PART IV

Developing marketing programmes

CHAPTER 10
Establishing, developing and managing buyer–seller relationships 359

CHAPTER 11
Product and service decisions 392

CHAPTER 12
Pricing decisions 432

CHAPTER 13
Distribution decisions 461

CHAPTER 14
Communication decisions 490

CASE STUDIES

Video **Indian Tourist Board** Marketing of India in foreign countries 356

10.1 **Dassault Falcon** The private business jet, Falcon, is navigating in the global corporate business sector 380

11.1 **Fisherman's Friend** Introducing chewing gum in some new markets 422

12.1 **Harley-Davidson** Is the image justifying the price level in a time of recession? 454

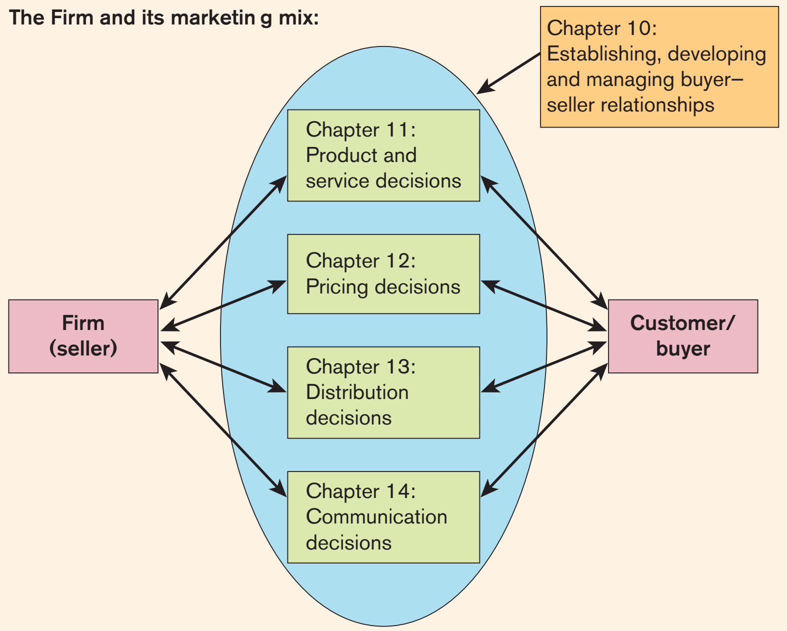
13.1 **Lindt & Sprüngli** The Swiss premium chocolate maker is considering an international chocolate café chain 483

14.1 **TAG Heuer** The famous Swiss watch maker is using celebrity endorsement as a worldwide communication strategy 521

Functional plans (e.g. production, R&D, financial, HR) are designed to transform the strategic plans of the corporate and divisional levels into tactical actions that govern the day-to-day operations of the various functional departments within each business unit. It is at this functional level of planning that each organisation finds out the degree to which the desired outcomes expressed in the mission statement and marketing goals can be realised and applied in practical terms.

In the typical organisation, each business function has a potential impact on customer satisfaction. Under the marketing concept, all departments should try to think of the customer and work together to satisfy customer needs and expectations.

This part will first explain the framework for executing the marketing mix, i.e. how to establish, develop and manage buyer–seller relationships (Chapter 10). This chapter will form the basis for the execution of the 4Ps of the marketing mix (Chapters 11–14). The diagram below shows the structure of Part IV. Chapter 10 tries to combine the


The Firm and its marketin g mix:
Chapter 10: Establishing, developing and managing buyer–seller relationships
Chapter 11: Product and service decisions
Chapter 12: Pricing decisions
Chapter 13: Distribution decisions
Chapter 14: Communication decisions
Firm (seller)
Customer/ buyer

The structure of Part IV

more short-term marketing mix with the more holistic approach of establishing and retaining long-term relationships with customers.

Increasingly, goods and services will be treated as a way of creating value together with individual customers, and the customer's role in production will be more important. That is the reason why Chapter 10 is included as an attempt to expand the traditional '4P' thinking.

The original 4P marketing mix was primarily derived from research on manufacturing (B2C) companies, where the essence of the marketing mix concept is the idea of a set of controllable variables or a 'tool kit' (the 4Ps) at the disposal of marketing management which can be used to influence customers. However, especially in B2B marketing, the marketing mix is also influenced by the interaction process itself between buyer and seller, so that the influence process is negotiation and not persuasion as implied by the traditional 4P mix. Furthermore there has been concern that the classic 4Ps do not incorporate the characteristics of services – namely inherent intangibility, perishability, heterogeneity (variability), inseparability and ownership.

The extended marketing mix

The most influential of the alternative frameworks is, however, Booms and Bitner's (1981) 7P mix where they suggest that the traditional 4Ps need to be extended to include an additional three Ps: participants, physical evidence and process. Their framework is discussed below.

Participants

Any person coming into contact with customers can have an impact on overall satisfaction. Participants are all human actors who play a part in service delivery, namely the firm's personnel and customers. Because of the simultaneity of production and consumption, the firm's personnel occupy a key position in influencing customer perceptions of product quality. That is especially the case in 'high-contact' services, such as restaurants, airlines and professional consulting services. In fact, the firm employees are part of the product and hence product quality is inseparable from the quality of the service provider. It is important, therefore, to pay particular attention to the quality of employees and to monitor their performance. This is especially important in services because employees tend to be variable in their performance, which can lead to variable quality.

The participants' concept also includes the customer who buys the service and other customers in the service environment. Marketing managers therefore need to manage not only the service provider–customer interface but also the actions of other customers. For example, the number, type and behaviour of people will partly determine the enjoyment of a meal at a restaurant.

Process

This is the process involved in providing a service to the customers. It is procedures, mechanisms and flow of activities by which the service is acquired and delivered. The process of obtaining a meal at a self-service, fast-food outlet such as McDonald's is clearly different from that at a full-service restaurant. Furthermore, in a service situation customers are likely to have to queue before they can be served and the service delivery itself is likely to take a certain length of time. Marketers have to ensure that customers understand the process of acquiring a service and that the queuing and delivery times are acceptable to customers.

Physical evidence

Unlike a product, a service cannot be experienced before it is delivered, which makes it intangible. This therefore means that potential customers perceive greater risk when deciding whether or not to use a service. To reduce the feeling of risk, thus improving success, it is often vital to offer customers some tangible clues to assess the quality of the service provided. This is done by providing physical evidence, such as case studies or testimonials. The physical environment itself (i.e. the buildings, furnishings, layout, etc.) is instrumental in customers' assessment of the quality and level of service they can expect, for example in restaurants, hotels, retailing and many other services. In fact, the physical environment is part of the product itself.

It can be argued that there is no need to amend or extend the 4Ps, as the extensions suggested by Booms and Bitner can be incorporated into the existing framework. The argument is that consumers experience a bundle of satisfactions and dissatisfactions that derive from all dimensions of the product whether tangible or intangible. The process can be incorporated in the distribution. Buttle (1989), for example, argues that the product and/or promotion elements may incorporate participants (in the Booms and Bitner framework) and that physical evidence and processes may be thought of as being part of the product. In fact, Booms and Bitner (1981) themselves argue that product decisions should involve the three extended elements in their proposed mix.

Therefore Part IV of this text still uses the structure of the 4Ps, but at the same time the three extended Ps will be incorporated in Chapter 10 and the other chapters.

PART IV VIDEO CASE STUDY

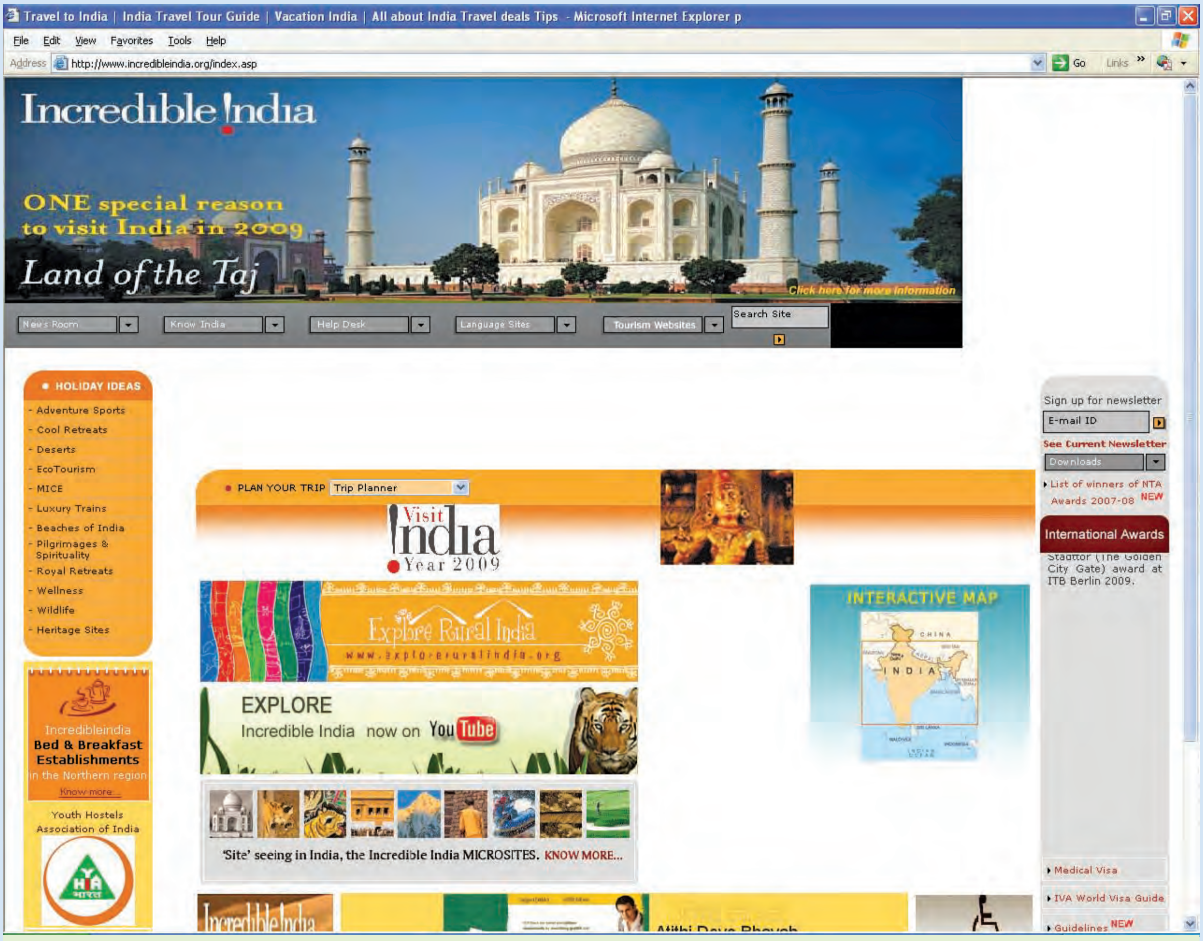
Indian Tourist Board

Marketing of India in foreign countries

The Ministry of Tourism (Indian Tourist Board) is the govermental agency for the development and promotion of tourism in India. It has the following aims:

- formulating national policies and programmes;
- co-coordinating and supplementing the efforts and activities of various central government agencies, state/union territories governments;
- catalysing private investments;
- strengthening promotional and marketing efforts;
- providing trained manpower resources;
- developing infrastructure;
- conducting research and analysis.

The Indian Tourist Board provides executive directions for the implementation of various policies and programmes. It has a network of 20 offices within the country and 13 offices abroad. The overseas offices are primarily responsible for tourism promotion and marketing in their respective areas and the field offices in India are responsible for providing information services to tourists and monitoring the progress of field projects.


Travel to India | India Travel Tour Guide | Vacation India | All about India Travel deals Tips - Microsoft Internet Explorer p
File Edit View Favorites Tools Help
Address http://www.incredibleindia.org/index.asp
Go
Links
Incredible India
ONE special reason to visit India in 2009
Land of the Taj
Click here for more information
News Room
Know India
Help Desk
Language Sites
Tourism Websites
Search Site
HOLIDAY IDEAS
- Adventure Sports
- Cool Retreats
- Deserts
- EcoTourism
- MICE
- Luxury Trains
- Beaches of India
- Pilgrimages & Spirituality
- Royal Retreats
- Wellness
- Wildlife
- Heritage Sites
Incredibleindia Bed & Breakfast Establishments in the Northern region
Know more
Youth Hostels Association of India
PLAN YOUR TRIP
Trip Planner
Visit India Year 2009
Explore Rural India
www.exploreruralindia.org
EXPLORE Incredible India now on YouTube
'Site' seeing in India, the Incredible India MICROSITES. KNOW MORE...
INTERACTIVE MAP
CHINA
INDIA
Sign up for newsletter
E-mail ID
See Current Newsletter
Downloads
List of winners of NTA Awards 2007-08 NEW
International Awards
Stadttor (The Golden City Gate) award at ITB Berlin 2009.
Medical Visa
IVA World Visa Guide
Guidelines NEW
Atithi Devo Bhavah

Incredible India website

Source: Courtesy of Ministry of Tourism

Table PIV.1 The Indian tourist industry (2007)

Number of Indian nationals going abroad (outbound)	9.78 million
Number of foreign tourist arrivals (FTAs) in India (inbound)	5.08 million
Number of foreign tourist arrivals for all countries in the world	903.00 million
India's share of world tourist arrivals	0.56%
India's ranking in world tourist arrivals	42nd
Competitors ranking	**2007 (% of 903 million FTAs)**
1 France	9.07
2 Spain	6.56
3 USA	6.20
4 China	6.06
5 Italy	4.84
6 UK	3.40
7 Germany	2.70
8 Ukraine	2.56
9 Turkey	2.46
10 Mexico	2.37
. . .	. . .
42 India	0.56

Source: Ministry of Tourism, India (www.incredibleindia.org).

The Indian tourist industry and international competition

See Table PIV.1 for data regarding the Indian tourist industry. Even though India is quite low in the ranking, the number of FTAs in India has doubled over the last 10 years. The most FTAs in India come from the UK and the USA. These two countries represent 30 per cent of FTAs in India.

Please watch the video before answering the questions.

QUESTIONS

1. What are the brand values of India?
2. How is the marketing of a country (e.g. India) different from the marketing of physical products or services, such as a hotel stay?
3. Which parts of the marketing mix would you primarily use in the marketing and promotion of India?

SOURCE

Ministry of Tourism India (www.incredibleindia.org).