

# Tourism Marketing Strategies During COVID-19 Pandemic: Iran, A Case Study Analysis

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**Abstract:-** The world is changing and tourism industry achieves an important role in society, economy, environment and culture. The global spread of the COVID-19 virus has overwhelmed health systems, and caused widespread social and economic disruption. Tourism industry ass one of the most worldwide sectors affected due pandemic COVID-19, demands co-creation from all its players, including citizens, in order to define and shape a future destiny. Uncertainty demands strategy, creativity and proactivity, where marketing establishes the link between customer and market needs with company offer and competitive advantage. Marketing strategy allows marketing to be more efficient and helps decision-makers to be well informed and able to better decide. During the last six months, every country around the world was impacted by the virus. Iran was no exception. This research discusses concepts as tourism, strategy and marketing. After a literature review a Case study about Iran is presented. Discussion of results anticipates conclusions and future researches are suggested.

**Keywords:-** *Tourism, Strategy, Marketing, Marketing Strategy, Iran, COVID-19.*

## I. INTRODUCTION

Tourism has become one of the most important social, economic and cultural phenomena of today. It is a complex socio-economic phenomenon [1] and one of the most profitable sectors [2]. Tourism, known as one of the largest industries, contributes with 6 trillion dollars per year to the global economy and employs - either directly in the industry or in related sectors such as fuel and food industries - with more than 250 million jobs all over the world [3]. With COVID-19 tourism currently experiences new and fast challenges originated by recession, market globalization, intense competitions [4] and lack of customers [5]. International events like terrorist attacks, wars and hard diseases (i.e. SARS, influenza) have led to a decrease in tourist demand [4] and COVID-19 is no exception, with the aggravation of having unique and highly differentiating characteristics from previous crises [6].

Moreover, it is expected that tourism will be one of the industries that will be mostly affected by the current recession [7]. Since the beginning of 2020, the pandemic COVID-19 (corona virus) has changed the lives of people all around the world in different aspects. Health problems, financial and emotional issues are all caused by the recession made by the

spread of corona virus in worldwide [6]. The tourism sector is one of most impacted and damage sectors worldwide with it [8]. During the period of corona virus pandemic many jobs in tourism industry have been extinguished, for more than 3 months fights were cancelled, airports and hotels. Tourist sites were closed and there were no income during this time. The future is uncertain requiring global strategy [9], where its essence is choosing to perform activities differently than rivals do, as well as find opportunities to compete and stay strong in the market [10].

The present study is divided in 5 sections. After the introduction, Section 2 relates with Literature review, presenting some concepts about marketing and strategic marketing, as well as strategy and long term plan. Section 3 presents the case study: Iran strategic plan on tourism for pandemic COVID-19 and Section 4 the analysis of results. Finally conclusions are presented and some future research is suggested.

## II. LITERATURE REVIEW

### 1. Marketing, Strategic Marketing and Marketing Strategy

Marketing has been defined in a variety of ways. However, the American Marketing Association defines it as “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” [11]. Marketing aims to create customer satisfaction profitably by building valued relationships with customers [12]. Marketing matches consumer needs and market offers [13]. The way how consumers and suppliers perceive marketing is critical, because a discipline that aims to connect consumers and organizations must be perceived as advantageous by both sides [14] to be effective.

Marketing management is the analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives [15]. Thus, marketing management involves managing demand, which in turn involves managing customer relationships. Marketing is the presentation of the standard of living to society, being advertising and selling the two features of a wider concept. Marketing is goal-oriented and strategic [16].

Strategic marketing focus focuses on the current and potential strengths of the organization in order to present differentiated products/services, providing better service and

value to its customers [17]. It is marketing that intends for innovation and bringing value to the customers as effectively as possible by answering the three following questions: i) which markets to compete in; ii) how to exploit the company's competitive advantages and iii) when and how to enter each market [18].

A marketing strategy is a strategy that lies of all marketing-related goals and plans. It is a process that aims to maximize the value to every stakeholder, while increasing the customers' interest of the company's offerings and bringing them satisfaction and increasing the customer loyalty [18]. Deciding the target customers in line with a good marketing strategy makes it possible to achieve these goals while remaining financial advantageous [19].

The long-term existence and effectiveness of tourism services in such a competitive and financially critical global environment depends not only on their ability to satisfy customers' needs but to strategically respond to current challenges. Therefore, strategic marketing becomes a necessary practice for contemporary tourism services firms. In this sense, marketing strategies have been adopted by tourism firms in order to respond to current challenges, to achieve competitive advantage and to increase their effectiveness. Owing to its benefits and advantages, strategic marketing in the tourism industry is increasingly becoming important, from both theoretical (academic) and applied (practitioner) perspectives. However, a lack of work on strategic marketing issues in tourism has been identified in the literature [20]; [21]; [22]; [23].

Successful marketing strategies require the recognition and understanding of global business challenges, the development and leverage of distinctive capabilities, the provision of superior customer value and immediate response to competitors' actions. A marketing strategy should make the most of a company's strengths (capabilities) and matches them to the customer value requirements. Furthermore, a marketing strategy should be flexible in order to respond to changes in consumers' needs, desires and preferences and be able to identify new market segments and target them successfully. Then, a marketing strategy can lead to superior business performance and sustainable competitive advantage" [4]. A competitive marketing strategy also needs decisions on the product market in which a tourism firm competes, the needed level of investment, the functional area strategies (product line, positioning, pricing, distribution, information technology, and global strategy), the strategic assets [24].

## 2. Strategy and Strategic Planning

The concept of strategic management appeared in the mid -'60s, incorporating action and methodology. It has been widely used through years, having important changes due to several factors most of them related to the environment and the way it has changed through time [25]. Strategy complements the term management as it consists of those actions planned by the governing board of an organization that defines the way in which the latter operates and conducts its operations to achieve its objectives [26]; [27].

Strategic planning is a management technique that helps organizations set future goals and objectives to achieve more stable and predictable growth. Strategic planning also identifies the required actions to reach these goals. In other way, it is a methodology by which a specific roadmap is recognized for growing a doable, coherent and strong business or organization [28]. It is defined as an instrument that allows making long-term plans in consideration of the risks and opportunities faced by the organization, and improving efficiency by acting in line with these plans [16].

It is also proved that those businesses that performed successfully mostly have some sort of perfectly formulized and perfectly implemented strategic plan. On the contrary, those businesses that having hard time to achieve the success usually does not have a strategic plan and road map to save them from failure [28].

## III. CASE STUDY; IRAN STRATEGIC PLAN ON TOURISM FOR PANDEMIC COVID-19

### 1. Iran macroeconomics (overview)

Iran, is a large mountainous country situated between the Caspian Sea and the Persian Gulf. Climate ranges from very cold to extremely hot and rainfall from high to almost zero. The majority of population is urban. It is a country very rich in oil and gas and has other substantial mineral deposits relatively underdeveloped. The Agriculture conditions are poor except around Caspian Sea. Wheat is main crop, though fruit (especially dates) and nuts are grown and exported. Main livestock is sheep and goats. Iran is ranked as a middle income country which is strongly dependent on oil industries revenue. Iran's economy grew in 2019. In near future, with elimination of some sanctions, it would grow with much more rates. Iranians are now seeking some new ways in order to improve their life quality especially during international recessions.

In SH 2020 (April 2020 - March 2021), economic output in Iran will contract sharply for the third consecutive year. U.S. sanctions on the manufacturing sector and the ongoing health crisis - President Rouhani extended the state of emergency until at least January 2021 - will hit the non-oil private sector, while the oil economy will suffer from falling demand. Panelists see the economy contracting 8.3% in SH 2020, which is unchanged from last month's forecast. In SH 2021, the economy is seen growing 2.4% [29].

### 2. Importance of Tourism in Iran

The share of tourism industry in Iran, according to Iran central bank, equivalents to three percent of gross domestic product (GDP), which is unacceptable when compared to the regional and global competitors, namely Portugal, among others. Tourism can be a way to save people in current special conditions due to Iran's harsh financial conditions. The share of tourism industry in GDP will increase from three to six percent of GDP, according to the goals of Aliashghar Moonesan, the CEO of the tourism organization of Iran [30].

Although the percentage of tourism in GDP is not satisfactory, the government hopes to improve the percentage

by adding more investment in tourism industry. Changing the tourism organization to the tourism ministry is an example of the investments and paying more attention to tourism industry. The main focus of tourism investments are on inbound tourism especially in incoming tourism. Due to sanction, Iran government prefers to have foreign exchange earnings to pay its internationals costs and by incoming tourism it would be facilitated.

Iran is a safe and hospitable country with very low levels of terrorist activity. Although there are isolated incidents of hostage-taking by the Iranian government, they are extremely rare. Rising tensions in the Persian Gulf region, however, do increase the risk for military conflict - a factor that tourists may want to consider when deciding whether to travel to Iran. Traveling to Iran provides a wonderful opportunity to personally experience the country's extraordinary history and rich culture without the distorting lens of political rhetoric [31].

### *3. Impact of COVID-19 in Iran*

COVID-19 has a numerous negative impacts on Iranian lives like other part of the world. The total number of COVID-19 patients in Iran has reached 410,334 in September 2020, and the total number of deaths of this disease has reached 23,632. So far, 352,019 patients have recovered or been discharged from hospitals. 3,827 patients with COVID-19 are being cared for in the severe condition of this disease. According to the spokesman of the Ministry of Health of Iran, 3,641,581 COVID-19 diagnostic tests have been performed in the country so far.

The coronavirus outbreak has created new challenges and exacerbated old ones for Iran's economy. The outbreak of COVID-19, first announced on February 19, forced businesses nationwide to close just before Nowruz, the Persian New Year, on March 20. Trade slowed due to border closures. By mid-April, the government admitted that four million people - in a labor force of 27 million - could lose their jobs if the shutdown was prolonged or the government didn't intervene. The International Monetary Fund (IMF) revised its original estimate - of zero growth in 2020 - to project that the economy would shrink by up to six percent. Iran's parliamentary think tank projected that the economy could shrink by up to 11 percent [32].

Moreover during pandemic COVID-19 period in Iran many business sectors have financially damaged specially the sectors which are constantly giving services to people. And Tourism products are considered services (Fyall & Garrod, 2005). So one the sectors which has lost a huge profit is tourism. In fact, in each season Iran has some traditional festivals such as 'chahar shanbeh souri' when family and friends gather to celebrate and have fireworks or 'sizdah bedar' when all people have picnic in the parks but the most important event among Iranians is new year called 'Now-Rouz'. For 'Now-Rouz' Iranian have the longest holiday in Iran which has made the biggest potential of tourism and trip. The simultaneity of new year holiday and peak of pandemic

led to a huge loss for tourism industry.

#### *3.1 Government responses to COVID-19 impact*

The government announced several initiatives to cushion the impact of COVID-19. On March 29, the government approved \$6.3 billion stimulus package that included funding for the health ministry, increased unemployment insurance, and aid to businesses, workers and families. On April 6, Supreme Leader Ayatollah Khamenei approved Rouhani's request to withdraw 1 billion euros (\$1.09 million) from the National Development Fund to supplement the health ministry and unemployment insurance [33].

For the damaged businesses in different business sectors such as tourism industry the government offered a supportive package. The supportive package included:

- Giving Bank loan with low interest rate
- 3 month respite for bill payments
- 3 month delay forgiveness for bank installment
- 3 month unemployment insurance for people who lost their job because of the pandemic
- 3 month Tax-exempt
- Health and hygiene measures held in touristic areas such as airplanes, hotels, restaurants to encourage people to travel after the stability and decrease in the number of sick.

Facing all huge crisis does need to have strategies and COVID-19 is not an exception .During pandemic period Iran's government is not reacting disappointing as it is a global issue that all the countries now confront it and for all the governments over the world there are some critics .But for instance by financial support by Iranian government, the companies were more released and more hopeful about the future of their jobs.

## **IV. DISCUSSION ANALYSIS**

Although the Iranian government specifically the tourism administration did their best to support the tourism industry during the corona virus pandemic in Iran, it has not been sufficient. In fact, Iran's stimulus package was less than two percent of its GDP of \$485 billion in 2019 - far less than any of the other oil-producing countries in the Gulf. The Islamic Republic has the region's second largest economy, but as of late March, its neighbors across the Persian Gulf planned to spend more money - nearly 30 percent of GDP in Bahrain and Oman, more than 10 percent in the United Arab Emirates and Qatar, and more than four percent in Saudi Arabia, according to Fitch Ratings. (As of April 27, the U.S. stimulus package was 11 percent of GDP; Japan's stimulus package was 21 percent of GDP) [34].

In what concerns implemented actions, more specifically, if the respite time and the tax-exempt period time will increase to one year, less people in tourism industry will lost their jobs. As the consequence of the pandemic has not been finished yet, having more supporting period would motivate the employers to keep their employees in this crucial period.

Moreover, as tourism is now a new solution for Iran's government to increase the income, more support for tourism is expected such as no-interest bank loans to Iranians for travelling or giving financial support to hotels and airlines to reduce their prices to encourage Iranians to travel when the corona is over. In 2017, Iran was named the world's second fastest growing tourist destination in 2018, with 49.9 percent growth in arrivals year on year, surpassing rivals such as Egypt, Nepal, Georgia and South Korea, according to the last year's UNWTO report.

Iran's tourism minister in January 2019, issued a statement, inviting all travelers and holidaymakers to visit the ancient land, saying that the country-size guesthouse is whole heartedly ready to receive tourists from around the world [35].

## V. CONCLUSION AND FUTURE RESEARCH

Despite the current economic situation caused by COVID-19 pandemic, tourism can optimistically anticipate continued moderate-to-good overall rates of global economic growth of the traditional economies, but with a special importance for certain emerging economies specifically in Iran. Due to oil industry sanctions, Iran government is seeking some new ways to improve the financial situation of Iranians by the investments in tourism industry.

Iranians feel that Iran has worldwide unknown potentials. However, because of negative advertisement against policies of Iran's government, like historical and natural heritages, the world has no information about them. Iran must be discovered as soon as possible. Tourism grew last years and has excellent products and services to present the world. However, even if the Iran government is trying to promote the country with some politics and marketing, it is crucial to promote it in a sustainable and strategic way. The future must be critically think and planed today. All stakeholders, including government, citizens, Travel Agencies, Tourist suppliers and customers, among others, must work together.

It is not enough to promote tourism internally in Iran. It is also crucial to define Tourism as a strategic sector, able to raise financing, create jobs, explore opportunities and share customs, preserving local history, tradition and customs. Only with this holistic approach, in a strategic and planned way, Iran can build the desired destiny, where people have more education and more wellbeing. Iran can be a country where tourists around the world feel good, have excellent experiences and want to come back with family and friends.

For future research it would be interesting to do a benchmarking exercise with countries from the Persian Gulf. It would also be very interesting to understand how Iranian people see foreign and how much are they prepared to have a touristic sector with high impact on the country.

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