
UNIT 16 MARKETING MANAGEMENT

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16.0 OBJECTIVES

After studying this Unit, you should be able to:

- define marketing management,
- understand the concept of market segmentation,
- appreciate the importance of marketing mix, and
- design your **marketing** organisation and marketing research

16.1 INTRODUCTION

Marketing is one of the important management functions. We have already introduced you to the concept of marketing and its application in tourism in Block-6, TS-1. Marketing teaches you the techniques and strategies to promote your product services. Whereas marketing management is concerned with the skills to **analyse**, plan, coordinate and implement the various **marketing** strategies towards the accomplishment of customer's requirements and the company's objectives. In a highly competitive market like tourism as a manager or as an entrepreneur you would definitely be interested to improve your market share and expand your business. This you can do better **through** an understanding of marketing management. This is precisely what would be discussed in this Unit.

16.2 DEFINING MARKETING MANAGEMENT

The success of any segment of travel and tourism industry depends on the marketing of the product or service. Tourists have different requirements and choices. A travel agency or a **hotel** offers a product or a **service** concept to the potential **customer** who has a need for it. **Marketing management teaches you how to match the organisation's offer and the customer's need so that both can achieve their desired objectives.** Marketing should not be **identified** as merely selling of products. Marketing is primarily concerned with understanding the needs and desires of the customers and their choice of products. From the company's point of view marketing focuses on which products to produce and why, at what price, when, etc. Marketing management is the setting of marketing goals considering company **resources** and market opportunities and the planning and execution of activities required to meet the goals. Keeping in view this aspect the producer of the tourism product or service has to plan, organise, monitor and control marketing operations. To be successful it is essential for a marketing professional to identify, respond and adapt to market changes ahead of competitors. Now let us see, how one can understand the customer's need and the market.

163 IDENTIFYING MARKETS

In marketing management our major concern is to manage that process which:

- identifies the needs and interests of the customers,
- helps in designing a product or **service** that matches the customer needs,
- promotes, sells and delivers that product or service.

Infact, customer's need is the **focal** point for formulating any marketing strategy. The demands and preferences of the customers are of varying nature as is particularly **the** case in tourism. To meet the varying interests of the tourists your job is to categorise your clientele on the basis of certain common bases. The process through which we distinguish our prospective clientele into homogenous and distinctive **groups** is called market segmentation.

Different criteria **are** used for segmenting consumer markets like geographic, demographic, economic, social and psychological. Geographic dimensions used for market segmentation are region, topography, climate, urban, rural, etc. Demographic variables like ethnic background, age, social class, religion, etc. can become useful segmentation base. Income is the main source of buying capacity and it can be **considered** as a sole factor when segmenting markets. Personality, life style, preferences, values which are considered as psychological bases may be used for segmentation. In the backdrop of this general principle of segmentation you have to decide your market segment. Before reflecting a base you must have substantive knowledge about customers. So far as travel and tourism is concerned there are number of segments further divided into sub-segments. For example you have - domestic and foreign tourists, high budget and low budget tourists or adventure **tourists** or ethnic tourists, etc. However, in segmentation four **criteria** must be applied **in order** to make it usable and effective. They are:

- discrete or clearly identifiable,
- measurable,
- viable, and
- appropriate.

Therefore segmentation of market is a scientific process based on collection of information about the customers requirements. Segmentation helps in offering services and products according to the specific needs of the customers. As managers you have to decide the segment, you want to cater to and accordingly plan your organisation's activities.

16.4 MARKETING MIX AND STRATEGY

When you have to offer a product or **service** for sale you have to take **care** of certain factors like speciality of **your** product, expected price, mode of promoting your product, channels of distribution, etc. Actually marketing managers are concerned with four basic decision areas or elements which are known collectively as the marketing mix. These four basic elements known as **4Ps** are:

- Product
- Price
- Promotion, and
- Place (distribution).

We can say that these are four levers or controls which have to be used skillfully by a marketing manager to achieve the desired goal. A company's success depends on good formulation of its marketing **mix**. Each of the four Ps includes many important sub-elements. For example, any activity related to a product or **service** includes,

- quality
- features

- brand name
- packaging
- services, etc.

Similarly, promotion includes advertising, sales promotion, brochure preparation, public relations activity, etc. Planning is most important to develop appropriate marketing mix. In planning of the market you have to take care of the following facts:

- analysis of the existing market situation,
- identification of problems and opportunities in the situation,
- defining the objectives of the marketing plan,
- designing the marketing strategy,
- developing the marketing programme, and
- budgeting, forecasting sales and estimating cost and profit contribution.

This is not an one time activity. Market changes very often and naturally the requirements also change. So you have to keep pace with the ever-changing market situation and for this constant monitoring and re-evaluation of objectives and strategy needed.

It is the marketing strategy which primarily determines your rate of success. Marketing strategy refers effective utilization of company's resources to achieve market success. To develop market strategy you have to decide your target market, formulate accordingly the marketing mix and take note of the competitive market environment. Let us think of a situation. You are working for a tour operator or owning the same business. In the market there are other competitors also. Now you want to increase your market share. How would you move? There can be **number** of options to do that:

- by adding new destinations
- by offering lowest prices
- by offering attractive packages
- by increasing promotional campaign

As a marketing manager studying the existing market situation and the resources and capacity of your company you have to decide the most appropriate strategy for your company.

Check Your Progress-1

1) What do you understand by marketing management?

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2) What are the different bases for market segmentation? How does it help tourism industry?

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3) You are planning to open a travel agency. How will you decide your marketing strategy?

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16.5 MARKETING ORGANISATION

In **this** Section we will introduce you to the various ways in which the marketing function can be organised. Organisation refers to a system or framework in which various activities are performed. Marketing involves division of tasks and effective coordination with others. Thus to be successful in marketing the marketing functions need to be organised. This involves three main tasks:

- planning and control,
- executive, and
- coordination.

Groupings the functions of the organisation into **departments/divisions** based on the nature of **jobs/tasks**, to be done and then proper coordination and control of the departments are the essential functions of an organisation. Size of the company, size of the market, nature of the customer, range and variety of product lines, etc. are important factors to be considered to decide about the type of organisation. There are however two main ways in which functions or tasks can be divided:

- geographically or
- by specialization.

For example, suppose the company in which you are working has expanded its business to different regions. In this situation in place of one person looking after all regions if you appoint one person in charge of each region then definitely the market would be better controlled. This is **called** geographical division.

There can be another situation, when it may be difficult for only one person looking after **sales**, product promotion, distribution, market research, etc. In that case you can divide the job responsibilities as per specialisation. So what type of organisation you **need** is basically dependent on market environment, objective and resources of your company and financial viability. In case of tourism the most common functions in marketing are:

- advertising and promotion,
- sales,
- customer **service**,
- marketing research and planning. and
- new product development.

In a small company all these functions may not be separately identified and differentiated. But these are the most common functions in marketing and the success of business depends on effective planning and coordination of these functions.

16.6 MARKETING RESEARCH

You may have already understood that for effective marketing it is most important to have proper feedback about the market. Your marketing plan and successive action depends on getting the information about market environment and customer requirements. Here comes the role of marketing research. It is suggested that **market research involves 'the gathering, processing, analysis, storage and dissemination of information to facilitate, and improve decision making.** Research may not provide solutions to management problems. But it definitely reduces the amount of uncertainty and risk associated with marketing decisions. Market research also helps in identifying untapped customer's market. Two important areas which need to be looked for information are:

- market assessment, and
- product evaluation.

Market assessment is concerned with information about:

- how many customers,
- where they are located,
- what is their age, sex and salary,
- how to reach them,
- trends and changes in the above information.

Product evaluation is concerned with:

- trends in sales and market share,
- competitive products and shares,
- prices and price structures,
- features and speciality of the products, etc.

The **next** question is how to get information. Actually market research involves five broad stages:

Defining the problem and deciding the objective

- planning of research,
- field work,
- analysis of data,
- submission and evaluation of report:

We are not elaborating each step. There is a separate Unit on Market Research in Block-2, TS-6. However, through an example we can have some idea about how to do market research. Suppose you want to open a hotel in a tourist site. In this case your objective is clearly defined, i.e. to set up a hotel. Second step is **to define** your research objective which is clear here, opening of hotel. So you have to plan what type of information you need and how to design your research. This may include the type of customers, their financial status, tastes, etc. Next is the collection of data. The existing available information in the form of reports prepared by various government and non-government organisations is **called** secondary data. And information which is collected directly from customers, local people or other information sources is known as primary data. For collection of data one can take the help of research agencies or can employ investigators.

Data collected from various sources need to be analysed carefully and the major findings have to be **summarised**. **Final** stage in marketing research is the presentation and implementation of the findings and other recommendations. The most important point to take care of is cost effectiveness of the research project. Necessity for marketing research and the techniques available are generally the same in travel and tourism as in any other form of consumer marketing.

Check Your Progress-2

1) What is the role of organisation in marketing management?

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2) In what way marketing research helps in managing the market?

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16.7 LET US SUM UP

Marketing is an essential activity in tourism industry like in any other business. Marketing is primarily concerned with the idea of **satisfying** the need of customer. The success of a company, big or small, depends on the customer's acceptance of its product. The concept of marketing management is essential to improve efficiency and get better results in marketing. Marketing management basically helps in coordinating the various efforts of an organisation to ensure the fulfillment of customer **requirements**. The points to remember in this regard are:

- What are we trying to achieve?
 - a What needs to be done to achieve it?
- How is this need to be undertaken?
- The activity itself.
 - a Evaluating what has been done?

16.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress-1

- 1) We have explained the definition of marketing management in **Sec. 16.2**.
- 2) Geographic, demographic, **economic, social**, etc. segmentation of market, helps in offering services and products according to specific requirements. See **Sec. 16.3**.

Check Your Progress-2

- 1) See **Sec. 16.5**.
- 2) Market research provides informations about the demands of products, trends of the market, etc. Informations gathered through market research help in effective planning and executive of the job. See **Sec. 16.6**.