Applying Porter’s Generic Strategies to the Marketing of Spiritual Tourism in Pakistan

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Profile:

Farooq Haq is in the final year of his PhD. His main areas of interest are marketing, strategic management, international business and spiritual tourism. He has been lecturing for the last four years. He currently teaches global and marketing management, strategy development and strategic management. Besides ANZAM and ANZMAC he has also written papers recently for the Journal of Management, Spirituality and Religion and the Journal of Vacation Marketing. The present paper is the result of his extensive research over several years in Pakistan, Mecca and Medina, and his ongoing collaboration with John’s work in strategic marketing.
APPLYING PORTER’S GENERIC STRATEGIES TO THE MARKETING OF SPIRITUAL TOURISM IN PAKISTAN

ABSTRACT

This paper is an extension of a doctoral research study being conducted to develop strategies for the effective marketing of spiritual tourism. It explores the relevance of Michael Porter’s matrix to the marketing of spiritual tourism in Pakistan. This paper also discusses the control of the Government of Pakistan on the tourism industry. The Semi-structured in-depth interviews were conducted with selected tourism operators and Government officials to investigate their adoption of generic strategies for the marketing of spiritual tourism. The general observations of the study were that cost leadership and broad differentiation strategies seem to be more applicable to both public and private tourism operators in Pakistan. It was also observed that the Government was more interested in a cost leadership strategy for outbound spiritual tourism to Saudi Arabia, rather than a broad differentiation strategy for in-bound or domestic spiritual tourism.

Keywords: Strategic marketing, marketing concept, service quality, market orientation and spiritual tourism.

INTRODUCTION

The term “spiritual tourism” is largely unheard of in both the academic literature and the tourism trade press, yet many more people visit Mecca, the Vatican and/or Bethlehem/Jerusalem per year than attend the World Cup, for example. This paper presents the study conducted into the application of Porter’s generic strategies: broad cost leadership, cost focus, broad differentiation, focus differentiation, (defined later) on the marketing of spiritual tourism in Pakistan. The tourism industry in Pakistan is highly regulated and controlled by the Government through the Ministry of Tourism, the Ministry of Religious Affairs and the Pakistan Tourism Development Corporation (PTDC). Face-to-face interviews were conducted with various public and private tourism operators and relevant Government officials and they were asked about the marketing strategies applied to their business operations. The primary focus of this study is on inbound spiritual tourism, though apparently, the Government of Pakistan seems to be satisfied from its profits from outbound spiritual tourism.

LITERATURE REVIEW

Spiritual Tourism

It has been observed by various authors that spirituality in general has recently become an important subject of research in social and business areas (Cimino & Lattin 1999; Hill 2002; Konz & Ryan 1999; Pesut 2003). The interest in spirituality has affected a number of industries
around the world (Mitroff & Denton 1999), including the tourism industry (Cohen 2006; Gladstone 2005; Timothy and Iverson 2006). Spiritual tourism seems to be a new concept but it is certainly not a new phenomenon (Burton 1855; Straitwell 2006). Based on the review of the literature, the interviews with stakeholders in Australia, Pakistan and UK, and the outcomes of the conference on ‘Tourism – a spiritual dimension’ held in Lincoln, UK, in April 2006, this study defines a spiritual tourist as ‘someone who visits a specific place out of his/her usual environment, with the intention of spiritual meaning and/or growth, without overt religious compulsion, which could be religious, non-religious, sacred or experiential in nature, but within the Divine context, regardless of the main reason for travelling’. This definition has been approved by the ethics panel of the host University. A large number of spiritual tourists and operators interviewed for this research in Australia, Pakistan and UK have also expressed their consent with the clarity and validity of this definition. This definition has also been successfully applied in papers accepted at four International conferences (Haq and Bretherton 2005; Haq and Jackson 2006 a, 2006b & 2006c).

**Marketing Strategies for Spiritual Tourism**

Tourism has been ranked as one of the fastest growing industries in the world and the largest industry in terms of employment, with 1 out of 16 employees world-wide, and it also ranks in the top two or three industries in almost all countries (Mowlana & Smith 1993). Despite the crisis from SARS, the Iraq War and international terrorism, the World Trade Organization observed a positive rise in tourism and forecasted a 4% worldwide growth in international tourism (World Tourism Organization 2005). Even in 2005, despite all international issues, tourism arrivals reached an all time high of 800 million with a rise of 5.5% (World Tourism Organization 2006). It is estimated that by 2020, three times as many people will travel as do today. Developing countries are recognizing the tourism sector's potential contribution to national development goals, particularly by creating employment opportunities, stimulating small businesses and reducing poverty (Conrad & Barreto 2005). Obviously the significance of the marketing of tourism products and services has been dominant among other operational aspects of the tourism business. A number of public and private tourism organisations have been aggressively marketing tourism and related services at national and international levels. Even then, various researchers have noticed a lack of academic work on the marketing of special-interest tourism (Chon & Olson 1990; Faulkner 1993; Riege & Perry 2000). Evans, Campbell, & Stonehouse (2003) argue that in travel and tourism, markets are defined in three ways based on the product, need satisfaction and customer identity. A product-based market definition stresses the ‘product/service’ indicating the
business the company is in. A need satisfaction-based market definition talks about how a tourist gains utility from the service provided and how satisfied he/she is, enabling the organization to understand the market from the customers’ perspective. Success in tourism products depends upon the ability to match the product which is offered with the benefits sought by the customers (Horner & Swarbrooke 1996). A customer-identity based market definition reflects the fact that “groups of customers have requirements in common, and differ from other groups” (Evans, Campbell, & Stonehouse 2003, p. 122).

As part of the research on marketing strategies, the strategies given in Porter’s matrix will be critically utilised in this paper. A broad cost leadership strategy is adopted by a business by managing the value adding activities so as to be the lowest cost provider of a tourism product or service within its industry (Evans et al. 2003). Cost focus is used for cost management of a certain area of the value adding activities. A differentiation strategy is based upon persuading customers that a tourism product or service is superior in some way to that offered by competitors (Evans et al. 2003; Riege & Perry 2000). Broad differentiation is applied to a wide range of tourists and differentiation focus is applied to a narrow or exclusive group of tourists (Riege & Perry 2000). Among the four alternatives given in the matrix cost leadership and broad differentiation are the most relevant logically, though cost focus and differentiation focus could also be adopted for narrow or niche consumer segments of the spiritual tourism market in Pakistan. Moreover, international tourism operators could be invited to invest in Pakistan to adopt focus differentiation strategy to attract exclusive spiritual tourists.

**Figure 1- Porter’s generic strategies Matrix**

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<tr>
<th>Competitive Advantage</th>
<th>Lower Cost</th>
<th>Differentiation</th>
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<tbody>
<tr>
<td><strong>Broad Target</strong></td>
<td>Cost Leadership</td>
<td>Broad Differentiation</td>
</tr>
<tr>
<td><strong>Narrow Target</strong></td>
<td>Cost Focus</td>
<td>Differentiation Focus</td>
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Source: Porter (1980)
Tourism in Pakistan has not entered an era of sustainable growth, despite the availability of extensive cultural/religious/spiritual attractions and some magnificent scenery, mainly due to geopolitical barriers to development (Richter 1999). In fact, few people around the globe are aware that trekking in the Himalayas probably means tourism to Pakistan, as forty of the world’s fifty highest mountains, including the mountain climbers’ ‘Mecca’, the second highest peak, K-2, are in Pakistan (Curtiss 1996; Harnik 1999; Richter 1999). Spiritual tourism has been recognised by the Government as a progressive sector of tourism that can trigger growth and development in various tourism markets in Pakistan. Other than the rise in different religious pilgrimages, the PTDC (Pakistan Tourism Development Corporation) for example, announced that recently inbound tourists in Pakistan visiting the shrines and tombs of Sufis and holy men has far exceeded the number of tourists visiting museums, royal palaces and various natural sites (PTDC 2004). Curtiss (1996) reports that tourists travelling to Pakistan have been divided into three categories, the adventurers and mountain trekkers, the cultural and historical tourists, and the seekers and ‘hippies’ who are in search of personal and/or spiritual fulfilment. A combination of the second and third categories could be described as spiritual tourists, when they visit Buddhist monuments, Mosques, temples, tombs and spiritual leaders for their spiritual growth. PTDC statistics show a significant drop in foreign tourists visiting Pakistan after the events of 11th September, 2001, though the visitors coming for spiritual reasons have been quite consistent (PTDC, 2004). James (2000) suggests from his study that spiritual tourism is enormous and still rising in India, despite the uncertainty regarding the economic, social and political future, which is observed as an opportunity by the Pakistani Government. Gupta (1999) also agrees that spiritual tourism is growing globally and the principal cause is its acceptance by the masses and that its negative externalities are perceived to be quite minimal.

Tourists visiting Pakistan are generally divided into three geographic groups, based on their nationalities, that influence their travel preferences (Crotts & Litvin 2003): the South Asians (mainly Indians and Bangladeshis); the Arabs, from the oil rich Middle East; and the Westerners, mostly from North America and Western Europe (Curtiss 1996; Harnik 1999; Richter 1999). The South Asians visit their relatives and ancestral places that were often left behind on migration during the partitions and births of Pakistan in 1947 and Bangladesh in 1971 (Curtiss 1996; Richter 1999). A lot of Muslims, Hindus, Sikhs and Buddhists from this region visit Pakistan to see various Holy cites regarded as extremely sacred by them (Curtiss 1996; Richter 1999). Many Pakistani families who settled in developed countries used to send their children to Pakistan for
their religious education and orientation. Since the terrorist attacks in London on 7 July, 2005, the religious schools (Madrassas) have been under tight scrutiny and the population of their foreign-based students, most of whom call themselves spiritual tourists, have dropped dramatically. In this time of negative consumer sentiment after the 9-11 events, the Government is looking towards spiritual tourism to bring the much-needed tourism dollars back to the country. The Government has been working on crafting strategies for effective marketing of spiritual tourism.

**METHODODOLOGY**

Qualitative interviews were conducted with a wide cross section of public and private tourism operators and relevant Government officials. Since the sample criteria were specific and the researcher was clear about the people to be interviewed, therefore judgemental sampling was used (Lawrence & Wendell 1995). The sample consisted of mangers or owners of private travel agencies involved in spiritual tourism and the senior Government officials working for the three public Departments mentioned earlier. Although forty-one appointments were made for the face-to-face interviews, thirty three interviews could be finalised, yet, the theoretical saturation was achieved with the sample of thirty three respondents (Yin 1994). Most of the respondents were educated in marketing and business studies and understood the generic strategies, though where required these were explained before the enquiry. The interviews ranged from 20 to 70 minutes and were conducted during office hours. Since most respondents were hesitant to allow their discussions to be taped, therefore, written notes were taken for all interviews.

The research problem guiding this study was: “Which of Michael Porter’s generic strategies are applied to the marketing of spiritual tourism in Pakistan”? This research problem was addressed by focussing on the following research questions:

RQ 1. Which of Porter’s generic strategies are suitable or otherwise for your business operation in marketing spiritual tourism?
RQ 2. How do you justify the application of the generic strategy and do you think that you have better options available to you?
RQ 3. How would you describe the role of the Government of Pakistan in supporting the marketing of spiritual tourism to inbound tourists?
RQ 1. Which of the Porter’s generic strategies are suitable or otherwise for your business operation in marketing spiritual tourism?

The focus of this study was inbound spiritual tourism, yet it was observed, as indicated by Bhardwaj (1998), that the Government of Pakistan was more interested in the out-bound spiritual tourism to Saudi Arabia for Hajj or Umrah [a mini Hajj: the same rituals but which could be performed anytime during the year]. The Ministry of Religious Affairs manages the out-bound spiritual tourists and a senior official of the Ministry was contacted for an interview. He said that Pakistanis were one of the highest ratios of Hajjis (people going for Hajj) every year. He further gave some statistical evidence: “this year (2006) about 160,000 Pakistanis applied for Hajj and after detailed assessment, our Ministry had to reject about 85,000 of them. Even though an application itself costs about US$2000 per person, still this year we had to request the Saudi Government to increase our quota for Hajjis”. The Ministry organised everything for the Hajjis and definitely got a significant share of the US$2000. He further elaborated: “we have always effectively and widely adopted the cost leadership strategy. The Hajj/Umrah packages we offer involve our collaboration with the Ministry of Hajj of Saudi Arabia, their Embassies in Pakistan, Pakistan International Airlines and the Airport Authorities in both countries. The Hajj training camps and the medical services are also our responsibilities”. He also explained the Government’s approach to provide Hajj or Umrah licences to various private agencies: “this year we had 2600 applications for the Hajj license and we granted the licenses to only 89 of them”.

In the Ministry of Tourism, various officials were interviewed but most of them either did not know the Ministry’s operations and strategies, or they mentioned an external consultant who was working on a big tourism project. One senior official who was also a visiting lecturer of Marketing in a local University informed the researcher: “for domestic spiritual tourism we have always adopted cost leadership strategy, but recently we have applied the broad differentiation strategy to attract foreign tourists”. He also said that since 2005 the Ministry organised a deal with Thai Airways to have direct flights from Bangkok to Islamabad, “it helped us to attract the Thai-Buddhists to visit ‘Taxila’, which is very close to Islamabad and with its treasure of Buddha’s relics; it is like Mecca for the Buddhists”.

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Then the chairman of the consultancy working on the Pakistan Spiritual Tourism project who is also the Dean of Management Sciences at the Army Public College of Management & Sciences was interviewed and he suggested that “broad differentiation is definitely our way to go, but we are suggesting the Government to further liberate the private operators so that they could independently try their focus differentiation strategies (from Porter) to expand the market and bring tourist dollars into the country”.

Another operator who had studied in Japan and had been teaching tourism marketing said: “I really do not care; I have applied a focus differentiation strategy for many years. I go to Japan twice every year and every time I get a group of about twenty spiritual tourists, they come on a tour of two weeks and I organise their transport, accommodation and guidance to all spiritual sites in the country”.

RQ 2. How do you justify the application of the generic strategy and do you think that you have better options available to you?

The Officer at the Ministry of Religious Affairs was asked about justifying the broad cost leadership strategy and he said that the success stories of the Pakistanis going for Hajj and Umrah spoke for itself. When asked about the Government’s marketing of domestic spiritual tourism in Pakistan, he said that “actually that is the job of Ministry of Tourism, so you can visit them and study their marketing strategies for in-bound and domestic spiritual tourism”.

The Official at the Ministry of Tourism was quite honest to say that since the Government makes a lot of money from the out-bound spiritual tourists, the domestic market has always been relatively ignored. Another senior officer in the same Ministry, who had been visiting many countries to study their tourism marketing said: “I am coordinating with our consultants and we are working on the adoption of broad differentiation strategies to market spiritual tourism to overseas Muslims, Buddhists, Hindus and Sikhs. We are suggesting in the report that qualified tour guides should be hired to deal with exclusive groups, for example an expert in Thai or Japanese culture and language should be their spiritual-tour guide respectively”.

The chairman of the consultancy had another interesting opinion about the most effective selection of strategies: “I am also thinking of a focus differentiation strategy to officially attract only the Royal spiritual tourists for example from Japan, Thailand, Malaysia or Brunei. But as
you know, due to bureaucracy, there is a lot of red tape and my ideas do not reach the top”. It was amazing to hear that the ideas of the chief consultant were not reaching the decision makers who were spending a lot of money to hire him.

Various popular private tourism operators were also interviewed and almost all of them expressed the wish to have the spiritual tourism market privatised. One experienced operator who had a degree in Marketing said: “the government shall be happy and satisfied with the easy money they make by applying a cost leadership strategy to the Hajj and Umrah visitors; the domestic market instead should be left alone for companies like mine to apply broad differentiation and further invest in this high potential market”.

RQ 3. How would you describe the role of the Government of Pakistan in supporting the marketing of spiritual tourism to inbound tourists?

The visit to PTDC was not very helpful for this study. The only marketing officer who was apparently business educated and thus understood this study said: “PTDC works for the growth of the Pakistani tourism and tries to set a standard of quality and service for local and foreign tourists”. He said that the private operators were cutting corners to make extra profits and therefore the Ministry of Tourism had to put strict control on their activities. When he was asked if PTDC had been applying cost leadership and broad differentiation strategies; and thus why not allow the private operators to try the focus differentiation strategies, the officer replied: “the private operators only prefer to follow the PTDC steps and try to steal our customers by offering cheaper deals”.

The operator specialising in attracting Japanese spiritual tourists said that many of his friends who did not enjoy the resources that he had, were suffering from the market crash due to terrorism and the war on terrorism, they had to follow so many rules and regulations from the Government that they could hardly gain any profits from their business operations. He said that he was planning to open an Institute to train tourism operators in marketing cultural and spiritual tourism, “I am trying to get some financial and logistical support from the Government for this Institute that would definitely develop the market of spiritual tourism in Pakistan.

One operator who specialised in local pilgrimages to various Sufi shrines said: “my license fee and the security checkups have gone higher while the number of devotees has dropped. How can
I think of new strategies when the Ministry of Tourism is itself against tourism”. Another operator experienced in organising Madrassa education for foreign Muslims and overseas based Pakistanis said “the Government is willing to give loans but not freedom for this business; either they just want to control the business or they are under the direction of their Western allies to repel the spiritual tourists from Pakistan”. Some of these agents are now trying to shift towards local markets but they find it very hard to attract students from various cities to enrol in the Madrassas for spiritual education. One such agent said, “definitely, the parents are worried if they send their children for religious education, then they may be alleged by the Government for being involved in some sort of terrorism”.

**DISCUSSION, IMPLICATIONS & CONCLUSION**

This paper presents the view that the Pakistani Government is not seriously and professionally interested in domestic and foreign inbound spiritual tourism, regardless of the potential, and various private operators are not allowed to operate independently to capitalise on this attractive market. The Government enjoys cost leadership in the out-bound spiritual tourism market and acknowledges the need for broad differentiation for local and overseas spiritual tourists. Yet no specific professional generic marketing strategy steps have been taken. Recently, an expensive consultant has been hired and his findings are also pointing towards the need for more freedom for private operators. This paper suggests that the Government of Pakistan ‘liberate’ the tourism market and enable the Ministry of Tourism and PTDC to work in collaboration with private operators. The Government could encourage the private operators to apply broad and focus differentiation strategies to attract ordinary and exclusive foreign spiritual tourists.

This paper contributes to the theory of marketing in that it confirms that for a Government, broad cost leadership is not the only generic strategy in spiritual tourism. It creates barriers for private operators and restricts industry growth. Once the Government achieves success by applying cost leadership strategy, it needs to pursue differentiation and also support the private firms to apply focus differentiation strategies and hence develop the market.
LIMITATIONS OF THIS STUDY & SUGGESTIONS FOR FURTHER RESEARCH

The main limitations of this study revolve around the lack at this stage of any quantification of our findings. In addition, because of time and budget constraints, we were unable at this stage to gain extra qualitative insights from the industry and the Government there as to the most appropriate marketing and supportive corporate generic strategies. One worthwhile study would obviously involve an attempt to quantify each of the strategic opportunity areas falling under domestic and foreign spiritual tourism in Pakistan. Further research needs to be conducted to identify the target markets for the focus differentiation strategies to attract different segments like the celebrities such as royal family members, movie and sports stars, for exclusive spiritual tourism packages in Pakistan. In addition, once the more lucrative areas are identified, it would be wise to examine the best approaches to take for different generic strategies in terms of their size, resources, networks and philosophies.
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