different techniques to attract tourism to their destination. Techniques like Connect with agents. Developing partnerships with the right agents can have a significant impact on the travelers who discover your destination. The other widely adopted technique is optimize of website for mobile use. Mobile technology is no longer a luxury, but rather a necessity. Further to this the pouring of investment in video marketing is also widely applied. This is a strategy of letting the tourists describe their travel needs, asks questions for clarification, and offers a selection of suitable hotels via social media platforms.

1.2. Statement of the Problem

Ethiopia is endowed with variety of cultural, historical and natural tourist attractions. According to the UNESCO World Heritage list, Ethiopia has the biggest number of world heritage sites in Africa. With a total of 12 (eight cultural, three intangible cultural heritage of humanity and one natural) heritage sites, the country tops the list. (Whc.unesco.org).

Despite the aforementioned magnificent tourist attraction sites that exist, the country's tourist market share within the continent is insignificant and accounted for less than two per cent in 2011 (WB, 2012 & IDC, 2013). For instance, the T & T competitiveness index indicated that, the country has no good regional and global position, whereby it ranked 18th in Africa and 126th in the world in 2019 (WEF, 2019). Despite the limited market share of the country, ETO (2015) claims that Ethiopia occupies 12th place in tourist arrivals and 10th place in tourist revenues.

Numerous internal and external challenges have been attributed to the low performance of the tourism sector in the country like; political instability, lack of clear policies & goals, low level of attention given to the sector, still kept bad image about Ethiopia by outsiders because of the drought, famine and civil war of 1984 and low performance of stakeholders working in the tourism industry. (MoCT 2009, Getu 2010)

Paradoxical to the above given facts but to Ethiopia's advantage, Ethiopia's Travel & Tourism economy grew by 48.6% in 2018, the largest of any country in the world, according to the World Travel & Tourism Council's (WTTC). To show how the tourism sector over performed, a comparison was made between Ethiopia with that of Kenya another East African tourist destination.

The southern neighbor, Kenya, for same year 2018 attracted 2.03 million foreign tourists and generated US\$1.5 Billion. Whereas the booming Ethiopian tourism industry contributed birr 202 billion or US\$7.4 billion to the country's economy, an increase of birr 59 billion (US\$2.2bn) from the previous year (WTTC).

The WTTC research which compares the Travel & Tourism sector across 185 countries, shows that in 2018 the Ethiopian Travel & Tourism sector significantly outpaced the global growth rate of 3.9%, the African growth rate of 5.6% Supported 2.2 million jobs, or 8.3% of total employment was primarily driven by leisure travelers: 79% of the Travel & Tourism spending was generated by leisure visitors and 21% from business travelers is strongly weighted towards international travel: 77% of the Travel & Tourism spending came from international travelers and 23% from domestic travel (WEF, T&T Index, 2019).

This has been driven by the very strong performance of aviation in the country and the development of Addis Ababa as a dynamic and growing regional hub. Further to this the fast growth could be attributed to some measures the country have taken to alleviate these challenges and to improve benefits gained from the sector. For example; the country launched a ten year tourism master plan with vigorous objectives for the years 2015-2020 (MoCT 2014). Tourism marketing, branding and promotion is one of the strategic pillars stipulated in this master plan, which aims to be among the top five tourist destination in Africa in 2025. But, there are some challenges in achieving this objective, among others, related with the marketing practice of small tourism firms. These firms include stakeholders of government entities, other Associations and private stakeholders like tour operating firms.

With Ethiopia registering such a dynamic growth in the sector, the need to study the luxury tourism potential and performance is found to be prominent. Luxury tourism in Ethiopia is still in its infancy, especially when compared to neighboring Kenya and other countries in the region, which have a longer history in tourism. However, the scene is changing and new lodges are being established, which is increasing the options available to the luxury market," said Julia Jeans, operations manager at Limalimo Lodge (Shankman, 2018)

In regards to this, since Tour operating firms play an important role in the tourism sector of Ethiopia by providing tour packages (hotel services, accommodation services, transportation, safari tours, adventure tours, and etc.), mainly to international clientele, the scope of this research focuses down on Tour Operators. More specifically the study focuses on assessing the non-traditional marketing strategies applied by Tour Operators to investigate its impact on attaining luxury in bound tourism to Ethiopia. Therefore the study further narrows the scope, targeting those Tour operators which renders services to high-end clientele. Tour operating firms basically communicate with their clients through telephone, e-mail, internet, and postal services, to deal about the features of destinations, pricing of products, brands, mode of payments. Thus a thorough investigation on their application of marketing strategies is found to be vital in this study.

1.3. Research Questions

The research paper attempt to answer the following questions in in the study:

- What are the relationship between the marketing strategies and Tour Operators business performance in luxury tourism?
- Which marketing strategies have higher impact on attracting luxury travelers for tour operators?
- Are Tour Operators really using these marketing strategies that the current Tourism industry requires?

1.4. Research Objective

The study has also the following objectives:

To find out the impact of applying marketing strategies on luxury tourism performance of tour operators.

To find out the relative relevance of the selected marketing mix elements strategies on luxury tourism business performance of tour operators.

To find out the level of application of current marketing strategies by Tour Operators for attaining luxury tourism.

1.5 Significance of the Study

To my knowledge there is no prior study made on luxury tourism in Ethiopia, so this study can have contribution to bring new insight about the luxury tourism potential of the country. Further the study might provide knowledge about the existing applicable marketing practices, their effectiveness along with some challenges faced in adoption of some marketing techniques. The findings of the study is vital in identifying what marketing strategies are effective so as it will be used as an input for Tour Operators and on which strategies to emphasize for future performance in attracting luxury tourists. The study might add new knowledge to the existing literature. Therefore, apart from getting current research findings, the study also provides the room for comparison with the previous research findings.

- It provides recent information on which marketing strategies are influencing the tourism performance of affluent travelers.
- It provides a useful information to government bodies, Tour Operators and other stakeholders to adopt and sync strategy for better future performance.

1.6 Scope and delimitation

This study focuses on the marketing strategies of Tour operating firms in relation to their business performance for luxury tourism, so performance only on the attainment of high-end clientele or affluent travelers was segmented and assessed. Further, as the research focuses on inbound tourism operating firms which means those tourists coming from abroad, performance of local tourism is not the subject of the study. It should be noted that the high-end tourist's themselves were not the subject of the study. The survey was done on Tour Operator firms that provide their products and services to affluent tourists, as a result, Tour Operator firms whose services are not targeted to luxury travelers are excluded from this study. The study focuses on TO's business performance in leisure travelers, hence travelers whose travel purpose is for business or visit of relatives is excluded from the study.

Due to the current COVID-19 pandemics which have affected the hospitality industry, some of the big tour operating firms have closed office and cannot be contacted and as a result, researcher was forced to exclude them from the study.

1. Definition of Terms

High-End Clientele: individuals who are tourists that earn high worth disposable income. These are the type of tourists who prefers to travel to destinations that are authentic in culture, history, and local people. They want to connect to the local people & culture, experience the local traditional foods and shopping programs for purchasing local unique brands and souvenirs. They want to have their travel process with style, comfort and luxury, in the process of travel searches, mode of transport, hotel stays and tour programs.

Luxury/ Affluent Traveler: Are traveler tourists with Minimum annual household income of \$250,000. These are the type of tourists who prefers to travel to destinations that are authentic in culture, history, and local people. They want to connect to the local people & culture, experience the local traditional foods and shopping programs for purchasing local unique brands and souvenirs. They want to have their travel process with style, comfort and luxury, in the process of travel searches, mode of transport, hotel stays and tour programs.

Authentic destination: refers to the destination's history, culture, local people, gastronomy, etc. that is found to foreign, unique, original, untapped, etc. that have the ability to give out of the ordinary experience for the traveler.

Tour Operators: are companies which negotiates with hotels, transportation companies, and other service suppliers, and combines these service components into a package tour. This package tour, is a combination of a vacation, such as accommodation, transportation, entertainment, site seeing, adventure tour and meals is then sold to the final consumer as a single product and at a single price

In-Bound Tour Operator: These are a type of Tour Operators stationed in a specific country and that serves only the inflow of tourists into that country. They design tour packages for the incoming tourists and further partner and lease local service providers like hotels, car rentals, tour sites, etc. to provide a bundle package tour program for the incoming tourists.

Online Travel Agency (OTA): Virtual travel agencies that can be accessed only on the internet platform but provide similar functionality of actual travel agencies in booking of airlines, hotels, tour companies. Example: TrekkSoft, Expedia, Kayak, Yelp, etc.

Trip Advisor: is a website that creates a platform for travelers in which he or she can write and also review comments & opinion of other tourists about their experience. This website platform creates the opportunity for new travelers to survey reviews of those who had experienced the destination and make travel decision based on the reviews.

Excursion: a short journey or trip in terms of duration of stay, especially one taken as a leisure activity to a destination.

CHAPTER TWO

LITERATURE REVIEW

In this chapter; the theoretical review and empirical evidences are presented. The theoretical review discusses concepts related to tourism, the luxury travelers, the marketing mix of tourism, marketing strategies tailored for luxury tourism by tour operators and tour operating business in Ethiopia. The empirical evidence summarizes local and international studies conducted related to the subject, the conceptual model and the hypothesis of the study.

2.1.Introduction

2.1.1 Definition of Tourism

Different sources and people have different concepts when about tourism. There is no consensus concerning the definition of tourism. Nearly every each institution define "Tourism" differently. But when we can sum up the definition of tourism as follows when it comes to explain it with the basic terms;

The first definition of tourism was made by Guyer Feuler in 1905. Accordingly, "Tourism is a collection of activities, services and industries which deliver a travel experience comprising transportation, accommodation, eating and drinking establishments, retail shops, entertainment businesses and other hospitality services provided for individuals or groups traveling away from home"

"The sum of the phenomena and relationships arising from the interaction of tourists, business suppliers, host governments and host communities in the process of attracting and hosting these tourists and other visitors" (Mcintosh and Goeldner 1996, p.4)

As according to the definition given by UNWTO, "Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes."

One thing that must be noted is that all travel is not tourism and Tourism is different from travel. For a travel to happen there must be a displacement: that means an individual have to travel using any means of transportation.

But all travel is not tourism and these three criteria's simultaneously must be fulfilled in order to characterize a trip as belonging to tourism. The displacement must be such that;

1. The displacement made must be to a destination which is outside of the usual environment and this is of utmost importance.
2. Purpose of travel must be for any reason other than the traveler being remunerated from the place visited.
3. When considering the duration of stay for the traveler, only a maximal duration is mentioned, not a minimal. But still, Tourism displacement can be with or without an overnight stay. (UNWTO)

Further definition on Tourism given by Kotler & Bowen states Tourism is defined as a stay of one or more nights away from home for holiday, visits to friends or relatives, business conference, or any other purpose, except such things as boarding, education, or semi-permanent employment (Kotler & Bowen, 2013).

Another definition of tourism focuses on the purpose and it states that Tourism is travel for pleasure, sightseeing, recreation or business purposes that also provide tour related services for tourists from a supply-side (Mak, 2003).

Further short definition states, tourists are consumers who purchase travel and tourism services (Holly & Robenson, 2004).

Classification of Tourism and Tourists

Types of Tourism

Tourism and Tourists can be identified and classified into different categories based on the purpose of visit like leisure, business, transit and visit of relatives or friends. There are also a number of other ways to classify tourism and tourists. For instance, Boniface, B. and Cooper, C (2009), identified the following 8 types of tourism:

- *Rural tourism*: focused on the countryside
- *Urban tourism*: focused on towns and cities
- *Spa tourism*: travel for health and wellness
- *Heritage and cultural tourism*: travel to witness authentic cultural experience

- *Sport tourism*: travelling to sport events by spectators
- *Eco-based tourism*: visit to undisturbed natural area with great care for the environment
- *Religious tourism*: pilgrimage for religious or spiritual purpose
- *Medical tourism*: travel for medical treatment (Getachew Melese, 2017, p.7)

Types of Tourists

A typology of tourists was created by Smith (1989) who proposes there are seven types of tourists as cited by Boniface, B. and Cooper, C (2009) which is presented on the table below:

TABLE 2 1: SMITH’S TYPOLOGY OF TOURISTS

Type of Tourist	Characteristics	Pattern of travel/numbers
Explorer	These tourists are academics, climbers and true explorers in small numbers. They totally accept local conditions, and are self-sufficient, with portable chemical toilets, dehydrated food and communication equipment	Very limited
Elite	Travelling off the beaten track for pleasure, they have done it all and are now looking for something different. While they use tourist facilities, they adapt easily to local conditions-if they can eat, we can is their mind set.	A few
Off-beat	Not as rich as the elite tourist, they are looking for an added extra to a standard tour. They adapt well and cope with local conditions for a few days. Their flow is steady. They seek western amenities.	Visible
Incipient Mass	A steady flow of tourists but in small groups or individuals. They are looking for central heating /air conditioning and other amenities, but will cope for a while if they are absent, and put it down to part of ‘experience’	Steady flows
Mass	Large number of tourists, often European and North American, with middle class value. The flow is highly seasonal, with tourists expecting western amenities and multi-lingual guides.	Continuous influx
Charter	This is full blown, down-market, high volume tourism. It is totally dependent upon the travel trade. The tourists have standardized tastes and demands and the country of destination is irrelevant.	Mass arrivals

Source: - *Worldwide distribution the Geography of truism, cited by (Getachew Melese, 2017, p.7)*

The Luxury Travelers and Luxury Tourism

According to CPP-Luxury (2019) Global luxury tourism market reaches US\$831 billion in 2019 and even more the sector is expected to grow at 7.3 % until 2023. The luxury tourism market accounts 14% out of 5.9 trillion revenues in the tourism industry today. Currently, the United States has the biggest luxury travel market with a value of nearly 263 billion U.S. dollars followed by China with a market value of approximately 90 billion U.S. dollars

Most luxury travelers choose the most exclusive cabins and the most luxurious hotels when they travel. Even though retired adults dominate this industry, there are also young professionals who are looking for luxurious, private and out-of-the-ordinary experiences when they travel. In this industry of Luxury tourism, affluent travelers who are characterized by a travel away from mass tourism and preference of non-regular hotels is growing very rapidly.

What is Affluent or Luxury Traveler?

According to Carmen Caballero (2019) Perception of luxury differs according to culture, society and socioeconomic situation of traveler's origin. What is perceived normal by one can be considered luxury by another and vice versa. However, we can define luxury travelers based on these 4 dimensions; Process of Travel, Experience, Personalization, Budget of travel and Concept.

Travel process: luxury travel is related to avoiding stress in traveling, no rush & routines, be taken care of, enjoying unique and enriching experiences that will exceed expectations. Luxury travel is expected to have comfort and quality, the program itinerary should be well prepared in advance so that no irregularities will be faced, and travel usually will accompany your significant other, best friend or family or a combination of those, that will take great care and spoil the travelers. It should be pointed that it also means having high quality level of services.

Experience: making the journey unique and exclusive is another very important part of a luxury experience. Creating a lasting impression with a difference that the luxury traveler will feel at ease, and enjoy every moment of his own luxurious and private experience, differentiating from any other one.

Personalization: A luxury traveler looks for a personalized experience in all senses and this could be in regards to quality of hotels like classic luxury hotels and opulence, or simple and

comfortable luxury, modern hotels, in wellness experiences, gastronomic experiences, exceptional locations, etc.

Budget: According to luxury travel designers and consultants, the affluent travelers would spend USD 4000 for a single travel journey per person the minimum. According to Laura Powell (2017) travelers with a house hold income of USD 125,000 and above are considered Affluent or Luxury travelers. On a parallel note, it should also be taken to account that there is really not a defined budget for any luxury trip, it basically depends on what the client looks for and this can vary a lot depending on the destination they want to visit.

Concept: According to Carmen Caballero (2019) in these past few decades the concept of luxury has much evolved and is no longer related to opulence, extravagant experiences, or even very expensive scheme. Luxury is becoming to be associated with discretion, privacy protection, having a value add and personalized experiences tailored to the client's needs. A luxury traveler will not only travel in public holidays, they might also travel throughout the year.

Who is Luxury Traveler;

- Those looking for ease of convenience and comfort when traveling in an aim of unique experiences
- People who have struggled from nothing to reach to the top, traveling in luxury is evidence of success for them
- The Trendsetters, the type of luxury travelers who usually tend to look for differentiating from the regular travel experience
- Those looking for aesthetics and quality, very important for them since they value design and high level of service

Common Characteristics of luxury travelers

- Authenticity, they look for an authentic experience appropriate to the culture/ country they are visiting
- Elegance and class, luxury travelers want to experience an elegant environment
- Activities that show local identity, they must feel that they are part of the culture they visit.
- 24/7 service, a high-demand traveler must have full-serviced assistance

- Exclusive access to resources closed to the public; differentiation and exclusivity is highly important
- Normality – be themselves; make them feel in their comfort zone
- Nature, environment and urban landscape – destinations that blend with the environment
- Harmony and balance- they would not like an intense itinerary as they would like some time for themselves
- Efficiency in the service; fast response and efficiency is very important in case any issues or unexpected changes arise
- Excellent gastronomy. Food is becoming more and more important every day and high-end culinary experiences of the local culture are to be included in the list of services a luxury traveler expects
- Transformative experiences (that contribute experiences that help them to know better the world that surrounds them)- make sure they always learn something new and useful
- Total disconnection from your routine and concerns. Make sure they rest and disconnect from their daily routine
- A special atmosphere, take them to places where they feel special
- Wellbeing – which includes health, comfort and happiness for example: a spa
- Shopping – renowned brands and exclusive or very unique local brands; guiding them to the best and most unique shopping experiences
- Feeling unique, but at the same time linked to the destination (Carmen Caballero,2019)

On a further note, it should be understood that supply driven demand is not enough to create a market that will entice high-end tourists. While the foundational tenets of quality service, luxurious infrastructure and design are central components, high end guests require a more tailored approach as their decision criteria are driven more by unique experiences and the value they place on time, rather than the most competitive price. (Atakawee Choosang, 2018)

Tourism performance in relation to marketing strategy

Marketing, more than any other business function, deals with customers. The two fold goal of marketing is to attract new customers by promising superior value and keep and grow current customers by delivering satisfaction.

According to the American Marketing Association Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Scholars in the field define marketing both from social as well as managerial perspectives. According to a social definition, marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products and services of value freely with others (Kotler, 2002). Managerially marketing is described as the art of selling products.

According to Peter Drucker as cited by Kotler (2012): the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits them and sells itself. Ideally, marketing should result in a customer who is ready to buy. Marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties. Thus, marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value. Today, most marketers are seeking more than just a one-time exchange or transaction with customers. The focus of market-driven companies is on developing and sustaining relationships with their customers. This has led to a new emphasis on relationship marketing, which involves creating, maintaining, and enhancing long-term relationships with individual customers as well as other stakeholders for mutual benefit (Belch and Belch, 2003).

The movement toward relationship marketing is due to several factors according to Belch and Belch. First, consumers desire superior customer value supported by excellent customer service as well as want personalized products and services that are tailored to their specific needs and wants. Second, relationships marketing is often more cost-effective to retain customers than to acquire new ones.

Marketers are giving more attention to the lifetime value of a customer because reducing customer defections by just 5 percent can increase future profit by as much as 30 to 90 percent (Belch and Belch, 2003).

The new wave of change has been witnessed in the tourism industry as well. New destination marketing strategies are increasingly focused on the creation of new products and services and establishing experiential and emotional elements as central to the visitor experience. However, these new products need to be marketed by building effective strategies for destination promotion directly in source markets as tourists are becoming more independent in their purchasing decisions and destinations need to recognize this and embrace it (Belch and Belch, 2003). It is also important to look at new ways of commercialization because the distribution model in the tourism industry has changed, and as a result there are multiple ways to “sell” what a destination has to offer. There are a number theories and models developed by several marketing scholars and practitioners. These theories and models have been used and employed in different contexts for varying marketing purposes.

Marketing Mix of Tourism

Borden claims that he was the first person who had used the term marketing mix. The term consists of important elements or components that make up marketing mix (Borden, 1965). McCarthy has stylized this definition and defined marketing mix as a combination of all the factors in the chain of command that are geared to meet the demands of the target market (Victor, 1985).

The marketing mix has four components for non-service transactions. It becomes seven components when it is services sector. In the service sector including tourism, the marketing mix elements are Product, Promotion, Price, Place, People, Physical evidence and Process.

2.1.5.1. PRODUCT

Product is the combination of tangible and intangible elements. In Tourism, product is a complex combination of elements and cannot be pointed out as a single element. Even though the main component of product is destination, the travel process like hotels, air travel, means of transport to destination site, local culture, history, the local gastronomy culinary experience, shopping of local unique cultural brands, souvenirs, and the overall experience form the tourist product.

Each of these components has its own significance in the product mix and in the absence of even single components, the product mix is incomplete. (Essays, UK, 2018)

Current Ethiopian tourism sector product range

It is widely acknowledged that Ethiopia possesses remarkable tourism potential due to its unique and largely unexplored cultural, historical, and archaeological and natural resources. Those resources are key to attracting visitors and are the basis on which to build a strong tourism industry. With its more than 3,000 years of history and more than 80 ethnic communities, each with their own distinct languages, cultures and traditions, Ethiopia stands out as a unique country in Africa (Carmen Altes, 2018, p. 32). The following is an outline of the country's tourism resources and products.

Tourism routes.

For many years, most Ethiopian tour operators have sold to the international market packaged tours for the following two routes with little variations:

1. Northern Historic Route includes Lalibela, Aksum, Gondar, Lake Tana monasteries and the source of the Blue Nile (around Bahir Dar). A brief visit to the Simien Mountains is often included. A detour to Gheralta has been added in recent years to some trips.
2. Southern Route includes cultural and natural attractions of the lower Omo Valley National Parks, Rift Valley Lakes (Langano, Hawassa and Chamo).

The average stay at each destination is low, often short stopovers en route or less than two days and apart from the sightseeing of the main sites there is little diversity in the activities offered to tourists. Moreover, the potential for differentiation and the organization of more specialized routes and packages in those areas have not been fully exploited.

Other tourism routes which are also promoted, although less often, include:

3. Afar and Danakil Depression (north-eastern Ethiopia), Dalloll geothermal fields, salt quarry sites, Erta Ale Volcano, and Low Awash Valley located on the way from Addis.
4. Eastern Route: Walled City of Harar and Awash National Park, Dire-Dawa, Hurso Sercama rock paintings, Babile Elephant Sanctuary.
5. South-eastern Route: Bale Mountains National Park, Sof Omar Cave and Dire Sheik Hussein Muslim Shrine.

6. The western and southwestern²⁵ areas are not well developed although they have great potential. They are well known for their cloud forests, considered the origin of coffee, with three Biosphere Reserves (Kaffa, Shaka and Yayu) where many varieties of wild coffee still grow. The Gambella National Park, known for seasonal migration of about a hundred thousand Nile Lechwe, is also an outstanding resource in the area but is difficult to reach and lacks visitor services.

In spite of the potential of these routes, they are not formally established, and they lack proper tourism services and facilities as well as integrated tourism development plans. (Carmen Altes, 2018, p. 32)

2.1.5.2. PRICE

Pricing in tourism is a multifaceted package. Pricing of the tourist product is a complex matter because of its composite nature. This is because, for one, Pricing includes the prices of other services like Air travel, Bus, Railways, Hotels, etc. of which all will be included in tourism package. If air price changes tourism package also changes, if Hotel charges change then also tourism package changes.

Example: During the African Union Summit meeting that is hosted in Addis Ababa around end of January/ beginning of February, hotels accommodation rate will be around 5 times high than the normal. Accordingly, tour package prices during this period increases.

Secondly, pricing depends on Seasonality. Seasonality is the most important factor in tourism pricing. This is because there are high, moderate and low seasons in tourism industry. Low season is usually November through March, shoulder season is April through mid-June and September through October and high season is mid-June through August. Matching these seasonality, and along the demand and supply of tourists, prices of tourism packages vary significantly.

Further factors like Geographical location of the destination affects the pricing decision as well. The objective of pricing in any other firms is to fetch a target market share, to prevent competition, and to take care of the price elasticity of demand. An effective strategy in which the travel and tourism business tackles to their highly complex pricing circumstances, is to operate at two ways simultaneously. The first is paralleling the marketing strategy, which concerns with the

product positioning, value for the money, long run return on investments, etc. The second is to the marketing tactics where the prices are manipulated to match the current demand and competition. (Essays, UK, 2018)

2.5.5.3. PLACE

There are multiple place of distribution strategies for Tourism marketing. As the tourism main product “Destination” is fixed element with no nature of mobility, the target of distribution place in tourism is to extend the number of points of sales or access in away places from the location at which services are performed or delivered.

This is where the middleman “tour operators” comes to the picture. Tour Operators buy tourism products in bulk and make them available to travel agents who are retailers. The range of tourist products, which are bought by the tour operators are airline seats, hotel accommodation, bus for local sightseeing, etc. they may also sell directly to customers. The latest mode of reaching the tourist is through Internet. By using the internet all the traditional distribution channels can be addressed online with low cost, reaching greater geographical area and increasing visibility. (Essays, UK, 2018)

2.1.5.4. PROMOTION

The tourist organizations bear the responsibility of informing, persuading and sensing the potential tourists in a right fashion. According to Dr. Jerome Balderomo (2013) Tourism promotion means stimulating sales through the dissemination of information. It means trying to encourage actual and potential customers to travel. Tourism marketers need to use the various components of promotion optimally so that they succeed in increasing the number of habitual users. Promotion benefits in maximizing the duration of stay, frequency of visit by offering new tourist products in the same country to areas, which have remained untapped or partially tapped. (Essays, UK, 2018) The various dimensions of tourism promotion are as follows:

Advertising: International tourism advertising is tourism-related marketing on the part of a private or public entity directed towards audiences abroad, and might target potential travelers and non-travelers alike(Wikipedia). It is about creation of awareness targeting the larger audience about destination and its attractions to influence consumer’s decisions. The intangibility of tourism can be compensated with the help of visual exposure of scenes and events. We can

project hotel bedrooms, well-arranged restaurants and cafeterias, swimming pools etc. (Essays, UK, 2018).

Publicity: It focuses attention on strengthening the public relations measures by developing a rapport with media people and getting their personalized support in publicizing the business. It helps in projecting the positive image of tourist organizations since the prospects trust on the news items publicized by the media people. The publicity program include regular publicity stories and photographs to the newspapers, travel editors, contact with magazines on stories etc. advertising is a part of publicity (Essays, UK, 2018).

Sales promotions: Sales promotion measures are the short-term activities seeking to boost sales at peak demand periods to ensure that the firms obtain its market share and are used to help launch a new product or support an ailing or modified one. The tool of sales promotions is designed to appeal particularly to those customers who are price-sensitive. There are a number of techniques to promote sale and the tourist professional need to use them in the face of their requirements vis-a-vis the emerging trends in the business. Eg. In the tourism industry, a travel company offers giveaways to their clients, such as flight bags, wallets for tickets, Foreign Exchange (Forex) and covers of passport. The hotels offer a number of facilities like shoe shine clothes, first aid sewing kits, shower caps and shampoo. Further, the VIP clients also get fruits and flowers in their rooms (Essays, UK, 2018).

Word-of-mouth Promotion: Most communication about tourism takes place by word-of-mouth information, which in a true sense is word-of-recommendation. In the tourism industry it is found that the word-of-mouth promoters play the role of a hidden sales force, which help the process of selling. The high magnitude of effectiveness of this tool of promotion is due to high credibility of the channel, especially in the eyes of the potential tourists. The sensitivity of this tool makes it clear that tourist organizations need to concentrate on the quality of services they promise and offer.

The marketers or the tourist organizations need to keep their eyes open, identify the vocal persons or the opinion leaders and take a special care of them so that they keep on moving the process of stimulating and creating demand (Essays, UK, 2018).

Personal Selling: Personal Selling is based on the personal skill of an individual. The travel and hotel business depend considerably on the personal selling. The development of travel and tourism has been possible due to well-educated and trained sales personnel. The development of tourism business has been influenced by the services rendered by the travel agents and travel guides since they work as information carriers. Personal selling is the personal presentation of a tangible product or intangible services or ideas to the customers. It is important to mention that in the tourism industry, the personnel who attend tourists form an essential ingredient of the product, such as sales personnel are found responsible for dealing with customers behind the counter, the resort representatives cater to the need of tourists when they reach the destination etc. all of them play a vital role in ensuring that the tourism products satisfy the tourists. The phrase- the customer is always right applies specifically to the tourism industry. No reduction in price would compensate for impolite and indecent travel guide, a solvent waiter and a surly or a haughty coach driver. These facts are testimony to the proposition that the travel business is linked with the performance and behavior of sales personnel or travel staff.

Telemarketing: It is a method of selling in which a professionally sound telemarketer markets the business. The quality of technology and the communicative ability of the telemarketers determine the magnitude of success of this component. In tourism, the travel agents, offices of airways, receptionist, and secretaries work efficiently if the telephonic services are not up to the mark. Also recruiting a person considered to be professionally sound, personally-committed sales personnel having an in-built creativity, innovation and imagination is very important.

Exhibitions: this can be organized domestically or internationally. There are major international trade and travel fairs like; the Dubai Tourism and the Mauritius Tourism, etc. The participants include state and national tourism promotion boards, travel agents and tour operators, airlines, car rentals, cruise liners, holiday financiers, technology providers, hotels and resorts, education institutions in the field of hospitality and tourism (Essays, UK, 2018).

2.1.5.5. PROCESS

Process refers to the flow of activities or mechanism that take place when there is an interaction between the customers and the businesses (Hitesh Bhasin, 2019). The operation process of the tourism firm will depend on the size of the tourism firm. The sequential steps involved in the delivery of the tourist products are:

Provision of travel information: The information regarding the travel is provided at a convenient location where the potential tourist seeks clarification about his proposed tour.

Preparation of itinerates: It is a composition of series of operations that are required to plan a tour.

Liaison with providers of services: Before any form of travel is sold over the counter to a customer; contracts have to be entered with the providers of various services including transportation companies, hotel accommodation, coaches for local sightseeing etc.

Planning and costing tours: Once the contracts and arrangements are entered into, then the task of planning and costing the tour, this will depend on the tour selected as well as individual requirements.

Ticketing: The computerized reservation system has in recent years revolutionized the reservation system for hotels, railway services and air travel.

Provision of foreign currency and insurance: In case of foreign travel the final task provide foreign currency as well as insurance (Essays, UK, 2018)

2.1.6 Marketing Strategies of Tour Operators

According to Marios Soteriades (2012) identified 4 strategies citing to be the most effective ways to attract tourists in the tourism industry. These are; apply storytelling on your social media posts, Use augmented reality to offer memorable experiences, Create valuable content and optimize your website for SEO, and manage your reviews on rating sites like Trip Advisor.

(Vanessa Rodriguez, 2018) identified 6 marketing strategies for the effective marketing of tourism; Buyer Personas, Goals, Digital KPIs, Website Optimizations, Paid Marketing Guidelines, and Content Creation Calendar.

By far the most widely accepted marketing strategies were identified by (Nicole Kow, 2016) Applying a static marketing strategy for Marketing your tour or activity business have never been easy in an ever evolving industry and it can be tricky as well. Having your business online can give you a head start over your competitors, especially if your destination is up-and-coming.

Whether you are operating in a well-established destination or a developing, your marketing strategies are likely to change too.

With that in mind, here are selected six widely adopted marketing strategies to boost marketing performance of tour operators to attract high end clientele.

2.1.6.1. Partner with other local businesses

Partnering with other businesses (accommodation providers or other tour and activity providers) in your destination can be a great way to market your product and your destination. When tourists visit your area, they view the entire stay, (activities, tours and accommodation) as one entire experience. You can deliver a great overall experience to visitors by bundling your products. It also saves your customers time instead of researching and comparing different individual items that make up a whole trip.

According to Simon Bosshart of Switzerland Tourism, The tourism business environment is driven by SMEs who are not used to working with one another. They need to start working together, bundling their services together and distributing it on one specific channel.

For example: a tourist who is planning to visit the northern historical route of Ethiopia, if TOs will not bundle business services, he or she will have to check Ethiopian airlines domestic flights air fare, juggle between which hotels to choose and which rate to consider acceptable, what resources to bring for his visit and what mode of land transportation are available which make the travel plan discouraging from the start.

If SMEs are not willing to bundle their complementary business, customers end up wasting so much time to find information and comparing products and prices. The process can also be incredibly intimidating. The solution must be to simplify this whole process, for instance creating a "beginner experience" package where different businesses work together. They also need to be prepared to pay a commission to their distributors.

There many suppliers who are B2C driven and think that commission is a waste but you need to do this if you want to reach an overseas market. (Simon Bosshart,)

2.1.6.2. Partnering with out-bound TO agents

Outbound Tour Operators take residents from one country to travel in another country. These tours take travelers all over the world and to every continent by partnering with inbound tour operators distributed globally in tourist destinations.

Inbound Tours involve non-residents traveling in another country. Companies that provide local assistance for tours arriving in their country or town are called Inbound or Receptive Tour Operators.

For inbound tour operators the action of forming partnership with outbound tour operators will create a platform for channeling tourists to your destination like a referral program but which creates a larger reach to every corner of the world for a SME business.

2.1.6.3. Digital marketing

One of the effective digital marketing is focusing on your website content. Tour Operators who have a website, are advised to include a blog and make time for it. It believed to be very effective and is great for SEO and can generate traffic to your website. It also demonstrates insider knowledge about the destination, building credibility among potential customers.

According to (Mitch Meyerson, 2018) to create good content, Tourism companies need these four things:

- I. Extremely targeted content catered to a very specific group of readers.
- II. It contains high-quality visuals like images, screenshots, infographics, or videos.
- III. It's inspiring or triggers the wanderlust in your readers.
4. It's on a site with a clean and professional design.

2.1.6.4. A Tour package with good value for money

According to An Roinn Airgeadais (2011) Best value for money is defined as the combination of cost, quality and sustainability in the most advantageous way to meet customer requirements.

According to (Andrew Hallott, 2013) Although most affluent travelers have no issue in the amount of spending they put on tourism, they still expect good value for money spent. It further shows that most of luxury travelers gives value in spending on experience.

2.1.6.5. Get on directories and listings

People often go to Google, the largest directory ever, when they start planning for an upcoming trip. From there, they move on to Trip Advisor, Expedia, Kayak.com and so on to book and pay for different travel products like accommodation, transport, tours and activities.

This means that TOs need to be where prospect customers are searching for information. This includes claiming your business on internet platforms like; Google, Trip Advisor and Yelp. Create pages on social media accounts like Facebook and Instagram and update them regularly with a simple photo or two will have a greater impact in spanning visibility.

2.1.6.6. Promoting Destination Authenticity

Authenticity is simultaneously the most talked about trend in travel, and the thing tourism marketers are challenged to define. This is because what is authentic to one mean different for another, and it's more about how you feel than something you can define.

The Oxford English Dictionary defines Authentic as ‘Made or done in the traditional or original way, or in a way that faithfully resembles an original:

Do 'original and traditional' really help us understand what is authentic? Perhaps not greatly. Definition that made more sense to authentic in a different context was explained by Sarah Ban Breathnach - *The authentic self is the soul made visible.*

When we understand more about human psychology we learn about the 'protected self' - the barriers we create and use to hide our hopes, fears and insecurities from others. The 'unprotected self' reveals the soul and is authentic. What can we learn from this in tourism? Do the places and people that reveal most of their souls, who act in an unprotected way, appear the most authentic.

For example, the tourism destination that admits a difficult past and tells this shaped its present and future feels more authentic than another tourist board glossing over anything that might tarnish impressions of 'paradise.' A local person who invites you to their home (bed and breakfast, home stay in Cuba or Airbnb) might be letting down their guard a little, and you might expect a more real or authentic experience with greater insights into local ways of life than staying in a chain hotel. (Justin Francis, 2017)

Authenticity in tourism is a component of multiple elements. The destination history, the cultural heritage of the society, the way of interaction of the local people, the local traditional gastronomy, shops that sell local brands & souvenirs, etc. are all components of destination authenticity.

According to a research by Jiménez-Beltrán, López-Guzmán and Santa Cruz (2016) shows that the gastronomic satisfaction or experience of tourists' visit seems to increase much more than compared with the cultural dimension of tourism without gastronomy.

Further to this, according to (Evolution of Souvenirs, 2014) most tourists feel that souvenirs are an important part of the holiday that reminds them the authentic experience they had and prefer to purchase local brands and souvenirs which are authentic themselves.

2.1.7. Tour operating business

A tour operator is a company which negotiates with hotels, transportation companies, and other suppliers, and combines these vacation components into a package tour. This package tour, might a combination of components of a vacation, such as accommodation, transportation, entertainment, site seeing, adventure tour and meals is then sold to the final consumer as a single product and at a single price (Sheldon, 1986).

According to Tourism Notes, Tour operator is an organization, firm or company who buys individual travel components, separately from their suppliers and combines them into a package tour, which is sold with their own price tag to the public directly or through middlemen, is called a Tour Operator. Tour operators are primarily responsible for delivering and performing the services specified in a given package tour. They can provide these services themselves as some have their own cars and coaches, hotels and other travel related services or can obtain these from the other suppliers. That is why they are called manufacturers of tourism products.

Tour Operators enhance and facilitate tight coordination thus reducing the costs of broken coordination in a market exchange. They also facilitate the search for information to tourists, regarding the characteristics of the several services that compose the package tour. TOs' do so by avoiding duplication of search effort by tourists and also by filtering information. This way, it eliminates the possibility of a market failure due to quality uncertainty, and it does so at a lower

transaction cost than the alternative organizational arrangements whereby the tourist deals directly with all sellers through the internet about the goods and services they desire. Tour operators are a critical link in the tourism supply chain and for long haul emerging destinations such as Ethiopia. Tour operators based in source markets are the major driver of business. The link between international tour operators and the ground handlers they use (domestic tour operators) is particularly pertinent for Ethiopia. This feature has put ownership of the tourism product very much in the hands of international tour operators because they have the resources to market effectively in source markets whereas local tour operator firms have the role of supplying marketable tourism product input to the international tour operators (Yemane Reda, 2018).

On the basis of their nature of the business and their operations Tour operators are classified into four types; Inbound Tour Operators, Outbound Tour Operators, Domestic Tour Operators, Ground Operators (Tourism Notes).

I. Inbound Tour Operators

These are also known as incoming tour operators. Technically, the operators who receive guests, clients/tourists and handle arrangements in the host country are called inbound tour operators.

This study focuses on this type of tour operators in this research.

II. Outbound Tour Operators

Tour operator who promote tours for foreign destinations, maybe business tour or leisure tour is called outbound tour operators.

III. Domestic Tour Operators

Domestic tour operators are those who operate within the boundary of the home country and offer package tour to the travelers of natives or locals with domestic inclusive tours or independent tours.

IV. Ground Operators/Destination Management Companies

These are commonly known as handling agencies and their main function is to organize tour arrangements for incoming tourists on the behalf of overseas operators.

2.1.8. Tourism Industry in Ethiopia

Tourism is one of the fast growing sector in the world, and nowadays it has been making its contribution in supporting and accelerating national development for Ethiopia as well. Tourism makes a great input as a source of foreign exchange, promoting micro and small-scale enterprises, creating employment opportunities, and ensuring sustainable development (MoCT, 2009).

Despite to its positive impacts and contrary to the richness in natural and cultural resources Ethiopia has, the industry is not yield the desired benefit when compared with other African countries. The government of Ethiopia have made efforts to stimulate tourism development since its contributions is high and have prioritized the sector among the key developmental activities. Strategic measures like the formulation of Tourism development policy, establishment of Ethiopian Tourism Organization (ETO) and formation of the Tourism Council have been done so far to ensure its sustainable development. Further to this, the role of tour operators in the business of tourism is very central. This is why this study focuses on the application of marketing strategies of Tour Operators for tourism development (MoCT, 2009).

There is no exact day when tour operation was established in Ethiopia except the National Tour Organization (NTO) in 1983. It was during the imperial regime the tourism industry gained a focus in 1963, during that time tour operators which was stationed one in Asmara and the other in Kenya (United touring Company) which was a share company with Ethiopian Airline were the pioneers of tour operating business in Ethiopia. After the fall of imperial regime the state was under the socialism command economy by the dreg regime. Unfortunately, that time was not encouraging for private investment in the country not only for the tourism sector but also for any private enterprise. This was the reason for National Tour Organization monopoly domination of the tourism business during the time until the fall of Derg regime (MoCT archive).

At present, the number of tour operating and travel firms with accreditation and license reached 467 in the country (MoCT archive and documentation). The vast majority of these firms are concentrated in Addis Ababa, Ethiopia. Tour operating firms play an important role in the tourism sector of Ethiopia by providing tour packages (hotel services, accommodation services, transportation, safari tours, adventure tours, and etc.), mainly to international clientele (Yemane Reda, 2018).

2.2. Empirical Evidence

In this part prior studies related to the research topic are presented. A total of 14 studies, out of which, 5 local and 9 international studies on the thesis subject have been reviewed and their summaries are presented:

2.2.1. Empirical Studies

The first paper studied mainly focused on e-marketing for tourism business development. The purpose of the study was to measure the e-marketing mix dimensions and tourism business firm's performance in Ethiopia. The research by Yemane Reda, (2018) employed e-marketing mix model (EMM). The research findings concludes that, in social media usage by Tour Operators, Facebook tops the list. In method of communication with clienteles, the majority of Tour Operators use email followed by website and telephone. The most effective method of communication with clientele proved to be Website followed by word of mouth and suggestion of clients.

A research paper by Mahlet Seleshi, (2011) studied 40 different tour operators in Ethiopia and evaluated their capability in satisfying tourist needs and meets their expectations. The finding showed that the tour operators were vertically integrated, had low branch distributions in tourist attraction sites, and employed a few promotional media .They were characterized by lack of skilled man power and appropriate infrastructures which made it difficult for tour operators to satisfy tourists' needs.

There was another thesis done by Cheramlak Lemma, 2014 on Marketing Ethiopia as an International Tourist Destination. Study recognizes the importance of both sides and the need of addressing demand and supply side perspective. Findings of the study shows that destination as a marketing product is satisfactory with many of the international tourists perceived Ethiopia as a

country with rich cultural heritage, inexpensive destination, attractive tourist landmarks, and great hospitality to tourists, quality deluxe hotels and well-developed tourist facilities.

The other local study was conducted by Seid Yesuf (2014). The paper investigated the image of Ethiopia as a tourist destination from the perspective of top five tourist generating countries namely USA, UK, German, Italy and France. It used structured and unstructured questioners and presented the study's outcome. The findings indicated that the tourists had positive feelings towards Ethiopia.

A further study was made on a thesis titled, International Tourism Marketing - Promoting BRC Budget Car Rental and Tour, Ethiopia by Tutu Jauhojärvi, 2011. This was a study made on a specific company on BRC Budget Car Rental and Tour Company. After the company participated on six travel trade fair and shows overseas, the study focused on evaluating the effectiveness of international tourism marketing of Ethiopia. Accordingly, findings of the study showed that, most of the outbound tour operators participated on the trade fairs had never heard of Ethiopia, had never seen any marketing materials about Ethiopian tourism and have never been contacted by inbound tour operators from Ethiopia which shows the gap that have to be filled in working how to market the destination. Additional concern from most respondent was the fact that the tour packages presented during the shows looked like they were designed with many activities and no breaks in between. It was suggested that easier packages could be organized.

There was a study conducted by Erick Abdiel Kaaya (2014), a thesis on Assessment of Marketing Strategies that Tour Operators Use for Marketing and Promotion of Tanzania Tourism. The thesis identified 18 marketing strategies as independent variables and 7 marketing supportive variables as a channel to explain the impact on the dependent variable which is Tourism product & Services or Tourism development. The study was conducted with the application of multiple regression model. Data analysis result of the research shows that the 4 most applied marketing strategies are; online marketing, brochures/ flyers/ business cards, social media and relationship marketing respectively.

A study on Influence of Marketing Strategies on Performance of Cultural Heritage Tourism in Kenya made by Philip Omondi Abiero, Dr. Vitalis Mogwambo, Prof. Maria Onyango (2017) revealed that; Cultural Heritage sites in Western Kenya region had not done adequate Strategic Marketing for their products. In regard to Non-traditional Marketing Strategies like; social media and Emails were occasionally or never ever used and the present study findings established that their usage was extremely low compared to Traditional Marketing Strategies like; signage, brochures and referrals.

There was a study reviewed from Russia, by Tatiana Ksenofontova (2013) titled “Promotion of Luxury Tourism Services in Russia”. The research was conducted for a Canadian travel agency named Renshaw Travel which is specializing in custom and luxury tourism as the company was planning to enter to Russia as a new market. The study was a descriptive research conducted in six Russian cities in which the respondents were a selected high-end Russian travelers. Findings of the research shows that the segment of luxury travelers is small-scale as the percentage of people spending more than 4000 dollars per trip in Russia is only about 3%. Further finding of the study shows that Russian luxury travelers use the services of Travel & Tour Operating Agencies only when they are having adventures trips to exotic and untapped destinations.

There was a study reviewed on Analysis of the Relationship between Tourism and Food Culture. The research by Jiménez-Beltrán, López-Guzmán and Santa Cruz (2016) was conducted on the city of Córdoba, Spain to broaden knowledge on gastronomic impact on the city’s tourism. Study was conducted using questionnaire surveys in selected places usually visited by tourists and the selection of dishes and of its cuisine. A total of 446 filled questionnaires were obtained for the study. Findings of the research reveal that, even though overall valuation of cultural dimensions of tourism is very high, the gastronomic satisfaction or experience of tourists’ visit seems to increase much more than compared with the cultural dimension of tourism without gastronomy.

Regarding the pricing strategy of Tour Operators, there was a study conducted by Andrew Hallott (2013) titled “The future potential for developing luxury tourism and hospitality in Lapland”. The study was a qualitative research conducted on Tour Operators and other service providers. Study was conducted in Lapland, Finland and 150 Questionnaires were disseminated with a very low almost 25% response rate. Findings of the research reveal that although most

affluent travelers have no issue in the amount of spending they put on tourism, they still expect good value for money spent. It further shows that most of luxury travelers gives value in spending on experience than shopping of goods or items.

According to a study titled “Evolution of Souvenirs (2014)” which explored the development of souvenirs over time, 70 per cent of respondents feel that souvenirs are an important part of the holiday experience, and only 20 per cent of travelers return home empty handed. Buying souvenirs for family members shown to be the top priority with an average spend of US\$30 per gift and with outmost priority for partners. Buying gifts for co-workers fell lower on the list with an average budget set aside for colleagues at US\$13.

Kadhim (2016) employed the marketing mix model in assessing the satisfaction of tourists in Malaysia. This empirical study on tourism industry collected data from 123 tourism firms and found out that there had been significant positive relationship of the seven marketing mix elements with that of tourist satisfaction.

A study by Shaharam Gilanini (2015) also used marketing mix elements to find out their impact on tourism development in Iran. The study showed that among seven components of the marketing mix elements in the tourism industry, components of product, price, promotion, people and process affected development of tourism industry in Gilan.

2.2.2. Conceptual Model

The marketing mix element mainly includes Product, price, promotion and Place (Kotler & Bowen, 2013). Process, people and physical evidence are also identified as elements of marketing mix in addition to four elements discussed earlier whenever the discussion is about services as a product. These 7Ps of marketing mix have been considered to have significant impact on marketing for firms for attaining tourism success (Borden, 1984).

The research model proposed for this study contains 5 selected marketing elements of Product, Price, Place, Promotion and Process as marketing strategies which are independent variables. On the other hand Tour operator’s luxury tourism business performance is the dependent variable.

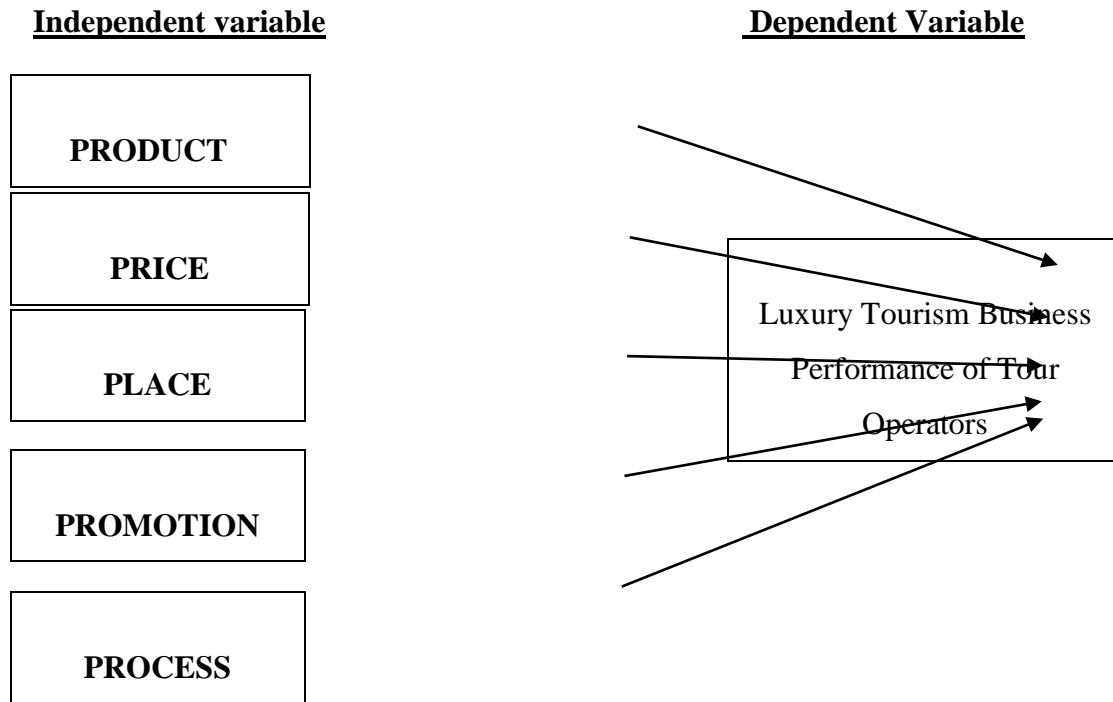


Figure 2 1: Conceptual model framework. The above model is adopted from Kaaya (2014)

2.2.3 Hypotheses of Study

Based on the model selected for this study, the following Hypotheses were formulated:

Here HO represents Null Hypothesis and HA represents Alternative Hypothesis.

Hypothesis 1:-

H01: There is no positive and significant relationship between **Product** and Attainment of luxury travelers by Tour Operators.

Hypothesis 2:-

H02: There is no positive and significant relationship between **Price** and Attainment of luxury travelers by Tour Operators

Hypothesis 3:-

H03: There is no positive and significant relationship between **Place** and Attainment of luxury travelers by Tour Operators

Hypothesis 4:-

H04: There is no positive and significant relationship between **Promotion** and Attainment of luxury travelers by Tour Operators

Hypothesis 5:-

H05: There is no positive and significant relationship between **Process** and Attainment of luxury travelers by Tour Operators

$$LTBP = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$$

Where, LTBP = Luxury Tourism Business performance of Tour Operators

X1 = Product

X2 = Price

X3 = Place

X4 = Promotion

X5 = Process

And α is constant and β_1 , β_2 , β_3 , β_4 and β_5 are coefficient to estimate, and e is the error term.

CHAPTER THREE

RESEARCH APPROACH, DESIGN AND METHOD

3. Introduction

This chapter presents the process followed to conduct this research so as to achieve the outlined objectives. It explains the research approach, methods, and design and data collection techniques. The statistical method used to analyze the data is also presented in this section.

3.1 Research approach

There are three approaches that commonly used for research. They are quantitative, qualitative and mixed methods (Creswell, 2003). Quantitative research approach is based on measurement of quantity or amount in order to increase the ability to draw conclusions. On the other hand, qualitative approach is concerned with subjective assessment of attitudes, opinions and behavior (Kothari, 2004). Mixed approach uses the combination of both approaches. This study will apply quantitative research approach.

In this study, quantitative research method is implemented to measure to what extent non-traditional marketing strategies which are part of marketing mix elements are applied and their relative impact on attracting luxury travelers to Ethiopia. Survey having 40 questions is formulated, distributed and after responses were collected and analyzed, interpretation of the data is made using descriptive and inferential statistics. Secondary source data are also presented and analyzed.

3.2. Research design

The study is designed to confirm the hypothesis based on a theory that marketing mix elements of marketing strategies have a direct relationship for luxury tourism business performance of Tour Operators. The study applied explanatory approach with the help of data analysis in order to assess result of hypothesis. For the purpose of analysis, a prior testing of the relationship between the variables, reliability tests and regression analysis is conducted using SPSS tool version 24.0.

3.3. Data source and instruments of data collection

The research study applied both primary and secondary data as source of information to meet the research objective.

3.3.1 Primary Data Collection

The primary data will be collected by using survey questionnaires from industry professionals who are engaged in Tour Operating business. The survey questions were adopted from the works of Kaaya (2014) and Melese (2017), and they were modified to fit to this research context. The questionnaires were distributed in English which is widely applied work language in the industry. In the questionnaires survey, closed ended questions were used to gather data from the sample respondents and responded data were carefully recorded and analyzed using SPSS tool version 24.0.

The survey has questions related to demographic details, application level of marketing strategies, and marketing mix elements ratings. The respondents were asked to express their reactions to the statements on the survey with a Used or Not Used questions for the second part i.e. application of identified marketing strategies. For part three of the survey questions which are marketing mix elements questions, Likert scale numbers, Strongly agree (5), agree (4), neutral (3), disagree (2), strongly disagree (1) have been applied.

3.3.2 Secondary data

Recent data obtained from the Ministry of Culture and Tourism, Ethiopian Tourism Organization, World Economic Forum, WTTC, World Bank, UNWTO and UNESCO is used for analysis. This is supplemented by empirical data collected from previous studies, and different references related to the subject published in the form of books, website publications and journals.

3.4. Population, Sampling Technique and Sample Size

3.4.1 Population

The population to be studied in this research is finite and defined. The updated report of MoCT (2020) showing the total number of Tour Operators engaged in the tourism business are currently standing at 467 firms.

3.4.2 Sampling Technique

The need for sampling is evident because the defined size of the population is large and studying the entire population will be costly, time consuming and non-practical to this study. Further to this, the research conducted is segmented on those Tour Operating firms who have high-end clientele travelers. Accordingly, a purposive sampling method was employed. Purposive sampling also known as judgment, selective or subjective sampling is a sampling technique in which the researcher relies on own judgment and knowledge when choosing members of population to participate in the study.

3.4.3 Sample Size

Using purposive sampling technique a total of 74 Tour operators who are working with high-end travelers have been selected by using prior industry knowledge and with a data source form MoCT & ETO.

3.5 Data Analysis Technique

According to Yogash k.s (2006) the analysis of data serves the following main functions: To make the raw data meaningful, to test null hypothesis, to obtain the significant results, to draw some inferences or make generalization, and to estimate parameters.

In order to address the research objectives, the following data analysis technique were used.

Cronbach Alpha - to measure strength of the correlation and coherence between questionnaire items,

Arithmetic Mean - to identify the level of response of the study sample individuals to the study variables.

Standard Deviation - to measure the responses spacing degree about Arithmetic Mean.

ANOVA - In order to show if there exists significant difference in using the variables multi-way Anova test was performed.

Correlation – to identify the existence and degree of relationship between dependent and independent variables and any two independent variables.

Multiple Regression analysis -to Measure the impact of study variables and Relative importance.

3.6 Reliability and validity

Reliability and validity jointly called the “psychometric properties” of measurement scale are the yardsticks against which the adequacy and accuracy of our measurement procedures are evaluated in scientific research (Bhattacharjee, 2012).

Validity

All the survey questionnaire items in this study are valid and reliable. The content validity of the items in this study was reviewed by advisor and further review was made by industry professional. According to comments received, adjustment and revision were made to make questionnaire better for the research.

Reliability of the Data

Table 3 1: Reliability Statistics for general instrument

Reliability Statistics	
Cronbach's Alpha	N of Items
0.810	18

Source; SPSS Survey Output (2020)

Reliability, which relates to the dependability and consistency of measuring instruments, is another important consideration in scientific investigation. In this regard, the study used the Cronbach`s alpha coefficient, which is one of the tests used to check for reliability of an instrument to relay on the outcome of the instrument applied. According to Mugenda and Mugenda (2003) reliability is the ability of a research instrument to produce consistent results after repeated trials. The researcher conducted reliability test to make sure the instrument used in the study is reliable. The Cronbach`s alpha for the general instrument is found to be 0.810 which

is more than the acceptable range 7.0. Table 3.1 summarizes the reliability test of research instrument which was done on the actual study.

From the findings on the table above, the Cronbach's Alpha co-efficient was used as a measurement parameter such that in the main survey, all the items included in the questionnaire were reliable. The acceptable Alpha value that meets the statistical prerequisite for the instrument to be characterized as reliable should be 0.70 and above (Travakol & Dennick, 2011). The Alpha score for the questionnaires fell within the given range and as a result the researcher found the instrument suitable for conducting data analysis. This implies that the assessment tools used was capable of producing stable and consistent results.

3.7 Ethical Consideration

The research with the title "Marketing Strategies of Tour Operators for Luxury Tourism Performance" was conducted by taking all ethical issues of a research into consideration. The main reasons behind taking ethical norms in this research are:

First to promote the aim of research such as knowledge, truth, and avoidance of error.

Second, since research often involves a great deal of cooperation and coordination of tour operators to provide the intended data of the establishment. Many of these ethical standards promote the values that are essential to collaborative work, such as trust, accountability, mutual respect, and, fairness. In general to get ethical acceptance, the following task were conducted during the study.

Organizational approval

A written letter that explains the research idea was briefed to the tour operators. The researcher obtained approval prior to any research activity at the specified tour and travel operators.

Informed consent

The cover letter explains the purpose of the questionnaire and the right to accept or refuse to participate in the research activities was given to the respondents of this study. As well as explained the purpose of the study and for what purpose the study is conducted.

Voluntary participation and harmlessness

Subjects in a research project must be aware that their participation in the study is voluntary, that they have the freedom to withdraw from the study at any time without any unfavorable consequences, and they are not harmed as a result of their participation or non-participation in the thesis.

Anonymity and confidentiality

To protect subjects` interests and future well-being, their identity must be protected in a scientific study. Anonymity implies that the researcher or reader of the final research report cannot identify a given response with a specific respondent.

Confidentiality

The researcher can identify a person`s responses, but promises not to reveal that person`s identity in any form of report, paper, or public forum.

Disclosure

Usually, the researcher has an obligation to provide some information about his/her study to potential subjects before data collection to help him/her decide whether or not they wish to participate in the study. For instance, who is conducting the study, for what purpose, what outcomes are expected, and who will benefit from the results. Guided by this ethical principle, the researcher attempted to disclose about the content and purpose of the study. Moreover, the benefit of the research after finalization is going to be disclosed to selected respondents.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4. Introduction

This chapter presents data analysis of the sample survey with quantitative data collected from the primary source. A statistical analysis using SPSS 24 was employed to analyze the responses of the sampled respondents in order to assess the effect of marketing strategies on the tourism performance of tour operators in luxury tourism.

The first section discusses the demographic analysis of the survey respondents. The second section shows the marketing strategies tour operators concentrate for marketing and the relative efficiency of these strategies. Finally, analysis regarding the independent variables for luxury tourism performance of Tour Operators will be discussed.

The study employed descriptive analysis using frequency, and inferential analysis employing correlation and regression as well as study model test and hypothesis testing were also conducted.

4.1 Demographic Analysis of Survey Respondents

The survey questions were adopted partially from the works of Abdiel (2014) written on a study in Tanzania on related topic as this research. Questions were modified to fit the current research context. The survey was conducted for a period a little less than a month in May 2020. With an expectation of 10% non-return or wrongly filled responses, 77 questioners were distributed. Due to the current COVID-19 crisis which forced our society for physical distancing, Questionnaire is converted into Google Form and all the questionnaires was distributed with a website link <https://forms.gle/kR8gzJxYpWBdAYgs5> via internet or social media platform. Out of the 77 distributed questionnaire, 70 questioners (90.90%) were returned. Among those returned, 7 questioners (10%) were not correctly filled and rejected. The final number of questioners accepted was 63 and they were used for the analysis. And the correct response rate is 90%.

The questioner had three parts. The first part was dedicated to demographic details like, Gender, Age, Occupation, Educational level, Name of Institution and the number of employees in the organization. The second part covered the marketing strategies.

It mainly focused on, out of the 8 listed marketing strategies which of those have been applied by the respondent and the three prioritized marketing strategies out of the applied. The final part was about the relationship between dependent and independent variables which are the subject of inferential statistics.

Table 4 1: Demographic data

Demographic	Sub Category	Frequency	Percentage
Gender	Male	44	69.8%
	Female	19	30.2%
	Total	63	100%
Age	18 – 35	15	23.8%
	36 – 45	39	61.9%
	46 – 55	9	14.3%
	56 – 65	0	0
	66 and more	0	0
	Total	63	100%
Occupation	Owner	5	7.9%
	General Manager	11	17.5%
	Owner – Manager	32	50.8%
	Marketing Manager	7	11.1%
	Other	8	12.7%
	Total	63	100%
Educational level	High school & below	0	0
	Diploma	4	6.3%
	Bachelor’s	41	65.1%
	Graduate Studies	18	28.6%
	Total	63	100%
Number of Employees	1 – 5	37	58.7%
	6 – 10	16	25.4%
	11 – 20	7	11.1%
	21 and more	3	4.8%
	Total	63	100%

Source; Filled result collection link from google form

Gender of Respondents

According to Table 4.1., the ownership and management of Tour Operating business is dominated by males, comprising 70% of respondents. In terms of age category of respondents, it shows the industry is dominated by young to middle adulthood people comprising 62% of them in the age range of 36 – 45. Further to this, there are zero old age respondents, showing that the industry is suited with young and middle age entrepreneurs.

Occupation of Respondents

When we see the occupation side of respondents, majority of the respondents are Owner-Managers which is close to 51% and this is considered as a more valuable input for this research. This is because this people are engaged in both owning and executing operation of the business and are expected to provide an outmost reliability response.

Educational level of Respondents

When we evaluate the academic educational level of respondents, we can witness that there are no respondents with academic education level of high school or below and majority of respondents are having bachelor's degree (65%) followed by those having Master's degree (28%). When we combine this educational level data with occupation of the respondents which shows the majority are owner-managers, we can conclude that the industry is having a fair share of intellectual entrepreneurs.

Number of Employees in Surveyed Tour Operating firms

When it comes to the number of employees that these Tour Operator firms of respondents are housing, 84% of them are having between 1 to 10 employees. This shows even the well to do Ethiopia's tour operating firms are small scale enterprises.

Number of Employees in the Organization:

63 responses

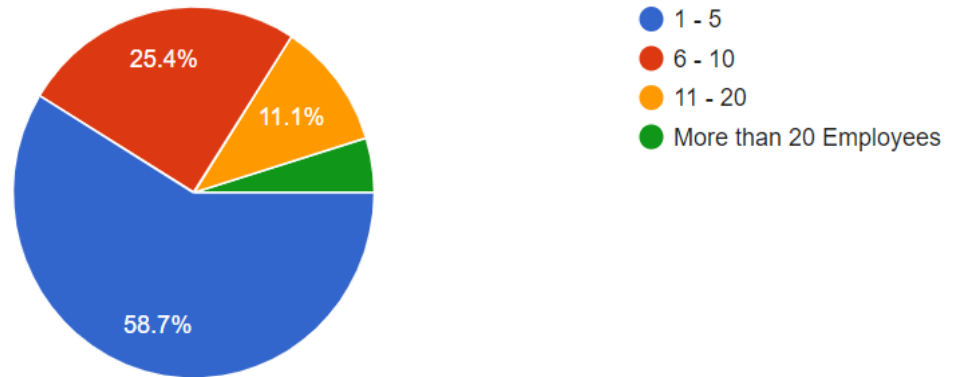


Figure 4 1: Employee sizes of Tour Operators

Source; Filled result collection link from google form

4.2 Evaluating the Application of Marketing Strategy

In relation to the research objective, to evaluate the level of application of marketing strategies tour operators use, the following table 4.2 below presents the frequency analysis with findings;

Table 4 2: level of application of marketing strategies

Marketing Strategies	USED	Percentage	Not USED	Percentage	Total percentage
Promoting tourism destination authenticity	58	92%	5	8%	100%
Promoting Ethiopian traditional foods for gastronomy experience	32	51%	31	49%	100%
Shopping exclusive or unique local brands included in the tour package	25	40%	38	60%	100%
Tour packages well worth for the money spent	60	95%	3	5%	100%
Partnering with overseas out-bound Tour Operators	61	97%	2	3%	100%
Getting on directories and listings of online travel agencies	40	63%	23	37%	100%
Website marketing	41	65%	22	35%	100%
Partnering with other local business	58	92%	5	8%	100%

Source; Filled result collection link from google form

The evaluation of marketing strategies by tour operators which are tailored for enticing luxury travelers according to Carmen Caballero (2019) for marketing Ethiopian tourism is as follows.

The findings revealed that, the 4 most applied marketing strategies respectively are;

- Partnering with overseas out-bound Tour Operators (97%)
- Tour packages well worth for the money spent (95%)
- Promoting tourism destination authenticity (92%)
- Partnering with other local business (92%)

And the 4 least applied marketing strategies in ascending order are;

- Shopping exclusive or unique local brands included in the tour package (40%)
- Promoting Ethiopian traditional foods for gastronomy experience (51%)
- Getting on directories and listings of online travel agencies (63%)
- Website marketing (65%)

Efficient Marketing Strategies

Respondents (Tour Operators) were analyzed to identify in three priority level the most efficient marketing strategy out of these 8 strategies the research conducted. Accordingly, findings of the most preferred efficient strategy in priority 1, 2 & 3 are identified below in table 4.3.

Table 4 3: Efficiency of marketing strategy

Priority level	Marketing Strategy	Frequency	Percentage	Cumulative percentage
Priority 1	Partnering with overseas out-bound Tour Operators	23	37%	72%
	Promoting tourism destination authenticity	22	35%	
Priority 2	Partnering with overseas out-bound Tour Operators	19	30%	59%
	Tour packages well worth for the money spent	18	29%	
Priority 3	Tour packages well worth for the money spent	23	37%	67%
	Promoting tourism destination authenticity	19	30%	

Source; Filled result collection link from google form

According to table 4.3., the following three marketing strategies out of the eight have been identified to be the most effective in the attainment of luxury tourism in Ethiopia;

- Partnering with overseas out-bound Tour Operators
- Promoting tourism destination authenticity
- Tour packages well worth for the money spent

Only these three has been mentioned overall twice in all the three priorities by tour operators being termed as efficient in enticing luxury travelers for the Ethiopian tourism market.

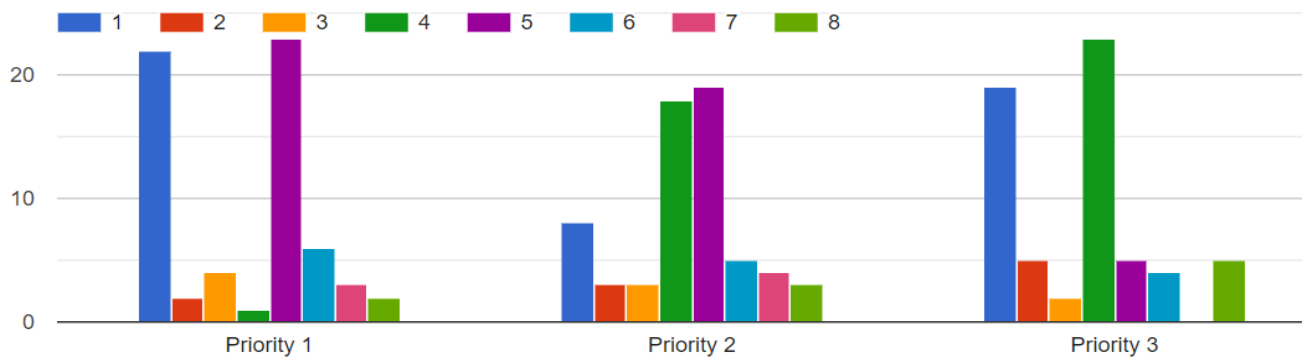


Figure 4 2: Priority levels of marketing strategies by Tour Operators

Source; Filled result collection link from google form

Keys: respective marketing strategies of the bar colors;

- Promoting tourism destination authenticity
- Promoting Ethiopian traditional foods for gastronomy experience
- Shopping exclusive or unique local brands included in the tour package
- Tour packages well worth for the money spent
- Partnering with overseas out-bound Tour Operators
- Getting on directories and listings of online travel agencies
- Website marketing
- Partnering with other local business

4.3 Descriptive Analysis of the Variables

In order to explore the existence and importance of every sub variable of the main variables according to the response of the respondent means, and standard deviations for the independent variables (Product, Price, Place, Promotion and Process) were calculated. But, while making interpretation of the results of mean and standard deviation the scales were reassigned as follows to make the interpretation easy and clear (Al-Sayaad, Rabea, & Samrah, 2006). As cited by (Lemma, 2019).

Table 4 4: Five Scaled Likert Criterion

No.	Mean Range	Response Position
1	1 to 1.80	Strongly disagree
2	1.8 to 2.6	Disagree
3	2.6 to 3.4	Neutral
4	3.4 to 4.20	Agree
5	4.2 to 5.00	Strongly Agree

Source: Al-Sayaad et al. (2006, as cited by Bassam, 2013).

4.3.1 Descriptive statistics for Product

In Tourism, product is a complex combination of elements and cannot be pointed out as a single element. Even though the main component of product is destination, experiencing of destination site local culture, history, the local gastronomy culinary experience, shopping of local unique cultural brands, souvenirs, and the overall experience make up the luxury tourist product concept. Most luxury travelers seek authentic and out-of-the-ordinary experiences of these product when they travel

The study sought to find out the extent to which products/destination influences the business performance of tour and travel companies. Since making up the authenticity and uniqueness of destination is particularly influential for the travel business in terms of bringing more luxury travelers for tour operators, here below a brief description is provided regarding the tools considered for investigation on this research.

Table 4 5: Descriptive statistics on Product. Source

Product variable questions	N	Freque ncy	Percent	Mean		St. Dev
Ethiopian destinations is authentic in culture, history, the local people, etc. for attracting luxury tourism business	63			4.06		0.982
Strongly disagree		4	6.3%			
Disagree		1	1.6%			
Neutral		1	1.6%			
Agree		38	60.3%			
Strongly agree		19	30.2%			
Ethiopian destinations have rich cultural culinary that is very authentic that can attract affluent travelers for best experience	63			3.94		0.535
Strongly disagree		0	0%			
Disagree		2	3.2%			
Neutral		5	7.9%			
Agree		51	81%			
Strongly agree		5	7.9%			
Ethiopian destinations is rich in shops that avails unique local brands & souvenirs suited for affluent tourists shopping experience	63			3.16		0.846
Strongly disagree		0	0%			
Disagree		17	27%			
Neutral		20	31.7%			
Agree		25	39.7%			
Strongly agree		1	1.6%			

Source; SPSS Survey Output (2020)

Looking at the product attributes as a marketing strategy by tour operator’s for luxury tourism performance, as outlined in the table 4.8 above, it is evident that all the three attributes of destination authenticity, local gastronomy experience and shopping of local brands & souvenirs have important contribution. The respondents consider all products attributes to affect luxury tourism performance to a good extent. Particularly, authenticity of destination in culture, history & the local people is considered to affect sales performance to a great extent, with a mean score of 4.06.

4.3.2 Descriptive statistics for Price

Pricing in tourism is a multifaceted package which includes the prices of other services like Air travel, Bus, Railways, Hotels, etc. of which all will be included in tourism package.

According to luxury travel designers and consultants, the affluent travelers would spend USD 4000 for a single travel journey per person the minimum but still there is really not a defined budget for any luxury trip, it basically depends on what the client looks for and high end guests require a more tailored approach as their decision criteria are driven more by unique experiences and the value they place on worthiness of tour package, rather than the most competitive price.

Table 4 6: Descriptive statistics on Price

Price variable questions	N	Frequency	Percent	Mean	St. Dev
Does the firm apply premium pricing strategy for affluent travelers?	63			3.65	0.826
Strongly disagree		0	0%		
Disagree		5	7.8%		
Neutral		21	33.3%		
Agree		28	44.4%		
Strongly agree		9	14.3%		
Price package of tours, Tour Operators design are well worth for the money spent on with a good money for value pricing	63			4.27	0.515
Strongly disagree		0	0%		
Disagree		0	0%		
Neutral		2	3.2%		
Agree		42	66.7%		
Strongly agree		19	30.2%		

Source; SPSS Survey Output (2020)

As you can see from table 4.8 about the price variable as a marketing strategy by tour operators for luxury tourism performance, the respondents consider having a price package of well worth for the money spent to affect luxury tourism performance to a good extent with a mean score of 4.27 and further 97% of the respondents agree on it as well.

4.3.3. Descriptive statistics for Place

Place is business channel of distribution strategies for Tourism marketing. As the tourism main product “Destination” is fixed element with no nature of mobility, the target of distribution place

in tourism is to extend the number of points of sales or access in away places from the location at which services are performed or delivered.

Luxury tourism industry requires ease of convenience channels to reach the affluent tourists. Luxury travelers prefer to stick to their smart phones, tablets or computers and be a click away to interact with tourism business providers. Further to this, they prefer well known, trusted if possible home grown channels for addressing their needs. This is why the internet has become an ever-growing channel for business in the tourism industry. This study sought to find out the extent to which these place of distribution influences the business performance of tour operators in luxury tourism.

Table 4 7: Descriptive statistics on Place

Place variable questions	N	Frequency	Percent	Mean	St. Dev
Luxury travelers source channel for our company is through our partnership with overseas tour agents who sell our tour packages	63			4.29	0.455
Strongly disagree		-	0%		
Disagree		-	0%		
Neutral		-	0%		
Agree		45	71.4%		
Strongly agree		18	28.6%		
The source channel of luxury travelers for our company is through the directories and listings of online travel agencies such as; Booking.com, Expedia.com, Kayak.com, etc.	63			3.06	1.23
Strongly disagree		2	3.2%		
Disagree		28	44.4%		
Neutral		8	12.7%		
Agree		14	22.2%		
Strongly agree		11	17.5%		
Luxury tourists source channel for the firm is company's Website	63			3.86	0.759
Strongly disagree		0	0%		
Disagree		5	7.9%		
Neutral		8	12.7%		
Agree		41	65.1%		
Strongly agree		9	14.3%		

Source; SPSS Survey Output (2020)

Table 4.10 shows the mean score and standard deviation for place of distribution marketing strategy. As we can see the partnership with outbound tour operators and tour operators own websites are good distribution channel places where the majority of respondents agreed to receive business from with a mean score of 4.29 and 3.86 respectively. While using the directories and listings of OTA (online travel agency) is relatively low in application as a strategy.

4.3.4 Descriptive statistics for Promotion

According to Dr. Jerome Balderomo Tourism promotion means stimulating sales through the dissemination of information. It means trying to encourage actual and potential customers to travel. (Balderomo, 2013). The various dimensions of tourism promotion are: Advertising, Publicity, sales promotion, Word-of-Mouth, Personal Selling, Telemarketing and Exhibition.

As mentioned earlier luxury travelers prefers ease of convenience in interaction and mostly prefer to stick to their smart phones, tablets or computers for communication with tourism business providers. According to Beauloye (2017) most affluent travelers research, plan and book their trips online, and digital inspires affluent tourists to explore new locations and experience different types of vacations. Social media and user-generated content are an essential part of marketing to the modern affluent travelers. Accordingly this study focused on website & social media digital marketing which is a subset of advertisement in promotion and pursued to discover the extent to which these promotion variables influences the business performance of tour operators in luxury tourism.

Table 4 8: Descriptive statistics on Promotion

Promotion variable questions	N	Frequency	Percent	Mean	St. Dev
Company's website & social media have quality content with consistent update that can attract high-end tourists	63			3.60	0.959
Strongly disagree		0	0%		
Disagree		14	22.2%		
Neutral		4	6.3%		
Agree		38	60.3%		
Strongly agree	7	11.1%			
Company's website & social media have story telling content about destinations history, culture, etc.	63			3.08	1.021
Strongly disagree		0	0%		
Disagree		25	39.7%		
Neutral		13	20.6%		
Agree		20	31.9%		
Strongly agree	5	7.9%			
The company promotes authenticity of destination in website & social media marketing	63			3.54	0.930
Strongly disagree		0	0%		
Disagree		13	20.6%		
Neutral		9	14.3%		
Agree		35	55.6%		
Strongly agree	6	9.5%			
The company promotes local culinary of destination via its website & social media marketing	63			2.83	1.100
Strongly disagree		0	0%		
Disagree		39	61.9%		
Neutral		1	1.6%		
Agree		18	28.6%		
Strongly agree	5	7.9%			
Company promotes renowned local souvenirs that high-end tourists can buy via its website & social media marketing	63			2.78	1.099
Strongly disagree		0	0%		
Disagree		41	65.1%		
Neutral		0	0%		
Agree		17	27%		
Strongly agree	5	7.9%			

Source; SPSS Survey Output (2020)

Table 4.11 above shows, promotion specifically digital marketing strategy in website and social media advertisement by tour operators for attainment of luxury tourism business. As it can be seen, quality content of website and promoting destination authenticity in website & social media platforms shows higher mean result with a score of 3.60 & 3.54 respectively. All the other variable questions; advertising local culinary, storytelling and advertising local brand & souvenirs shopping variable questions are witnessed to have relatively lower mean scores that lays between neutral to agree Likert scale. Especially the advertisement of local culinary experience and shopping of local brands & souvenirs have the lowest score of 2.83 & 2.78 respectively. Overall results can be said that the promotion marketing strategy using website and social media is low.

4.3.5 Descriptive statistics for Process

Process refers to the flow of activities or mechanism that take place when there is an interaction between the customers and the businesses (Hitesh Bhasin, 2019). The Process mix of tourism includes activities like; provision of travel of information, preparation of itineraries, liaison with hotel, car, flight service providers, planning & costing tours, etc.

Most luxury travelers choose the most exclusive cabins and luxurious hotels when they travel. Luxury travel is related to avoiding stress in traveling, no rush & routines, be taken care of, enjoying unique and enriching experiences in comfort and style. Hence, comfort, convenience & luxury, in hotels, flights, cars & other mode of transport is a priority for reaching and returning tourist site destination. Survey focused on mode of transport & accommodation is conducted to discover the extent to which process influences the business performance of tour operators in luxury tourism.

Table 4 9: Descriptive statistics on Promotion

Process variable questions	N	Frequency	Percent	Mean	St. Dev
High-end travelers decide to visit destination because of availability of luxury hotels in destinations and/ or transfers points	63			3.87	0.582
Strongly disagree		0	0%		
Disagree		5	9.5%		
Neutral		0	0%		
Agree		56	88.9%		
Strongly agree		2	3.2%		
High-end travelers decide to visit destination because of availability of flights to tourist destination sites	63			4.22	0.552
Strongly disagree		0	0%		
Disagree		0	0%		
Neutral		4	6.3%		
Agree		41	65.1%		
Strongly agree		18	28.6%		
High-end tourists decide to visit destination because of availability of luxury & comfortable cars to travel to tourist site areas	63			2.51	0.801
Strongly disagree		0	0%		
Disagree		43	68.3%		
Neutral		8	12.7%		
Agree		12	19%		
Strongly agree		0	0%		
Affluent travelers tour program incorporates the local culture culinary experience	63			2.59	0.994
Strongly disagree		0	0%		
Disagree		45	71.1%		
Neutral		3	4.8%		
Agree		11	17.5%		
Strongly agree		4	6.3%		
Affluent traveler’s tour programs incorporates shopping of unique local brands & souvenirs guiding them to best shopping experience.	63			3.19	1.060
Strongly disagree		0	0%		
Disagree		26	41.3%		
Neutral		3	4.8%		
Agree		30	47.6%		
Strongly agree		4	6.3%		

Source; SPSS Survey Output (2020)

From Table 4.12, in reference to the mean, most respondents agreed that the travel process of air flights and hotel accommodation somewhat have the potential to entice luxury tourism with a

mean score of 3.87 and 4.22 respectively. On another note, when it comes to travel process by vehicles and incorporating cultural food experience in tour packages, respondents agreed the industry is not suited in availing what luxury travelers requires with a low mean score of 2.51 for transportation and not incorporating culinary experience with a mean score of 2.59. Overall, it can be witnessed that the travel process of Ethiopian tourism score is moderate to low and is in question to address the needs of luxury travelers.

4.3.6 Descriptive Statistics for Business Performance

TABLE 4 10: DESCRIPTIVE STATISTICS ON BUSINESS PERFORMANCE

Luxury Tourism Business Performance Indicators	N	Mean	St. Dev
The company business have a good market share of luxury tourists	63	2.79	1.050
The company is doing adequate marketing strategies to attract luxury travelers	63	3.29	0.792
Luxury travelers are satisfied with products, services & process the company offering	63	3.81	0.564
Ethiopian tourism have a good potential for luxury travelers	63	4.03	0.400
Ethiopian Tourism infrastructure can satisfy the tourism needs of luxury travelers	63	2.25	0.761

Source; SPSS Survey Output (2020)

According to the findings of table 4.13, the only two highest mean score we witness are for Tour Operators believing that Ethiopia has a good potential for luxury tourism and affluent travelers satisfaction level. This two variables questions have a mean score of 4.03 and 3.81 respectively. The somewhat good mean score for Tour Operators believing they are applying adequate marketing strategy could be attributed for the purposive sampling of respondents in which Tour Operators that are well performing and having affluent travelers are selected for the study.

When we review the market share, all Tour Operators agreed they have a low market share for the luxury tourism segment with a mean score of 2.79 even though there seems to be opinion difference in respondents with a standard deviation of 1.050. When we see the infrastructure potential of Ethiopian tourism sector, we find that the lowest mean result of the study with is registered with a score of 2.25 and to make matters worse, there is common census agreement on this by respondents having low standard deviation of 0.707.

4.3.7 Summary of Descriptive Statistics for Independent and Dependent Variables

Using the Statistical Standard for Interpreting Averages for the Estimations of Responses, we find below a table showing how each marketing mix element is rated:

Table 4 11: Mean, Standard Deviation and degree of approval of variables

Variables	N	Mean	St. Deviation	Degree of Approval
Product	63	3.72	0.523	High
Price	63	3.96	0.541	High
Place	63	3.74	0.587	High
Promotion	63	3.17	0.734	Medium
Process	63	3.28	0.462	Medium
Business Performance	63	3.23	0.421	Medium

Source; SPSS Survey Output (2020)

When the mean was tested against the degree of approval using Statistical Standard for Interpreting Averages for the Estimations of Responses, approval for product, price and places showed high. Approval for Promotion, Process and overall Business performance was rated as medium.

4.4 Correlation Analysis

Correlation is important to understand the strength of the linear relationship between two variables. The correlation coefficient (r), ranging from -1.0 to +1.0, shows the level of strength of the relationship. Accordingly, if the coefficient is close to +1.0 or -1.0, the relationship is said to be strong while a result close to 0 is an indication of weak relationship between the variables. According to Hinkle, Wiersma and Jurs (2003) the rule of thumb for interpreting the size of a correlation coefficient is as indicated below in the table.

Table 4 12: Correlation between the variables

Correlations							
		Product	Price	Place	Promotion	Process	LT Business Performance
Product	Pearson Correlation	1	-.435**	.082	-.195	-.157	.443**
	Sig. (2-tailed)		.000	.522	.125	.220	.000
	N	63	63	63	63	63	63
Price	Pearson Correlation	-.435**	1	.322*	.472**	.225	.013
	Sig. (2-tailed)	.000		.010	.000	.076	.918
	N	63	63	63	63	63	63
Place	Pearson Correlation	.082	.322*	1	.637**	.551**	.694**
	Sig. (2-tailed)	.522	.010		.000	.000	.000
	N	63	63	63	63	63	63
Promotion	Pearson Correlation	-.195	.472**	.637**	1	.602**	.519**
	Sig. (2-tailed)	.125	.000	.000		.000	.000
	N	63	63	63	63	63	63
Process	Pearson Correlation	-.157	.225	.551**	.602**	1	.483**
	Sig. (2-tailed)	.220	.076	.000	.000		.000
	N	63	63	63	63	63	63
LT Business Performance	Pearson Correlation	.443**	.013	.694**	.519**	.483**	1
	Sig. (2-tailed)	.000	.918	.000	.000	.000	
	N	63	63	63	63	63	63
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

Own SPSS Survey Output (2020)

Table 4 13: Rule of Thumb for Interpreting the Size of a Correlation Coefficient

Size of Correlation	Interpretation
.90 to 1.00 (-.90 to -1.00)	Very high positive (negative) correlation
.70 to .90 (-.70 to -.90)	High positive (negative) correlation
.50 to .70 (-.50 to -.70)	Positive (negative) correlation
.30 to .50 (-.30 to -.50)	Low positive (negative) correlation
.00 to .30 (-.00 to -.30)	Little if any correlation

Source: (Hinkle, Wiersma & Jurs, 2003) cited by (Lemma, 2019)

A Pearson correlation coefficient was calculated for the relationship between the marketing mix strategies and business performance of luxury tourism. A positive correlation and significant linear relationships are obtained between the luxury tourism performances of tour operators and marketing mixes. The correlation coefficients (r) for all variables range from 0.013 to 0.694, which show a positive correlation for all. The most correlated dimension with luxury tourism business performance among the marketing mixes is Place of distribution ($r=0.694$) followed by Promotion ($r=0.594$), Process ($r=0.483$), Product ($r=0.443$) and Price ($r=0.013$).

Very low correlation results is shown for variables of Price with business performance of luxury tourism. The little if any relationship between price and luxury tourism business performance can be explained as affluent travelers generally are willing to spend high for travel experience and are not price sensitive, hence the price will have almost no impact for their travel decision.

The high correlation result registered between the independent variable themselves shows that there is a good positive correlation between Promotion and Place with Pearson's correlation of ($r=0.637$) followed by Process & Promotion with correlation ($r=0.602$), Place & Process with correlation ($r=0.551$). There seem to be a moderate positive correlation between Promotion & Price with correlation $r=0.472$ and a negative moderate correlation between Price & Product with correlation ($r=-0.435$). On a further note, the least correlated inter items of independent variables are Price & Place with correlation ($r=-0.322$), Price & Process with correlation ($r=0.225$). Negative low correlation between Product & Promotion with correlation ($r=-0.195$) and Product & Process with correlation ($r=-0.157$) and finally there very little if any correlation between Product & Place with correlation value of ($r=0.082$).

4.5 Assumption Tests

Before making any inference about the regression analysis, the data and variables assumption tests has to be conducted and validated. Accordingly, the following tests were executed as follows:

4.5.1 Linearity

The linearity of the relationship between the dependent and independent variables represents the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 1998). A significant violation of linearity may force to drop the data as it will not be usable for regression analysis (Malhotra, 2007). In this study, the scatter plot of regression standardized residuals versus the regression standardized predicted values was checked visually to determine linearity and as it can be seen on diagram 4.3 the plot supports the linear relationship.

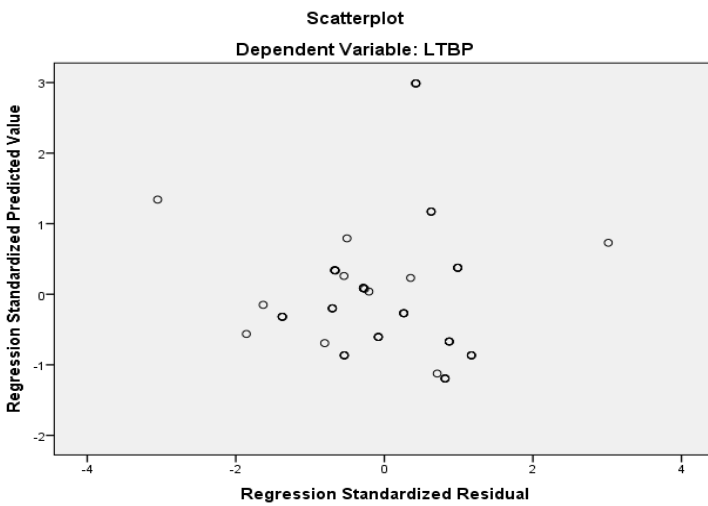


Figure 4 3: scatter plot of standardized residuals versus the fitted values
Own SPSS Survey Output (2020)

4.5.2 Normality Test
Skewness and Kurtosis

Table 4 14: Skewness and Kurtosis table

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Product	63	0.920	0.302	1.124	0.595
Price	63	0.162	0.302	-0.946	0.595
Place	63	0.553	0.302	-0.366	0.595
Promotion	63	0.081	0.302	-1.031	0.595
Process	63	0.401	0.302	-1.102	0.595
Business Performance	63	1.495	0.302	2.028	0.595

Own SPSS Survey Output (2020)

A common test for normality is to run descriptive statistics to get skewness and kurtosis. Skewness should be within +2 and -2 range while kurtosis to fall within +3 and +3 if the data is normally distributed according to (Garson, 2012). Based on Garson’s suggestion, the skewness and kurtosis as indicated on table 4.15 shows that all variables are within the range suggested. The data used for the research are normally distributed.

4.5.3 Cronbach’s alpha

Cronbach’s alpha is used to measure the internal consistency of the research instrument and the correlation between items should not be too low. The standard set by George and Mallery (2003) puts down the following scale of measurement in order to decide the internal consistency as follows:

Table 4 15: Cronbach’s Alpha result interpretation

Size of Correlation	Interpretation
.90 to 1.00 (-.90 to -1.00)	Very high positive (negative) correlation
.70 to .90 (-.70 to -.90)	High positive (negative) correlation
.50 to .70 (-.50 to -.70)	Positive (negative) correlation
.30 to .50 (-.30 to -.50)	Low positive (negative) correlation
.00 to .30 (-.00 to -.30)	Little if any correlation

Source, Stephanie Glen (2014)

Table 4 16: Cronbach's Alpha Result

Reliability Statistics	
Cronbach's Alpha	N of Items
0.823	23

Own SPSS Survey Output (2020)

Based on the standard proposed by George and Malley (2003), table 4.18 shows that data is acceptable as it is greater than 0.8 Cronbach’s alpha.

Table 4 17: Cronbach's Alpha result for all variable questions

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Pdct_dstn_authen	74.603	79.630	.124	.841
Pdct_dstn_food	74.730	77.781	.037	.827
Pdct_dstn_shpng	75.508	73.415	.296	.820
Prce_prmum	75.016	72.500	.372	.817
Prce_value for money	74.397	75.308	.319	.820
Place_outbnd_TO	74.381	76.982	.154	.824
Place_OTA	75.603	63.501	.684	.798
Place_Web	74.810	72.221	.436	.815
Prmtn_contnt	75.063	69.286	.514	.810
Prmtn_strytllng	75.587	66.795	.634	.803
Prmtn_dstn_auth	75.127	69.726	.504	.811
Prmtn_local_food	75.841	66.426	.601	.804
Prmtn_svnrs	75.889	65.713	.645	.802
Prsss_hotels	74.794	77.908	.017	.828
Prsss_flights	74.444	77.832	.029	.828
Prsss_cars	76.159	71.523	.462	.813
Prsss_culinary	76.079	68.107	.568	.807
Prsss_shpng	75.476	67.802	.544	.808
LBP_mktshare	75.873	66.338	.642	.802
LBP_appstgy	75.381	78.175	-.027	.833
LBP_satsfaction	74.857	77.157	.095	.826
LBP_ptntal	74.635	77.171	.155	.824
LBP_infrast	76.413	72.150	.440	.814

Own SPSS Survey Output (2020)

4.5.4 Collinearity Statics

According to Pallet (2005), multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinear, there is “overlap” or sharing of predictive power. This may lead to the paradoxical effect, whereby the regression model fits the data well; but none of the predictor variables has a significant impact in predicting the dependent variable. This is because when the predictor variables are highly correlated, they share essentially the same information.

Any variable with tolerance below (0.10 or tolerance with a value above (10.0) would have a correlation more than 0.90 with other variables, indicative of the multicollinearity problem. The tolerance value is an indication of the percentage of variance in the predictor that cannot be accounted for by the other predictors. As we can see from table 4.18 below, these requirements are not invalidated in our results and there is no issue of multicollinearity.

Table 4 18: Collinearity Statistics

Model		Sig.	Collinearity Statistics	
			Tolerance	VIF
1	(Constant)	.000		
	Product	.000	.704	1.420
	Price	.286	.620	1.612
	Place	.000	.480	2.082
	Promotion	.010	.431	2.320
	Process	.061	.563	1.775

Own SPSS Survey Output (2020)

4.6 Multiple Liner Regression Analysis

Multiple regression is a statistical model through which researchers analyze the relationship between the dependent variable and a set of independent or predictor variables. Ho (2006) as cited by Lemma (2019), it is a frequently used a statistical technique to achieve three main objectives. Firstly it is used to sort the best prediction equation for a set of variables, Secondly it is also important to control for confusing factors to evaluate the contribution of a specific

variable or set of variables through identifying independent relationships and it is also important to find structural relationships and provide illustrations for what seems to be a complex relationship. It allows the prediction of one variable from several other variables. Multiple linear regressions assume that all variables are interval or ratio scaled. In addition, the dependent variable should be normally distributed around the prediction line. This, of course, assumes that the variables are related to each other linearly. All variables should be normally distributed (Pallet, 2005 cited by Lemma, 2019).

One of the SPSS outputs of the regression analysis is the model summary that includes the R square and the standard of the error term for the model. R Square (called the coefficient of determination) tells one the proportion of the variance in the dependent variable (luxury tourism business performance in this particular case) that can be explained by variation in the independent variables (the marketing strategy mixes). The Standard Error of the Estimate gives a margin of error for the prediction equation.

Table 4 19: Model Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.847 ^a	.717	.692	.234	.717	28.879	5	57	.000
a. Predictors: (Constant), Process, Product, Price, Place, Promotion									
b. Dependent Variable: Luxury Tourism Business Performance									

Source; SPSS Survey Output (2020)

The result in the table above indicates the correlation between independent variables (Product, Price, Place, Promotion and Process) with luxury tourism business Performance of the tour operators is 0.717, this implies 71.7% of the variation on the luxury tourism business performance of tour operators is accounted for or is explained by variation in undertaking marketing mix strategies. The remaining 28.3% of the variations are considered to be the effect of other variables out of this scope.

Table 4 20: ANOVA^a Analysis for Promotion mixes and sales Performance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.889	5	1.578	28.879	.000 ^b
	Residual	3.114	57	.055		
	Total	11.003	62			
a. Dependent Variable: Business Performance of Luxury Tourism						
b. Predictors: (Constant), Process, Product, Price, Place, Promotion						

Source; SPSS Survey Output (2020)

The ANOVA summary table for the regression analysis is observed that the significance level is less than 0.05 ($p < 0.05$) that illustrate there is significant linear regression. This implies that marketing mix strategies have a significant effect on the business performance of tour operation companies for luxury tourism.

Table 4 21: multiple regression result for marketing strategy / business performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.739	.337		8.130	.000
	Product	.364	.068	.452	5.379	.000
	Price	-.075	.070	-.096	-1.077	.286
	Place	.292	.073	.408	4.009	.000
	Promotion	.164	.062	.286	2.661	.010
	Process	.164	.086	.179	1.910	.061
a. Dependent Variable: Business Performance of Luxury Tourism						

Source; SPSS Survey Output (2020)

The last output in the analysis of the multiple regression models represents the output for the beta coefficients of each marketing strategy variable tools. The regression equation for this research is presented below.

$$LTBP = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where, LTBP = Luxury Tourism Business performance of Tour Operators, X1 = Product, X2 = Price, X3 = Place, X4 = Promotion, X5 = Process, β_1 to β_5 = beta coefficients and e = the error term.

Substituting the results in the models gives:-

$$LTBP = 2.739 + (0.364) X_1 + (-0.075) X_2 + (0.292) X_3 + (0.164) X_4 + (0.164) X_5 + e$$

The results in the table above shows Product (B=0.364), Price (B=-0.075), Place (B=0.292), Promotion (B=0.164) and Process (B= 0.164) all have positive relationship with business performance with the exception of Price. The regression equation above also established that taking all factors into account (Product, Price, Place, Promotion and Process) constant at zero, business performance will be 2.739. The findings presented also show that taking all other independent variables at zero, a unit increase in Product would lead to a 0.364 increase in sales performance

The most important factors that affected the luxury tourism business performance of tour operators were found to be Product (destination), Place and Promotion with a significant value .000 & 0.01 which is less than 0.05. The remaining two variables namely Price and process were not significant contributors to the overall business performance of tour operators in luxury tourism segment as their significant value was found to be above 0.05.

4.7 Hypothesis Testing

Table 4.24 shows that significant value of 0.000 for both Product (destination) and Place and 0.010 for Promotion. The significant values for these variables were less than 0.05, i.e. it was significant at 5% level of significance. Thus, the test supported the rejection of the null hypothesis for destination (product), Place and Promotion while the alternative hypotheses were supported as follows:

- There is positive and significant relationship between Product (Destination) and luxury tourism business performance of tour operators.
- There is positive and significant relationship between Place of distribution and luxury tourism business performance of tour operators.

- There is positive and significant relationship between Promotion and luxury tourism business performance of tour operators.

Table 4.11 also shows the significant value of 0.286 and 0.061 for Price and Processes respectively. These two values were more than 0.05 i.e. they were insignificant at 5 % level of significance. Thus in the two cases null hypothesis were supported and the test failed to reject the alternative hypothesis. Therefore,

- There is no positive and significant relationship between Price and luxury tourism business performance of tour operators.
- There is no positive and significant relationship between Process and luxury tourism business performance of tour operators.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

A total of 63 Tour Operating firms were observed. Most of the Tour Operators surveyed were those who are well performing in the industry and who operate the luxury tourism segment. Most of these firms were found to be small scale enterprises with 84% of them having 2 to 10 employees. Most of the respondents were owners, managers and owner-managers in their respective tour operator firms.

The study was conducted with selected marketing mix elements of marketing strategies to study business performance of tour operators targeting luxury tourism. Selected 8 best practice and marketing strategies were identified and were presented for the firms to measure the level of application of these strategies in Ethiopia. The study found the following strategies to be most applied; Partnering with overseas out-bound Tour Operators (97%), Tour packages well worth for the money spent (95%), Promoting tourism destination authenticity (92%) and Partnering with other local business (92%)

The study found the following strategies to be little applied; shopping exclusive or unique local brands included in the tour package (40%), Promoting Ethiopian traditional foods for gastronomy experience (51%), Getting on directories and listings of online travel agencies (63%) and Website marketing (65%)

The following three marketing strategies out of the eight have been identified to be the most effective in the attainment of luxury tourism in Ethiopia by tour operators; partnering with overseas out-bound Tour Operators, Promoting tourism destination authenticity and Tour packages well worth for the money spent.

The correlation and regression analysis of the study showed that the destination (product), the Place (distribution) and promotion via website digital marketing had contributed significantly to the overall business performance of tour operators in attaining luxury tourism. The 71.7% of the variation in luxury tourism business performance of tour operators was explained by the model used for the study.

The correlation and regression analysis also showed that the contribution of Price and Processes in the overall business performance of tour operators in attaining luxury tourism was insignificant even though they have high and medium mean score.

Affluent travelers were found to be influenced by other attributes of destinations like culinary experience and shopping of local brands. In regards to this, Ethiopian destination was found to have great potential to entice luxury tourism as the country have rich variety of traditional culinary and great shopping place for local brands & souvenirs best suited for the affluent travelers. Unfortunately most tour operators are not using this product potential in incorporating it in their tour packages nor marketing it in their promotion especially in digital marketing.

5.2. Conclusion

Product as a marketing strategy by tour operators to attain luxury tourism have been found a powerful tool with all the product variable questions having a high Likert scale among respondents and high homogeneity among respondents as well. This is because the Ethiopian tourism product is authentic in culture, having rich traditional culinary and with a supply of authentic local brands & souvenirs for shopping that is well suited for the needs of the affluent travelers. Promoting tourism destination authenticity have been also found to be one of the most applied marketing strategies by tour operators. A previous study by Cheramlak Lemma, 2014 and Seid Yesuf (2014) also supports the significance of Ethiopian destinations as a product for tourism performance.

Place as a marketing mix strategy seems to be significance for luxury tourism business performance as well. As can be referred from the descriptive data analysis about place of distribution by tour operators, the usage of overseas outbound tour agents and website for market distribution is more applied, this created a moderate impact for business performance. But directories & listings of online travel agency is little applied and unfortunately Luxury travelers prefer to stick to their smart phones, tablets or computers and be a click away to interact with tourism business providers. Accordingly, being listed on an online travel agency would have skyrocket the visibility of these firms by affluent travelers resulting into more boosted performance.

The descriptive statistics showed that promoting the Ethiopian traditional culinary and local unique brands & souvenirs is almost never done in marketing. The multiple regression analysis showed that the impact of Promotion for luxury tourism business performance is very low. A research paper by Mahlet Seleshi, (2011) also suggested that Ethiopian tour operators employed a few promotional media which made it difficult for tour operators to satisfy tourists' needs. Another study made by Getachew Melese (2017) further implied that there was no significant formal promotion done in Ethiopian tourism industry.

Even though most of the respondents tour operators applied Price as a marketing strategy with premium pricing with good value for money tour packages that are targeted for luxury travelers, the findings of the multiple regression analysis showed that Price is having little to nothing significance for the luxury tourism business performance. This is because affluent travelers are endowed with high disposable income that made their consumer behavior far from being price sensitive and more inclined to the values of getting the outmost experience.

The descriptive findings showed that, in regards to transfer mediums; mainly it is the availability of flights that triggers the performance of luxury tourism. Having luxury hotels also accounted its shares but to a little effect as their supply is very limited and are skewed to the capital city. Most respondents acknowledged that they have failed to provide luxurious ground transport with ease of convenience to meet the needs of luxury travelers.

Tour operators also noted their tour package not incorporating Ethiopian traditional culinary experience as well as shopping programs for local brands & souvenirs which would have added more value to the product attribute. Data analysis finding also showed that Process having little significance for Ethiopian luxury tourism performance of Tour Operators. The correlation of Process for the business performance showing a moderate positive relationship as well.

The overall business performance of Tour operators is characterized by; marketing strategies applied to a little, the market share of the tourism segment having low volume, Ethiopian destinations termed having a great potential but with a poor infrastructure capacity to meet the needs of the affluent travelers. As a research paper by Mahlet Seleshi, (2011) who studied 40 different tour operators in Ethiopia and evaluated their capability in satisfying tourist needs and meets their expectations, showed that the tour operators were vertically integrated, had low

branch distributions in tourist attraction sites, and employed a few promotional media .They were characterized by lack of skilled man power and appropriate infrastructures which made it difficult for tour operators to satisfy tourists' needs.

Generally, this research paper supplemented the previous studies in the following ways;

This research employed selected marketing mix elements as marketing strategies. It applied the recently applied marketing strategies in the industry to find out the performance of tour operators in luxury tourism in Ethiopia. It tries to measure the level of application of these strategies as well. This model was rarely used in studies in Ethiopia and this might encourage markets to use different models and concepts in their studies.

In terms of findings, the research showed that certain marketing elements of marketing strategies (Destination, Place and Promotion) were powerful elements tour operators applied comparatively better to attain luxury tourism in Ethiopia. On the other hand and process contributed less for the business performance of the sector. Price was found having no relevance as a marketing strategy.

The data used for this study was very recent especially, marketing strategies of the affluent travelers and the tourist data from the Ministry of Culture and tourism and this might fill the time gap.

5.3. Recommendation

Secondary source data's and related foreign literatures found that affluent travelers mainly targets authentic destinations and they want to get the best experience in connecting with unique local culture, people, experience dinning's of unique gastronomy and last but not least, they want to shop local brands and souvenirs as well, to give them a sentimental memory of their experience. To Ethiopian tour operator's advantage, Ethiopia as a destination have a great authentic destination site with rich history, culture, local people, traditional culinary and variety unique local brands and souvenirs for shopping. So it is recommended for Tour operators to incorporate this attributes in their tour package to add value in the product range and promoting this product authentic attributes for a better luxury tourism business performance.

Even though Ethiopian airlines have a better network of domestic flights that can motivate affluent tourist's decision to visit Ethiopian destinations. The limited availability of luxury hotels and boutique hotels and their skewed distribution only to the capital, have contributed on the downside in diminishing the quality of process mix for tour operators in attaining luxury tourism market share. It is recommended for international hotels with their luxury brand chains to have presence in Ethiopian tourist site destinations.

It was observed that the availability of luxurious mode of ground transport is limited in Ethiopia. The provision of luxury and comfortable cars by tour operators was low from the descriptive statistics. As affluent travelers want to experience tourism in comfort, luxury and style, it is highly recommended for tour operators to avail such mode of vehicles to improve the quality of the process mix for better attaining the market share of luxury tourism.

The usage of directories & listings on online travel agencies by tour operators was observed to be very low as well. As luxury travelers are high-tech digital societies who perform their travel searches mostly online from the convenience of their gadgets, Tour Operators to gain visibility on their products & services to wide riches, it is highly recommended to use directories & listings distribution channel as a marketing strategy.

As most Tour operators are small scale firms who have limited potential in promoting Ethiopian destination for tourism, the employment of other stakeholders like concerned government bodies as well as outsourced destination marketing organizations is recommended to promote the luxury tourism potential of Ethiopia.

As tourism is a huge industry to which the benefit is not limited only to Tour operators but rather extends for too many stake holders of private sector as well as the government, integrated work on improving the infrastructure of tourism is recommended from all concerned bodies. This in a way improve the product and process mix of the sector for Tour Operators.

5.4. Limitation and Implication for Further study

This study was conducted on selected marketing mix of product, price, place, promotion and process, hence it failed to cover the other two marketing mix elements of People and Physical evidence. However it should be noted that they were left with the notion that it would be preferable to study them from the tourist's themselves perspective point, the tourists being surveyed for better understanding of their needs for a marketing strategy.

Probably, future studies should also investigate the following points:

- A wider scope study that incorporates all the 7 marketing mixes as a marketing strategy for luxury tourism business performance.
- Study to be conducted on luxury travelers themselves who visit Ethiopian destination to better understand their needs and consumer behavior.
- Level of integration and gaps between involved stakeholders both the private and government sectors.
- If infrastructure development and availability of western amenities can bring more business performance in luxury tourism.

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APPENDIX 1: Paper Questionnaire

Appendix 1: Paper Questionnaire

Questionnaire

Date _____

Dear Respondents,

I am Amanuel Tsegaw, a graduate student at Addis Ababa University School of Commerce.

Currently, I am conducting a research study on “Marketing Strategies of Tour Operators for Luxury Tourism Performance” in partial fulfillment of Masters of Arts Degree in Marketing Management at Addis Ababa University School of Commerce (AAUSC). I kindly request your valuable time to spend few minutes to fill the provided questionnaire.

This questionnaire is intended to gather information about the current marketing strategies applied by Tour Operators to attract luxury travelers. I assure you that any information that you provide in this questionnaire will be kept confidential. Your genuine response is high importance for the outcome of the project.

Thank you in advance for your cooperation in filling the questionnaire.

Name: Amanuel Tsegaw (Mr.)

Mobile: +251-911-174-598

Email: zewdie.amanu@gmail.com

Part I: Demographics

Please tick (X) in the place where it deems appropriate.

1. Name of the institution:

2. Number of Employees in the organization

1 – 5 6 – 10 11 – 20 more than 20 employees

3. Gender

Male Female

4. Age:

18-35 36-45 46-55 56-65 66 - and more

5. Your position in the company:

Owner General Manager Owner-Manager Marketing Manager Other

6. Educational Level:

High School and below Diploma Bachelor's Graduate Studies

Part II: Applied Marketing Strategies by Tour Operators

1. Please indicate below the marketing strategies the company use for marketing and promotion of Ethiopia tourism products, (Please tick the applicable).

No.	Marketing strategies for Affluent Travelers / Non- traditional Marketing Strategies	Strategy used	
		Yes	No
1.	Ethiopian Destination Authenticity in history, culture & local people focused media marketing		
2.	Promoting the variety of Ethiopian local traditional culinary and incorporating it in tour program for gastronomy experience		
3.	Promoting the very uniqueness of local brands & souvenirs and incorporating them in tour program		
4.	Premium priced tour packages but having good value for money worth		
5.	Partnering with overseas out-bound Tour Operating firms who will sell your tourism product for high-end travelers.		
6.	Getting your Tour Operator company on directories and		

	listings of online travel agencies like; Booking.com, Expedia.com, Kayak.com, etc.		
7.	Website marketing with quality content and powerful visual story telling		
8.	Partnering with other local business and Liaising services; hotels, coaches, transportation companies, etc.		

7. With reference to the marketing strategies the company use above please kindly indicate the three most efficient marketing strategy the company has concentrated more in marketing and promotion of Ethiopia tourism products by marking the numbers in the boxes below from high to low in efficiency.

A) B) C)

Part III: *Marketing mix elements of variables*

3. Please state whether you agree or disagree with the statements below, (Please tick the applicable).

No.	Marketing Mix Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Product:						
1.	Ethiopian destinations is authentic in culture, history, the local people, etc. for attracting luxury tourism business					
2.	Ethiopian destinations have rich cultural culinary that is very authentic that can attract affluent travelers for best experience					
3.	Ethiopian destinations is rich in shops that avails unique local brands & souvenirs suited for affluent tourists shopping experience					

PRICE:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4.	Does the firm apply premium pricing strategy for affluent travelers?					
5.	Price package of tours, Tour Operators design are well worth for the money spent on with a good money for value pricing					
PLACE (DISTRIBUTION):		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
6.	Luxury travelers source channel for our company is through our partnership with overseas tour agents who sell our tour packages					
7.	The source channel of luxury travelers for our company is through the directories and listings of online travel agencies such as; Booking.com, Expedia.com, Kayak.com, etc.					
8.	Luxury tourists source channel for the firm is company's Website					
PROMOTION:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
9.	Company's website have quality content with consistent update that can attract high-end tourists					
10.	Company's website have story telling content about destinations history, culture, etc.					
11.	The company promotes authenticity of destination in digital marketing platform					
12.	The company promotes local culinary of					

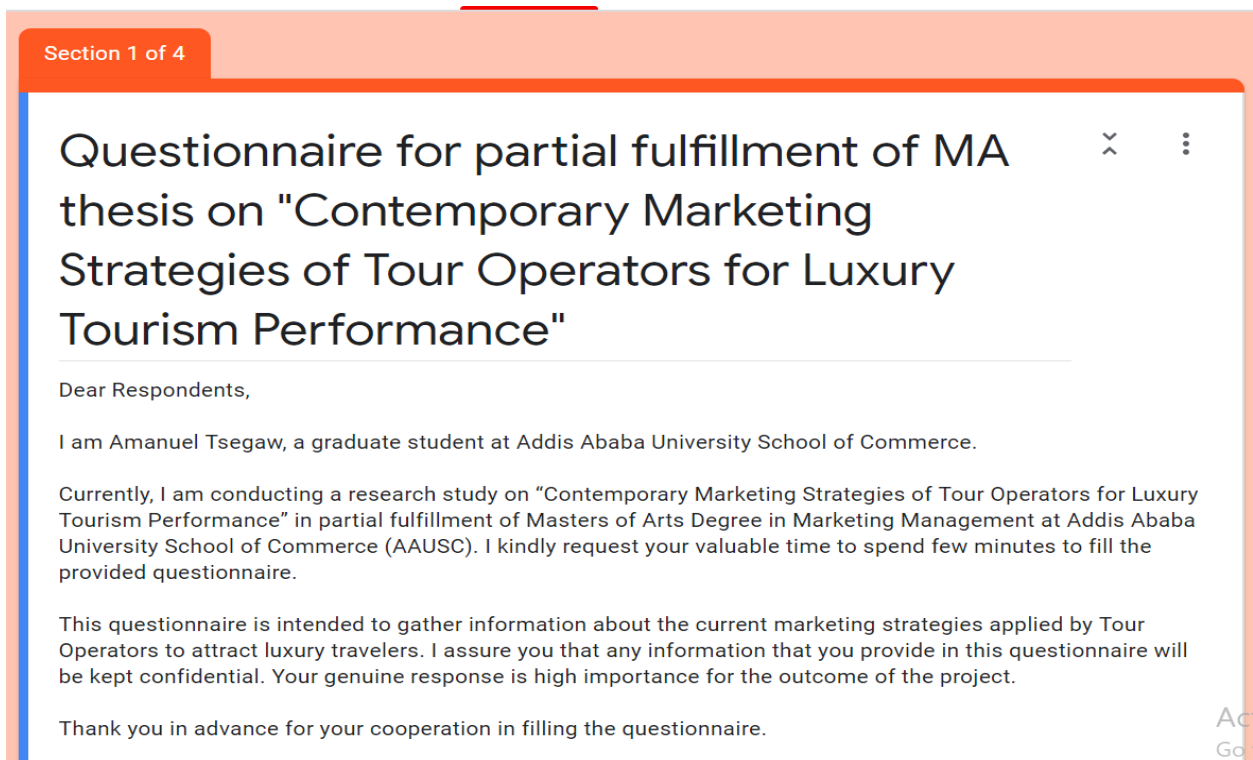
	destination via its digital marketing platform					
13.	Company promotes renowned local souvenirs that high-end tourists can buy via its digital marketing platform					
PROCESS:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
14.	High-end travelers decide to visit destination because of availability of luxury hotels in destinations and/ or transfers points					
15.	High-end travelers decide to visit destination because of availability of flights to tourist destination sites					
16.	High-end tourists decide to visit destination because of availability of luxury & comfortable cars to travel to tourist site areas					
17.	Affluent travelers tour program incorporates the local culture culinary experience					
18.	Affluent traveler's tour programs incorporates shopping of unique local brands & souvenirs guiding them to best shopping experience.					
Luxury Tourism Business performance:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
19.	The company luxury tourism segment have a good market share in the business					
20.	The company is very well applying these marketing strategies for attaining luxury tourism business.					
21.	Luxury travelers are satisfied with products, services & process the company offering					

22.	Ethiopian tourism have a good potential for luxury travelers					
23.	Ethiopian Tourism infrastructure is good enough to meet the tourism needs of luxury travelers					

Thank You

Appendix 2: Questionnaire distributed online with a google form

Address: <https://forms.gle/kR8gzJxYpWBdAYgs5>



Name: Amanuel Tsegaw (Mr.)
Mobile: +251-911-174-598
Email: zewdie.amanu@gmail.com

Email address *

Valid email address

This form is collecting email addresses. [Change settings](#)

After section 1 Continue to next section

Section 2 of 4

PART I: Demographics

Description (optional)

Name of Institution:

Short answer text

Number of Employees in the Organization:

- 1 - 5
- 6 - 10
- 11 - 20
- More than 20 Employees

Gender:

- Male

Ac
Go

Female

Your Age:

18 - 35

36 - 45

46 - 55

56 - 65

66 - and more

Your Position in the Company:

Owner

General Manager

Owner - Manager

Marketing Manager

Other...

Educational Level:

High-school and below

Diploma

Bachelor's

Graduate Studies

PART II: Applied Marketing Strategies by



Description (optional)

Please indicate below the marketing strategies the company use for marketing and promotion of Ethiopia tourism products, (Please tick the applicable).

Description (optional)

MARKETING STRATEGIES: Contemporary / Non-traditional Marketing Strategies

Please indicate which of the marketing strategies your company applies from the list below.

	Strategy used	Didn't use strategy
1. Ethiopian Destination Authentic...	<input type="radio"/>	<input type="radio"/>
2. Promoting the variety of Ethiopi...	<input type="radio"/>	<input type="radio"/>
3. Promoting the very uniqueness ...	<input type="radio"/>	<input type="radio"/>
4. Premium priced tour packages ...	<input type="radio"/>	<input type="radio"/>
5. Partnering with overseas out-bo...	<input type="radio"/>	<input type="radio"/>
6. Getting your Tour Operator com...	<input type="radio"/>	<input type="radio"/>
7. Website marketing with quality ...	<input type="radio"/>	<input type="radio"/>
8. Partnering with other local busi...	<input type="radio"/>	<input type="radio"/>

With reference to the marketing strategies the company use above please kindly indicate the three most efficient marketing strategy the company has concentrated more in marketing and promotion of Ethiopia tourism products by marking the numbers in the boxes below from high to low in efficiency.

	1	2	3	4	5	6	7	8
Priority 1	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Priority 2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Priority 3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section 4 of 4

PART III: Marketing mix elements of



Please state whether you agree or disagree with the statements below, (Please tick the applicable)

PRODUCT: *

	Strongly Disagr...	Disagree	Neutral	Agree	Strongly Agree
Ethiopian desti...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethiopian desti...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethiopian desti...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PRICE: *

	Strongly Disagr...	Disagree	Neutral	Agree	Strongly Agree
Does the firm a...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price package o...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PLACE *

Place of distribution

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Luxury travelers...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The source cha...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury tourists ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PROMOTION *

	Strongly disagr...	Disagree	Neutral	agree	strongly agree
Company's web...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company's web...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company p...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company p...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company prom...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PROCESS *

	Strongly disagr...	Disagree	Neutral	Agree	Strongly agree
High-end travel...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High-end travel...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High-end tourist...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Affluent travele...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Affluent travele...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

LUXURY TOURISM BUSINESS PERFORMANCE *

	Strongly Disagr...	Disagree	Neutral	Agree	Strongly Agree
The company lu...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company is...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury travelers...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethiopian touris...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethiopian Touri...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

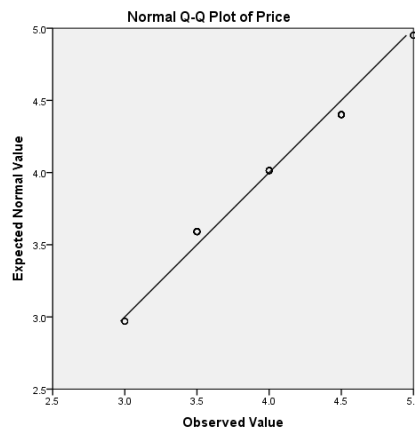
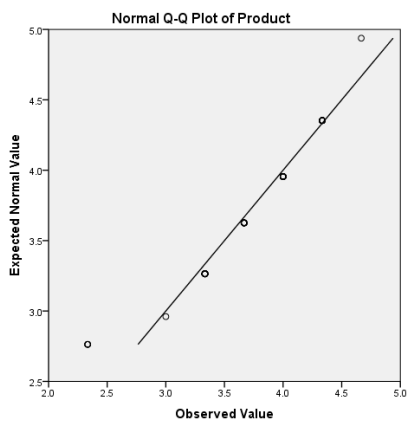
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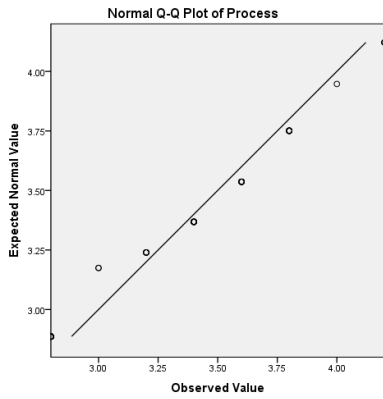
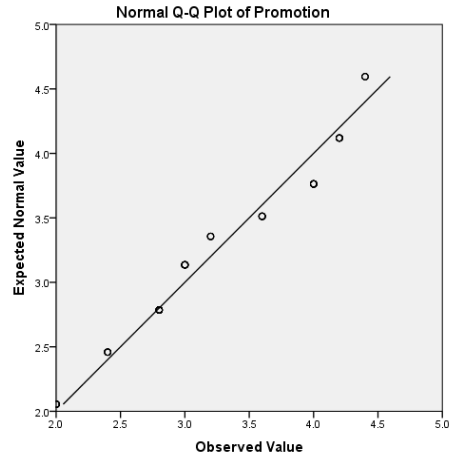
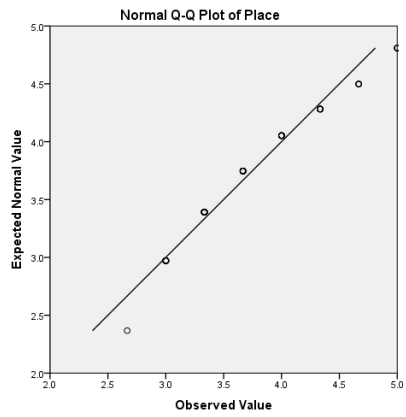
Appendix 3: SPSS data analysis result

Case Processing Summary			
		N	%
Cases	Valid	63	100.0
	Excluded ^a	0	.0
	Total	63	100.0

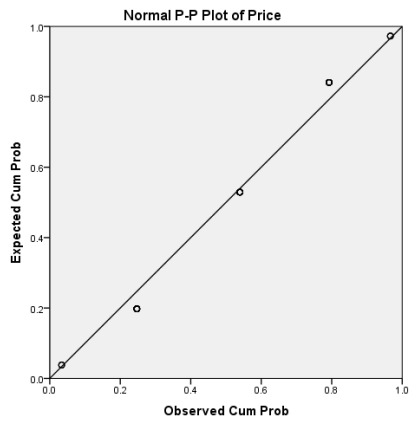
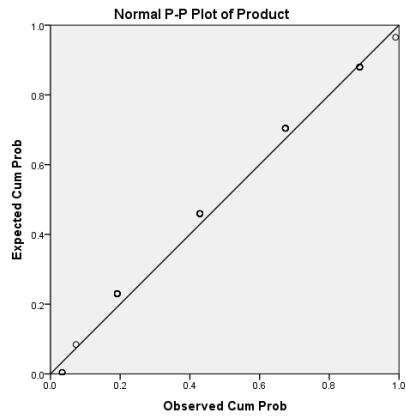
a. Listwise deletion based on all variables in the procedure.

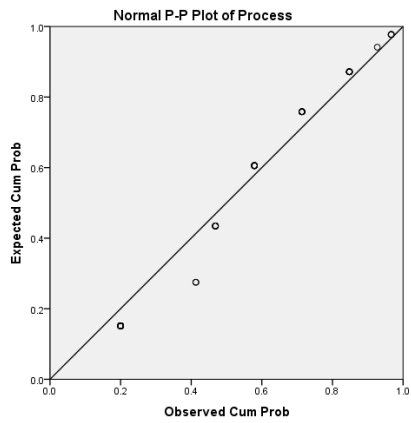
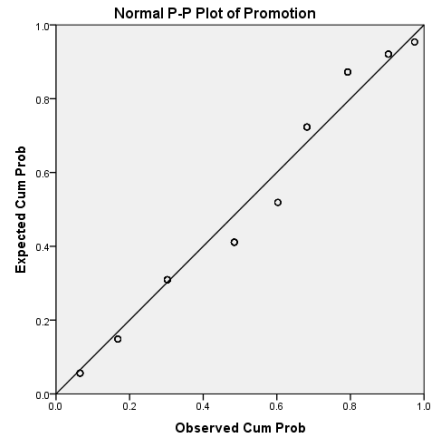
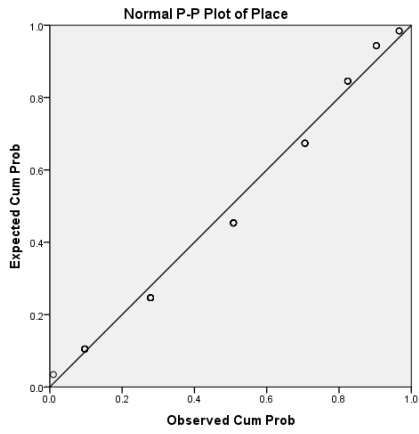
Q-Q Plot test of variables for Product, Price, Place, Promotion and Process



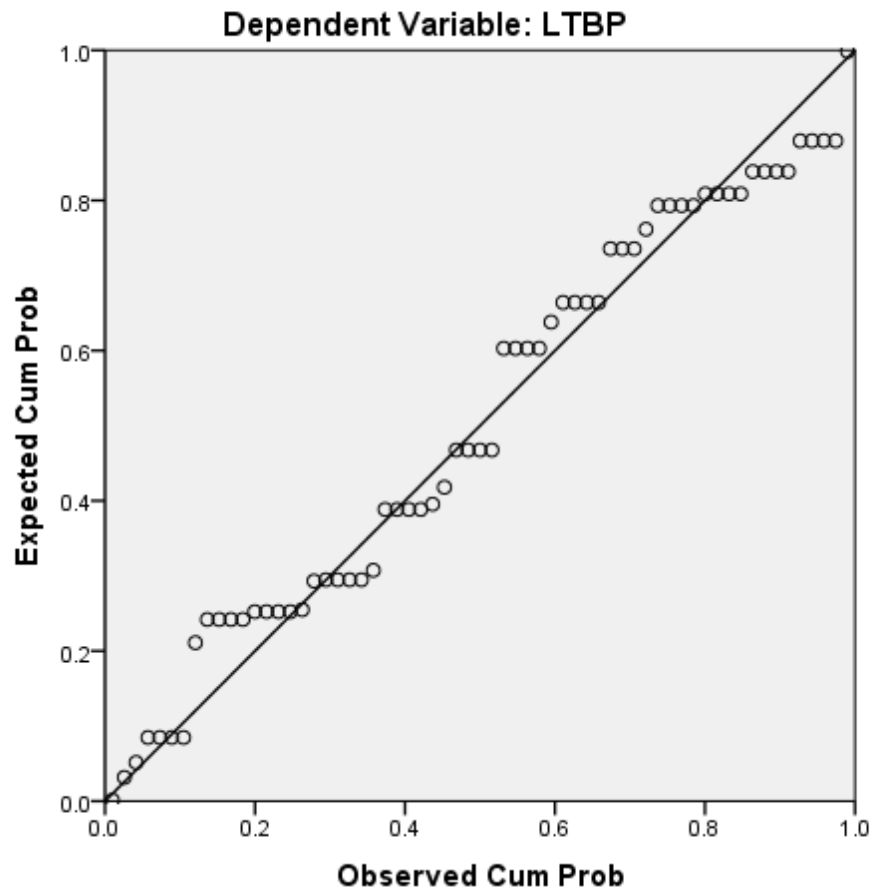


P-P Plot test of variables for Product, Price, Place, Promotion and Process





Normal P-P Plot of Regression Standardized Residual



Marketing mix elements	Variables	Mean	Std. Dev.	No
Product (Destination & experience)	Ethiopian destinations is authentic in culture, history, the local people, etc. for attracting luxury tourism business	4.06	0.982	63
	Ethiopian destinations have rich cultural culinary that is very authentic that can attract affluent travelers for best experience	3.94	0.535	63
	Ethiopian destinations is rich in shops that avails	3.16	0.846	63

	unique local brands & souvenirs suited for affluent tourists shopping experience			
Price	Does the firm apply premium pricing strategy for affluent travelers?	3.65	0.826	63
	Luxury tourists are attracted to visit Ethiopian destinations because our tour packages are well worth for the money spent on	4.27	0.515	63
Place (Distribution)	Luxury travelers source channel for our company is through our partnership with overseas tour agents who sell our tour packages	4.29	0.455	63
	The source channel of luxury travelers for our company is through the directories and listings of online travel agencies such as; Booking.com, Expedia.com, Kayak.com, etc.	3.06	1.230	63
	Luxury tourists source channel for the firm is company's Website	3.86	0.759	63
Promotion	Company's website have quality content with consistent update that can attract high-end tourists	3.60	.959	63
	Company's website have story telling content about destinations history, culture, etc.	3.08	1.021	63
	The company promotes authenticity of destination in our marketing platform	3.54	0.930	63
	The company promotes local culinary of destination via its marketing platform	2.83	1.100	63
	Company promotes renowned local souvenirs that high-end tourists can buy via its marketing platform	2.78	1.099	63
Process	High-end travelers decide to visit destination because of availability of luxury hotels in destinations and/ or transfers points	3.87	0.582	63

High-end travelers decide to visit destination because of availability of flights to tourist destination sites	4.22	0.552	
High-end tourists decide to visit destination because of availability of luxury & comfortable cars to travel to tourist site areas	2.51	0.801	63
Affluent travelers tour program incorporates the local culture culinary experience	2.59	0.994	63
Affluent traveler's tour programs incorporates shopping of unique local brands & souvenirs guiding them to best shopping experience.	3.19	1.060	63