

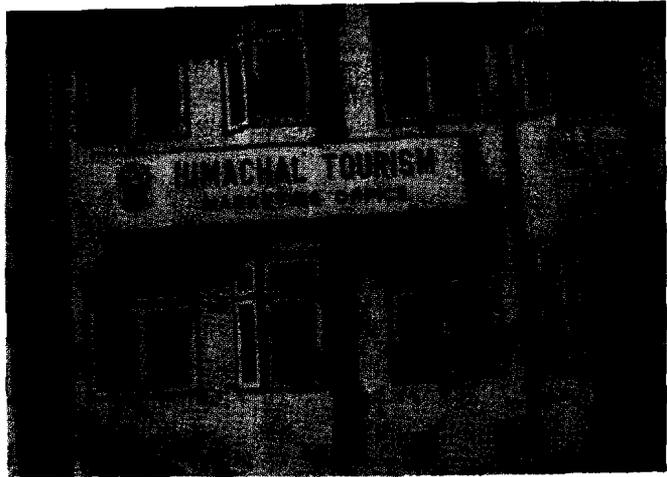
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# UNIT 20 TOURISM MARKETING-1: RELEVANCE, PRODUCT DESIGN, MARKET RESEARCH

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## 20.0 OBJECTIVES

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After studying this Unit, you should be able to understand:

- what we mean by marketing,
- the concept of market segmentation,
- the concept of a product,
- how to design and develop products in tourism,
- the purpose of market research, and
- the use of market research in tourism.

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## 20.1 INTRODUCTION

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The concepts of marketing are considered to be of prime importance in improving the effectiveness of any organisation, whether it may be producing goods or rendering services.

Marketing deals with the relationship between the organisation and its customers.

When an organisation knows who buys (or uses) the goods and services it offers; why, where, when and how they buy; What if the goods (or services) satisfy them and what may be done to increase the satisfaction, it is possible for the organisation to increase its effectiveness as well as reduce wastage of resources. Marketing helps to match the organisation's human, financial and physical resources with the wants of customers along with maximum economy and efficiency.

Customers do not always run to a producer and demand supplies, however useful and valuable the product may be. They will not make the effort to buy, if the effort is not commensurate with the perceived value. It must be available when needed, at places that are convenient and at prices that seem reasonable. They have to know **what is available, where and at what price**. Often they have to be persuaded that the purchase is beneficial to them. This is even so for products that apparently meet an important need. Health check-up programmes, financial arrangements to meet contingencies of death and old age, are some examples.

Knowing the **customers buying habits** can help the company to decide the:

- quantity of supplies to be sent to various outlets,
- frequency of such supplies,
- places where the stocks may be held in the meantime, and
- economical ways and routes of transportation.

Accordingly, the schedule for production shifts and purchasing of raw materials can be worked out. Financial requirements can also be planned out.

Marketing, deals with:

- **defining** the market for the organisation's products (goods or services),
- **determining** the needs and behaviour of the customers,
- **producing** a product that satisfies their needs,
- **deciding** on the ways to reach the product to the customers (distribution), and
- the ways of **communicating** to the customers about the product's features, availability, etc.

Services are bought by customers and they produce satisfaction. The producing organisation creates a capacity through human, financial and physical resources for rendering the services. Most effective utilisation of these resources is possible through the application of marketing concepts. You must remember that tourism is a **service oriented** industry.

This Unit takes into account the various concepts related to marketing. It attempts to define their relevance, characteristics and utility.

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## **20.2 WHAT IS MARKETING?**

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An organisation procures resources from the environment at a cost. It arranges for the utilisation of these resources to produce goods and/or services. These are offered to consumers in the environment, who avail of these outputs and experience satisfaction therefrom. The procurement and utilisation of resources is done through processes and practices relating to finance, personnel, production, materials, ancillaries, vendors and so on. All these processes, practices and activities relating to the production of the output have no justification, if the consumer, who avails of the output, is not satisfied with it. The consumer will then not buy what is offered as output. To win and keep a customer is the purpose of all organisations. The customer is therefore, central to an organisation's purposes. Marketing links the customer, who is the core, to processes, practices and activities.

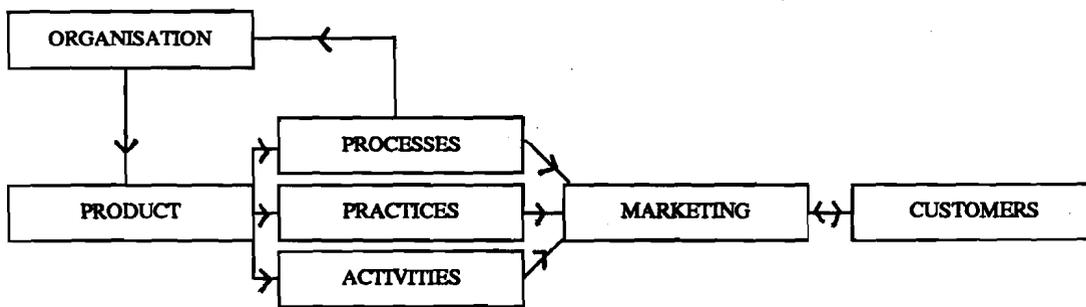


Fig. 1

### 20.2.1 Marketing and Decision Making Processes

Marketing looks at the decision making processes of both the producer and the customers. It tries to bring these two processes together in an exchange transaction. If there is no exchange, there is no marketing activity. If the exchange is by compulsion, then again, there is no marketing. Marketing is relevant only when there is freedom of decision on the part of both producers and customers. An organisation has to create, produce and deliver goods and services that customers value and want at prices which are relatively attractive—particularly when compared with competition.

For example, an owner of a big hall can make money by renting it out for marriage purposes. The person hiring it also needs at the same time, a decorator, a caterer, a pandit (for the rituals) and so on. If the hall owner can make arrangements for these also as part of a single package, he is enhancing the value of his offer and providing greater satisfaction.

Marketing helps to:

- add value, by finding a better match between the product and needs,
- reduce wastages, which would otherwise occur if the product is not needed or production does not match demand,
- improve effectiveness of communication through better targeting of messages,
- cut costs, through more effective distribution arrangements, and
- improve better understanding between marketer and customer because of increased contracts.

The concepts of marketing were developed in relation to consumer goods. These concepts are however relevant to services as well. Whether goods or services, a consumer does not buy a product for its technical features or for what it can do. He buys for the benefits that can be derived therefrom. He buys a cluster of values which are intangible. For example, a shirt is not bought only because of consideration of comfort, exclusiveness or to appear 'macho'. All these are vague thoughts, difficult to evaluate and of different importance to different people.

Marketing may not have much of a role in a controlled economy in cases where the consumer has no options or in conditions of scarcity.

### 20.2.2 Relevance of Marketing Concepts

Marketing concepts are relevant even in the absence of competition. A monopoly producer also has to generate revenue through sales. Sales will not increase through increased production if the:

- existence of the product is not known,
- need for the product is not felt,
- price is not considered appropriate to value, or
- product is not available at convenient place or times.

A felt need attracts the customer to the product, enhances its value and provides satisfaction. This leads to an increase in sales.

Marketing concepts are also relevant in areas other than in the business of goods. For example a candidate standing for election is in effect offering himself as a product for the voter (consumer) to buy. In the US, presidential candidates have marketing experts to advise them on the campaign. If the Government wants people to accept ideas on population control, or better hygiene, they have to be persuaded to buy the idea. They have the option not to buy. Marketing concepts can improve the buying rate and therefore the success of the campaign. Thus, a marketing orientation is useful even for the efforts of social reform and non-commercial persuasions.

Tourism is a service industry. Investments are made in and around a tourist destination in the hope that increasing numbers of tourists will visit it. A product (the attractions and facilities at the destination) is designed and offered to the consumers (tourists) in the hope that they will buy (visit the destination) and derive satisfaction therefrom. Only then will the investment be worthwhile. Tourists have to be persuaded to buy the product. But there is competition as other destinations are also trying to persuade them. The "wooing" of the tourist is becoming more intense. And here the marketing concepts provide techniques to do the "wooing" effectively.

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## 20.3 MARKETING MIX

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Marketing concepts had been originally developed in the context of tangible consumer goods. The main elements of a marketing programme are conceptualised in terms of **4 Ps—Product, Price, Promotion and Place**. It is by marketing adjustments and changes in one or more of these 4 Ps that the attractiveness to the customer could be strengthened. These four elements are known as the **marketing mix**. The marketer could mix these in different ways for maximum effectiveness, like a chef mixes the same ingredients in different ways to achieve high levels of satisfaction.

**Product** includes design, features, quality, range, size, models, appearance, packaging, warranties and name. It also includes pre-sale and post-sale services like training for use, repairs, maintenance or replacements.

**Price** includes concessions on basic price, discounts, rebates, credits, instalment facilities and delivery terms.

**Promotion** includes, advertising, publicity media choices, messages, frequency of exposure, public relations, campaigns, sales promotion, point-of-purchase (POP), displays and merchandising.

**Place** includes retail outlets, wholesalers, transportation, warehousing, inventory levels, order processing procedures, etc.

In the case of services, **three additional Ps** are included in the marketing mix. These are **People, Process and Physical Factors**. Services are performed by people and they constitute and integral part of the service product.

The process of performing the service corresponds to the process of production of goods. But in the service business, the **process is in operation at the time of consumption by the customer**. He is part of the process of production. The way the process is managed affects the satisfaction experienced by each consumer. Process, like people, is an integral part of a service product.

Services are bought and rendered mostly in the premises of the service producer and rarely in the customer's premises. In case of tourism a customer has to go to a destination. The physical surroundings add to the tourists' satisfaction. Hence, decor, sounds, colour, artefacts, layout etc. at the premises where the services are rendered need a careful attention.

Each of the elements in the marketing mix is important and has an influence on the customer. None of them can be ignored. However, the marketer has a choice of concentrating on one or more of the elements to create the necessary impact on the market.

We will deal with promotion in Unit 21. This Unit deals with the product. The other Ps apply differently to the variety of products that together constitute the tourism product.

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## 20.4 SEGMENTATION AND TARGET MARKET

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The term 'market' refers to the collective of existing and prospective customers for the product.

A hotel may be used by people who need to stay outside their usual residence. A person may have no such need now but if such a need arises later, he is a prospective customer. Part of the marketing effort is **aimed at such prospective customers in the hope that whenever the need arises in future, they will choose to buy the marketer's hotel services.** There are however limitations. For example, all persons who need to stay outside are not prospective customers for the 5-star hotels. Even all foreign visitors are also not prospective customers as many of them travel on tight budgets. Hence, the market for the five star hotel is only part of the total market of hotel users. Such parts are called segments of the market.

The customers of a hotel are those who come to stay as well as users of other facilities. They are different groups and each group constitutes different segments in the sense that the needs and expectations of each one of these groups are different. Further, segmentations are possible on the basis of lunch time users and late night users of the restaurants because they need different kinds of service. In the swimming pool, some hotels permit training classes. The segments using the pools for training are different from regular guests in terms of age, behaviour, attention required, hours spent in the pool or nearby, cleanliness demanded and so on.

A segment is **discrete, identifiable, viable and appropriate.** It is distinguished by characteristics of purpose, needs, motivation, benefits and behaviour.

Segmentation is usually done on the basis of one or more of the following characteristics:

- **Geographic**—like region, district, density of population, climate, urban-rural.
- **Demographic** like family size, religion, sex, income, occupation, language, education.
- **Psychographic** like value systems, life styles, personality types.
- **Buying behaviour** like volumes, frequency, delivery requirements, negotiated contracts (for long term arrangements).

The tourist market may be segmented on the basis of:

- Place or origin of tourists.
- Destinations.
- Purposes of tour like holiday, pilgrimage, sightseeing, shopping, etc.
- Economic status and spending tendencies.
- Demographic characteristics like age, sex, occupation and attitudes.
- Preferences for staying like camping, luxury hotels, caravans, etc.
- Preferences of travel like air, sea, road or rail.

Each segment of the market differs in terms of needs and expectations. No one organisation can cater to the needs of all the segments. Each organisation has to decide on the particular segment or segments it would cater to. The segment so identified is called the **target segment.** The identification has to be made on the basis of what the organisation identifies as its objectives and its capabilities.

Having identified the **target market** all activities will have to be planned and executed keeping this target market in mind. The service being offered, the messages in communication, the media used for communication, the pricing policies, the arrangements

to access the service, all have to be consistent with the preferences and behaviour patterns of the target market. For example, if the hotel is targeting on the domestic tourists in the circuit of religious places, there would be little point in advertising in business magazines or providing foreign cuisine in the restaurant. Simple vegetarian thali food would perhaps be more satisfying to its patrons.

**Check Your Progress 1**

- 1) Mark which of the following statements are right [√] or wrong [x].
  - a) If the product is good, customers will automatically go out to buy it at any price. [ ]
  - b) If there is no exchange, there is no marketing activity. [ ]
  - c) Marketing is relevant only if there is freedom of decision on the part of the producer and customer. [ ]
  - d) A doctor is a customer of a hospital. [ ]
  - e) When a person buys a refrigerator, his decision is made on the basis of intangibles. [ ]
- 2) Mention at least six different kinds of customers of a hotel.

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- 3) Bring out the differences in the needs of the following two groups of tourists who are in Goa, in terms of accommodation.
  - a) People from Madras travelling by bus visiting important temples in the North.
  - b) a group of Europeans coming by a chartered flight.
- 4) What are the 4 Ps in marketing?

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## 20.5 THE SERVICE PRODUCT

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A product is something that a producer makes and offers to consumers to provide satisfaction of the needs. Service products are different from goods in five major characteristics i.e.:

- Intangibility,
- Inseparability,
- Heterogeneity,
- Perishability, and
- Ownership.

### 20.5.1 Intangibility

While goods are tangible in the sense that they have physical dimensions and attributes and can be seen, felt, or tasted, services are intangibles. Take for example, an educational institution. One can see or verify the building in which it is located, the facilities within etc. But none of these determine the nature and quality of the education imparted by that institution. The product (of education) provided is to be evaluated in terms of the development of the knowledge, intellect and character of the alumini. This development may be perceived, but cannot be measured. Hence, this critical factor that constitutes education and the output from the institution is intangible.

One cannot see, feel smell, touch or measure a service performed. It can only be experienced from the effects produced. When a doctor examines a patient and makes a decision about diagnosis and treatment, what he does is to tap the chest, hear the sounds, and read the instruments (or reports). That is not what he is paid for. He is paid for his knowledge, his experience, his training, the meaning that he makes of what he feels, hears and reads and the remedy he prescribes. This application of knowledge and making of meaning is intangible. If the patient is cured, the effect of the service is experienced as good. Otherwise, it is experienced as bad. It does not matter than what the doctor's qualifications may be.

The characteristic of intangibility lies on a continuum with pure goods at one end and pure services at the other, with most products lying away from the two extremes. Similarly, services can be distinguished between "pure intangibles" (education, information, consultancy) services which add value to a tangible product (laundry, decor) and services that make available tangible product (retailing, financing).

### 20.5.2 Inseparability

A physical item is produced in a factory, bought in a shop and consumed in the customer's premises at his convenience. But when one buys a service like a courier or a doctor, the production and consumption of the service takes place at the same time. The service product being an intangible, as experienced by the customer, exists only during the experience and that is when it is produced as well as consumed or used. The service in a restaurant is the courtesy of the waiter. Courtesy is in the behaviour of the waiter with the customer, not behaviour elsewhere. Courtesy is, as the customer perceives it, at the time of behaviour, not before or after. It is produced by the waiter and consumed by the customer simultaneously. Hence, the production and consumption cannot be separated.

Education takes place in the interaction of the teacher and the student. Both teaching (production) and learning (consumption) happen together. If there is no learning, there is no teaching. Hence, the product exists only when the consumption takes place.

In a class of many students, a teaching session of one hour may cause different levels of learning among the students. What the teacher did in that one hour is the same but each student received it differently. The product of teaching was different to each student, depending on the nature of his consumption (learning). Hence, the product was received with varying consumption levels.

### 20.5.3 Heterogeneity

Because of the factor of inseparability it is not possible to produce a service in advance according to specified standards. Both production and consumption being by humans, the product of service as experienced, may not be of consistent quality. What is "excellent" to one, may not be so to another.

In a conducted tour or in a restaurant, the service quality is also influenced by the behaviour of the companions. Yet, the dissatisfaction experienced is not always attributed to the companions, but to the service providers.

An optician sells glasses to correct vision. But what is bought by the customer is not merely better vision, but also fashion and appearance. An optician who is technically good at determining the proper refractive index of corrective glasses has to enhance his 'service' with a big range of frames and tints of glasses which the consumer can try out on his face. The service must also include speed of delivery, depending on the urgency of the consumer. The customer may need help in making choices of frame and glass. A

choice cannot be made from a catalogue. The choice depends on the “fit” of the frame to the face of the customer as seen by the customer himself.

A garage may have a clear routine of repair and maintenance. Yet it is the mechanic who has to listen to the sounds of the machine and decide how many turns the screw needs for fine tuning. Whether the decision is perfect or not cannot be guaranteed howsoever experienced or competent the mechanic may be. If he is disturbed, his concentration and performance will be affected. The service of the garage becomes poor. This explains the heterogeneity of services.

### 20.5.4 Perishability

The demand for crackers is very high during the Diwali season. A manufacturer of crackers makes them well in advance of the season, stocks them at various places, and sells the whole stock during the season. If the goods are not consumed while being produced, they can remain in stock till the consumers are available. The crackers do not perish during storage. They retain their full value. Vegetables, though perishable over time, can also be stocked for subsequent consumption through processes like refrigeration and canning. But the **supply of services cannot be stored**. If an advertisement is not seen or read, it dies. It has gone waste. If the available seats in a cinema are not used during a show, they cannot be added on to the next show. If the supply is not used, it perishes. So also the seats in an aircraft or rail car, the rooms in a hotel, the space in a ship, the services of a tourist guide, the time of a consultant etc. **all perish if not utilised when available**. The loss of revenue cannot be made up. What is **not sold cannot be carried forward as stocks to be sold the next day or at any other time**.

The ability to carry stocks gives the manufacturer of goods some level of stability in his operations despite fluctuations in demand. If the supply is short at any time, he can arrange deferred deliveries. The consumer also can buy and store till he is ready to consume. The stability in operation helps to improve recovery of costs. Such **stability is not possible for the producer of services** because of the characteristic of perishability. For example, if an airline has only 20% occupancy, the costs of operation do not come down to 20%.

### 20.5.5 Ownership

**No ownership passes from seller to buyer in a service. The buyer only acquires the right to certain benefits of what the seller offers.** One may have the right to use a hotel room or a railway berth for a period of time, but the ownership of the room or berth remains with the hotel or the railways. Similarly, a doctor offers service. There is no tangible good that he produces or offers. He uses knowledge, which is intangible and prescribes treatment which may be satisfying. The treatment may or may not involve medicines. The ownership of the knowledge of the doctor does not pass on to the patient, but the patient (customer) is entitled to the benefits of that knowledge. However, in the case of goods the ownership passes on to the buyer.

#### Check Your Progress 2

- 1) Mention in what aspects are service products different from goods.

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- 2) Can services be carried over or stocked?

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3) Who has the ownership of services while they are consumed?

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## 20.6 PRODUCT IN TOURISM

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The needs of a tourist relate to comfort and pleasure in travel, stay, food arrangements and to visit spots of interest and attraction. Hence, a tourist hopes that she or he will:

- be looked after and cared for,
- be able to visit places of interest, spend adequate time at such places and engage in the activities that interest them,
- not face wastage of time in waiting for transport or at places of no interest because of bad weather or other reasons,
- not be hurried or hustled against the preferred place,
- be offered palatable and suitable food to one's tastes and health,
- get good company of others, if in a group,
- be able to experience in the new places the local life styles, culture, food etc. as per one's own choice, and
- be facing no risk to one's person or belongings, etc.

These expectations of the tourist are met by three main ingredients:

- **Attractions,**
- **Facilities, and**
- **Accessibility.**

These three constitute the features of a tourist product:

- Attractions are the things to see and enjoy, and will range from beaches to mountains, flora and fauna, places representing history and culture, entertainment etc.
- Facilities take care of the comfort and range from accommodation, food, communications, guides and so on.
- Accessibility relates to the formalities in reaching the places, like visas, customs, bookings etc. acquiring resources like accommodation, exchange, transportation without hastes and damage.

The tourist product is a complex one. It consists of several elements provided by various persons. You have read about the constituents of the Tourism Industry in Unit 5. Some of them are located at the tourist destinations (hotel, shops, attractions, guides), some are at the place of origin of the tourist (embassy to provide, visa, travel agency or tour operator) and some are enroute (customs, transport, exchange).

Some of these services are tied to tangibles. Both hotels and transportation use a variety of tangibles. The comfort of a stay in a hotel is an experience which does not come only from the quality of furniture and fittings within, but from the efficiency of the equipment including the noise it makes and the disturbance from the outside during periods of rest. Noise and disturbances can be very annoying to some people, but not to all. These in turn depend on the maintenance as well as the behaviour of other people in the hotel. The annoying experience of noise and disturbance is part of the product the hotel provides, probably more than the quality of the furniture. The experience is real but intangible. The product has both tangible as well as intangible elements. The service part is intangible.

Similarly, in transportation, the car may be the latest Maruti 1000 in perfect running condition. But if the driver is rash or not very polite and considerate, the experience is of bad service. Rashness, politeness, consideration etc. are one's evaluations of other's behaviour. Evaluations are very personal and cannot be measured or seen or verified for correctness. They are intangibles. For example in this case evaluations are made of the chauffeur's actions but are also related partly to the customer's perceptions and standards. The customer, in using the service (of the chauffeur) experiences 'bad' service. The environment at the time influenced the perception and therefore the experience. The bad service was provided by the chauffeur. He 'made' the product at the time of consumption. Both, production and consumption occurred simultaneously. Without the consumption, there would not have been a product. If the client did not notice bad behaviour, there would have been no bad behaviour.

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## 20.7 CORE AND PERIPHERALS

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A product is basically something that a producer offers to a customer to provide satisfaction. To the manufacturer or producer, the product has an **aggregate of technical and physical features and characteristics**. To the consumer, it is an **aggregate of utilities, expectations and perceptions**, a complex cluster of value satisfactions.

### 20.7.1 Attributes of a Product

A product is not merely a physical commodity. People endow products with attributes beyond the functional characteristics of the product. A soap is valued not merely for its ability to clean but also for its shape, colour, size and the 'status' that its use symbolises. The packing, the labelling, the price, the image (created through promotion efforts), all add up to make the product occupy a position in the mind of the consumer. Utility is only one element of the complex product personality.

The product has a core constituent i.e. the technical characteristics to perform the basic functions for which it is made. The peripherals have **no great functional utility, but they add value**. For example, a core constituent of a television set, will be its engineering, circuitry etc., that provide clear images and sound. The peripherals would be the design of the cabinet, position of the control knobs, remote control facilities, the brand name, the guarantees etc. The peripherals are also referred to as the **associated features that augment the product**.

Products may be differentiated through claims made by the manufacturer. For example, cooking oils refer to effects on cholesterol levels to differentiate themselves; toothpastes are differentiated on the basis of clove oil, fluoride and so on. These differentiations create distinctive value and avoid competition on price. **Competition is among equals and not among unequals**.

Products also may be customised to meet the specific requirements of the consumer. This is done partly for high value industrial products which may be fabricated or modified to meet specific needs. This is not done for mass produced items. **In the service sector, the opportunity, as well as the need, for customisation, is very high.**

Packaging and labelling are very important in goods. Packaging provides protection, attractiveness and identity. Labelling helps in identity and also provides information about distinctive features, technical data, usage instructions, precautions etc.

### 20.7.2 Tourism Product

In tourism, the products are varied. A travel agent may arrange for itineraries and airline booking as the core product, but add on as peripherals help in getting passport and visas, foreign exchange clearances, embarkation formalities at airport and so on. Similarly attractions are added to a destination. For example, 18 rooms of Buckingham Palace have been recently opened to visitors. This is expected to become a major tourist attraction in London. Apart from the Throne Room, Drawing Room and the Picture Gallery, the Souvenir shop (selling white china mugs with Buckingham Palace written on it or Crystal Balls with details from the State Dining Room), is a part of the attraction.

Designing a product means determining the features of the product and the benefits that it will provide to the user. Effective designing will maximise the benefits and the appeal to the consumer. This implies that adequate attention has to be paid not merely to the core but also to the peripherals and the packaging, labelling, etc. which augment the value of the product.

### 20.8.1 The Service Product

The service product is not a physical entity. The elements that could go into making the aggregate service product are many. A choice has to be made as to what elements have to be incorporated in the core service offer which will become the product. For example, in a courier service, the offer would be:

- Delivery of articles at designated destinations within specified time limits.
- Arrangements for collection of articles, and
- Nature and size of articles that would be accepted for delivery.

In a theatre, the elements will include, apart from the shows, climate control, cleanliness, quality of seating, elevator service, reservation facilities, conveniences in lobby, decor, attached restaurants, nature of patronage, information on forthcoming programmes, car park facilities and a lot more details on reception, etc. Satisfactions increase when one is recognised as a patron by the officials in the theatre; when one can have the seats of one's choice whenever required; when the others in the theatre are of an acceptable kind and so on.

A product in tourism is the place of destination and what one may experience while proceeding to and staying in that destination. For example, Sentosa island off Singapore, is packaged as a place where there are no shops, no skyscrapers, no offices—a place of quiet and tranquility, to relax and be with nature, so different from Singapore. Travelling by cable car to the island is part of this package. Places in Rajasthan like Jaisalmer are being offered as tourism products to experience the life styles of Maharajas, living in real palaces with kingly appurtenances, travelling in 'Palace on Wheels', the luxuriously fitted up railway train, going hunting (with cameras, of course) on elephant back and so on. The product is not merely the city of Jaisalmer and what it may offer as historical and cultural importance. The product is the total experience of travel and other attractions, all consistent with the royalty that Jaisalmer represented.

The tourism product may be developed with emphasis on art, architecture, culture, religion, history, sports, leisure, temples, life styles, etc. Himalayas is a product not only for adventure tourism and sports, but for nature lovers and for quiet. Varanasi is a product based on religion, the Ganges, Buddha and capturing the essence of Indian Heritage. The accommodation provided, is as much a part of the safari in the African bushes as the prospect of seeing wild life. Many pay more to live in the tents in open country 'with nature' instead of in a five-star comfort.

### 20.8.2 The Steps in Developing a Service Product

The steps in developing a service product are:

- Determine what the consumer values as benefits (**Benefit Concept**).
- Determine which of these benefits should be offered (**Service Concept**).
- Decide on the precise service offer which includes forms and levels of the benefits to be offered and the arrangements for delivery of the service (**Delivery System**).

The benefit concept will include expectations of the customer which are bundles of functional and psychological attributes. One needs to be clear on who the customer is. The customer of an educational institution is the student, the parent and also a part of the society that will benefit from the student's education. Business houses are customers of management schools. Therefore, the management school has to keep in mind the expectations of the potential employers. Some management schools have multinationals as their customers, while others are smaller organisations of the district and state levels who

would like to benefit from the products of the management schools. An airlines customer is the passenger who travels as much as the travel agent who effectively influences the final buying decision.

The expectations from a restaurant may vary in kinds of food, (Indian, Continental, Chinese, Thai, Mexican etc.), extent of spread (Salads, sea foods etc.), price, courtesy of service, comfort of seating, ambience and so on. One restauranteer may in his service concept include authentic Goanese food or Chinese food only and speed of services, paying little attention to seating, or ambience or courteous service. Another may conceive service in terms of quick, clean, simple, wholesome lunches for business executives without much of a choice in menu but offering convenient seatings and atmosphere to enable serious business discussions as well. These choices are made keeping in mind the:

- market segment proposed to be served, and
- resources one has and can muster.

The choice of elements to make the service offer should bear in mind the:

- ability to render 100% consistent performance, and
- extent of personal satisfaction.

### 20.8.3 Service and Delivery

Once the service concept is clear, arrangements have to be made for the delivery of service. Service is delivered by:

- people, and
- using equipment and other physical facilities that have to be put in place.

Upgradation in level of service is achieved by taking the service to the customer, i.e. outside the premises of the service provider. For example, a hotel that arranges to meet the guests at the airport and bring them in is upgrading the service by extending it beyond the premises.

In the case of a service, the product is manufactured at the point of delivery. An airline or the railways may design a service of information on arrivals and departures over the telephone. Every time an enquiry is made, the response one gets is a service and that is made specifically at that point of time. If the response is not available, because the telephone line is not attended, is busy for a long time or because the information is not updated, there is effectively no service. So if a service is to be offered, arrangements need to be made to ensure that it is possible to render that service. The arrangements to be so made are in respect of equipment, systems and people. These arrangements do not constitute service but constitute preparedness and readiness to render that service when the offer is accepted by a customer. Technology and equipment can be of great help in maintaining consistent quality of service. For example, the information service referred to above, can be organised through a recording machine that will be connected to all incoming calls.

Similarly there is need of **Systems** in services. Systems refer to the arrangements for flow of information and material to the point where the service is being delivered. For example, Airlines have to keep their booking agents informed of changes in flight schedules. If the carrier fails to do so, the agent will fail in his service to the passengers.

#### Check Your Progress 3

- 1) Fill in the blanks from among the words in the brackets.
  - a) A souvenir shop in a tourist destination is a ..... product. (Core, Peripheral)
  - b) A service product is as good as it is ..... (Designed, Experienced)
  - c) Service is usually rendered at the ..... premises. (Provider's, Customer's)
  - d) Satisfaction of a tourist ..... be affected by the behaviour of the other tourists in the area. (May, Can not)

- 2) Which of the following services do you consider essential in a beach resort visited by plenty of foreign and domestic tourists.
- a) Savings bank account
  - b) Foreign currency exchange
  - c) International trunk dialling on telephones
  - d) Auto rickshaws for hire
  - e) Local cuisine
  - f) Tennis court
  - g) Coaching classes for swimming
  - h) Cable TV showing Indian video cassettes
  - i) Conference hall
  - j) Fair price shop
  - k) Beauty saloons.
- 3) Describe the features of a tourism product?

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## 20.9 POSITIONING

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Customers distinguish one product from another on the basis of distinct characteristics. A five star hotel is considered as a place of luxury and exclusiveness. To stay there is, therefore, a matter of high status. Similarly, soap 'Y' kills germs and removes body odour. Soap 'X' is a beauty soap. 'G' locks are safe 'M' are not. Goa is the place to visit not Karachi, etc. These are all images in one's mind which determine one's behaviour relative to that product. For example a tourist may not like to go to Musoorie for it is too crowded in season but will go to Dhanaulti nearby. Another may not like Dhanaulti for it is too calm and quiet there.

Such distinct characteristics are impressions in people's minds where the product has an image or position. The response towards the product, to buy or not to buy, is influenced by such positioning. If a tourist destination has the image of being susceptible to sudden disturbances and riots or endemic to diseases, tourists may tend to avoid that destination and visit another.

India offers, perhaps, the widest choice of tourist attractions in a single country. Snow, mountains, forests, wild life sanctuaries, rivers, beaches, heritage, palaces, temples, relaxation, adventure, and all this is a contrasting juxtaposition of the ancient and the modern. The Thomas Cook Worldwide Cost of Living Index shows that India offers the best value for money. But there are impressions that in India there could be harassment from officials, beggars or touts, inadequate hygiene and so on. All these peripherals are part of the total product as positioned in the tourist's mind. More tourists will come to India when India as a tourist destination has a better positioning individually and these negative impressions are done away with.

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## 20.10 MARKET RESEARCH

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Knowledge about relevant parameters and characteristics has to be gathered through a study of the market. Studying the market to know its characteristics is the field of market research.

**Market research is the process of systematically gathering, analysing and evaluating data relating to the market.** It deals with the manifold facets of the market and provides the basis for making decisions about the elements in the marketing mix. It helps to analyse

the problems that may be experienced and in finding solutions thereto. Market research may attempt to answer specific questions or generate general information to be used in due time.

### **20.10.1 What is it?**

Market research may be:

- **Market Analysis**, to show size, spread and growth of market in terms of volume, revenue, shares of competition, economic conditions, etc.
- **Consumer Research**, to know profiles, awareness, habits, needs, preferences, expectations, perceptions, both quantitatively and qualitatively.
- **Products and Price Study**, to know products in the market, price sensitivity, technology, acceptability of features, packaging.
- **Promotion and Sales Research**, to know consumer reaction to alternative concepts and media, effectiveness of sales force and promotion.
- **Distribution**, availability of facilities for stocking, merchandising, possibilities, outlets and shelf space availability, and
- **Evaluation and performance monitoring**, looking at the extent of customer satisfaction.

The market is so big and scattered that it is impossible to do a complete study in totality. Hence, market research depends on techniques of sampling the market. It is not possible to be sure that the sample is truly representative of the whole. However, a properly chosen design can reduce divergence considerably. For example, tourists come to India from a number of countries. You can not study all. So you pick the countries sending highest and lowest number of tourists for your study.

Decisions on the research design include:

- Deciding the **purpose** of the study like knowing the duration of stay or expenditure habits, etc.
- **Choice of samples** like tourists coming from Europe or US or high budget tourists or low budget tourists,
- Determination of the **nature of the data** to be collected,
- **Method of data collection** (surveys, secondary sources, observation etc.) and
- **Design of questionnaires** (instruments) to collect and record data, including scales to be used.

A lot of data can also be collected through desk research, looking at records, publications, commercial analysis, trade information, press cuttings, previous studies etc.

Other ways to obtain data are:

- Tourism Department,
- Discussions with tourists (customers),
- Observations of customers at premises,
- Observations and discussions with visitors to exhibitions and trade shows,
- Market experiments and surveys with recording of responses and results,
- Attitude, image perceptions and awareness studies,
- Advertisement and other media response studies, and
- Studies of usage pattern, etc.

### **20.10.2 Quantitative and Qualitative Studies**

Some of the market researches are **quantitative** studies while other are **qualitative**. Among them some can be done on a **continuous** basis and some **sporadically**. However, when sporadic studies are made at regular intervals, trends and changes can be known.

The manner in which research is designed and conducted ensures its reliability. Research findings often form the basis of corporate decisions of long term implications. The

techniques of sampling, questionnaires, surveys and evaluation have been developed and these constitute a specialised field of study. The same set of principles are used in opinion polls about destinations and predictions for tourist arrivals.

In the case of quantitative data, the numbers tend to give the study an illusion of objectivity and reliability. In order to have a proper interpretation and evaluation, it is necessary to know how the numbers have been generated. For example, the preference for a particular destination among four may be because a fifth destination had not been included in the study.

The numbers coming out of a quantitative study depend on the way the questions are asked and therefore cannot be assumed as to saying everything there is to know. Hence, one needs insights to make valid evaluations.

In the case of services, the data to be collected and evaluated is more abstract and qualitative than in the case of tangible consumer goods. It is relatively easier to elicit responses by showing samples of goods and the way they perform than to elicit responses to services which cannot be guaranteed to perform as per the sample experienced. Moreover, it is not easy to articulate satisfaction and expectations. They are often not in the realm of conscious rationality. How does one explain the impressions created by a movie except to say whether it was liked or not? This answer is not adequate to decide what kind of movie would be generally acceptable to an audience. The experience is total and it is difficult to identify the particular aspect that is creating the experience, pleasant or otherwise.

If a specific element is stated as the critical one leading to the pleasantness or otherwise of the experience, this identification may have been made for a number of unrelated reasons. Did one get irritated at the breakfast table because of the:

- temperature of the coffee served,
- consistency of the pudding,
- warmth of the bearer's attention,
- behaviour of the couple at the corner,
- pressures of the next appointment or the late hours of the previous night?

Similarly there can be other questions like what is the kind of music that should be played at lunch or dinner time? How loudly should the music be played? These are difficult questions to answer. The data is not related to measurable objective phenomena. Capture of qualitative data needs very sophisticated and sensitive instruments. Some of these are:

- Use of focus groups, specially invited to discuss and express themselves,
- Individual interviews where the person met is encouraged to talk freely,
- Word association, sentence completion—or picture interpretation,
- Trade off questions to determine relative values.

There is need for expertise and insights to interpret and evaluate. Responses to a study may not be the same as the actions in real life. People often do what they say they do not, or do not admit what they do. People do not own up feelings. They are quick to rationalise irrational behaviour. These are some reasons why interpretation of research data needs to be carefully handled. Inadequate expertise could end up with misleading information and incorrect decisions.

### 20.10.3 Insight and Experience

Expertise in the techniques of market research can be hired. Insights into the situation being researched comes from experience. These insights should be used both ways i.e. to design the study as well as to interpret the data.

In the service business, unlike in the business of goods, 90% of the personnel are in touch with customers. When one is in touch with the customers, a lot of data about the customer's experiences, expectations and satisfactions can be had directly from him or her. Contact personnel can be trained to feedback such data to a specific point in the marketing department. The opportunity for direct access to the customers is much more in the service business than in the business of goods. To that extent, the reliance of external research agencies can be reduced.

Disneyland in France is losing money. The reasons have to be found. Do the Europeans have different ways of enjoying leisure compared to the Americans? What are the differences that need to be made in the entertainment schedules and patterns? The answer to these questions will come partly through research and partly through insights and experience.

**Check Your Progress 4**

- 1) Mark which of the following statements are right [√] or wrong [x].
  - a) Useful data can be had from the documents and the people within the organisation. [ ]
  - b) Data collected through surveys / questionnaires have to be interpreted by people who have insights. [ ]
  - c) Market research helps to predict the future. [ ]
  - d) Market research helps to anticipate the future. [ ]
  - e) The numbers emerging out of a qualitative study can be assumed to tell everything there is to know. [ ]
- 2) To find data on origin of tourists and flow of tourist traffic, which of the following places would you choose to conduct the survey?
  - a) Bombay and Delhi Airports.
  - b) Goa beaches.
  - c) Varanasi ghats.
  - d) The Taj Mahal at Agra.
- 3) What do you understand by positioning?  
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- 4) What do you understand by market research?  
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**20.11 LET US SUM UP**

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Marketing helps to increase organisation effectiveness and customer satisfaction. In tourism the market is very big and complex hence, segmentation and choice of target segment is essential. Product and the other elements of the marketing mix have to be designed to meet the needs and expectations of target market. Peripherals of the product augment the Core. Market research is necessary to know the market and the position of the product. Research is both quantitative and qualitative, needing insight for interpretation of measured data.

## 20.12 KEYWORDS

<b>Appurtenance</b>	:	Belonging, accessory
<b>Characteristics of Service</b>	:	The five factors viz. Intangibility, Inseparability, Heterogeneity, Perishability and Ownership that distinguish Service from products.
<b>Core</b>	:	The main product.
<b>Marketing Mix</b>	:	Elements that could be varied for better market effectiveness.
<b>Market Research</b>	:	The process of gathering information about the market.
<b>P's of Marketing</b>	:	Product, Price, Place, Promotion, People, Process and Physical factors that constitute the marketing mix.
<b>Peripheral</b>	:	Additional features that augment the product.
<b>Positioning</b>	:	Creating an image about the product in the customer's mind.
<b>Segmentation</b>	:	Ways of dividing the market.
<b>Target</b>	:	Chosen segment.

## 20.13 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

### Check Your Progress 1

- 1) (a) x (b) ✓ (c) ✓ (d) ✓ (e) ✓
- 2) All the following are customers of the hotel.
  - Those who come to stay in the rooms.
  - Users of the hall to conduct official business seminars, workshops, training programmes, conferences.
  - Users of the hall for personal celebrations like marriages, receptions, birthday parties etc.
  - Users of the space in the shopping arcades to conduct their own business.
  - Users of the restaurants.
  - Users of the rooms as offices on a long term or short term (to conduct selection interviews for example) basis.
  - Users of the business centres for secretarial or commercial assistance.
  - Users of other facilities like health club, swimming pool.
- 3) The difference would be in respect of accommodation needed, food, budget, shopping, sightseeing, leisure time, utilisations, facilities of currency exchange, telephone etc.
- 4) See Sec.20.3.

### Check Your Progress 2

- 1) Base your answer on Sec. 20.5 mentioning the five major characteristics.
- 2) The answer is no. Read Sub-sec. 20.5.4.
- 3) The ownership remains with the producer. See Sub-sec. 20.5.5.

**Check Your Progress 3**

- 1) (a) Peripheral (b) Experienced  
(c) Provider's (d) May
- 2) (b), (c) are essential.  
(a), (i) and (j) are unlikely to be of any use to visitors.  
(e) would be necessary in most cases.  
(d), (f), (g), (h) and (k) may be used by some because of availability but will not be missed.
- 3) Base your answer on Sec. 20.6.

**Check Your Progress 4**

- 1) (a) ✓ (b) ✓ (c) x (d) ✓ (e) x [They may tell a lot but not everything]
- 2) The contact has to be made at points of entry into the country viz. the airports, before they disperse according to preferences.
- 3) See Sub-sec. 20.9 again.