
UNIT 13 PRODUCT DESIGNING

Structure

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13.0 OBJECTIVES

After reading this Unit, you should be able to :

- define product,
- explain the **various** stages involved in product **development**,
- identify the **factors** that influence product formulation in tourism, and
- understand the importance of product positioning.

13.1 INTRODUCTION

Product is one of the four basic elements in the Marketing **Mix**. In view of the customers' needs and interests it becomes the responsibility of marketing manager to devise appropriate products. Specific attention should be given to the customers' expectations, capability to pay and how the product is perceived by customers. In this Unit you will learn, what is product, different stages in the development of product, how to formulate tourism products and product positioning along with the concept of product life cycle.

13.2 DEFINING PRODUCT

Anything that can be offered in a market for use or consumption **by** the consumers as per the market requirement is called product. For example a beach resort provides sun, sea, relaxation and entertainment. Hence, the beach **resort** is a tourism product for the consumption and use of tourists. According to Philip-Kotler "A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a **want** or need". He has mentioned **five** product levels that a marketer should take into consideration :

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|----------------------------------|--|
| Level 1 Core benefit | : This is the fundamental service or benefit being bought by the customer. |
| Level 2 Generic Product | : When the marketer converts the core benefit into a basic version of the product it is termed as generic product. |
| Level 3 Expected Product | : The customers generally expect a set of attributes and conditions while making a purchase and if the marketer meets these expectations it is termed as expected product. |
| Level 4 Augmented Product | : When a product is developed with such additional services or benefits which make it distinctive from other products it is termed as an augmented product. |

Level 5 Potential Product

: This indicates the possible evolution of the augmented product in **future**. This is where organisations search for new ideas and **ways** to satisfy customers and at the same time make their product something unique or different.

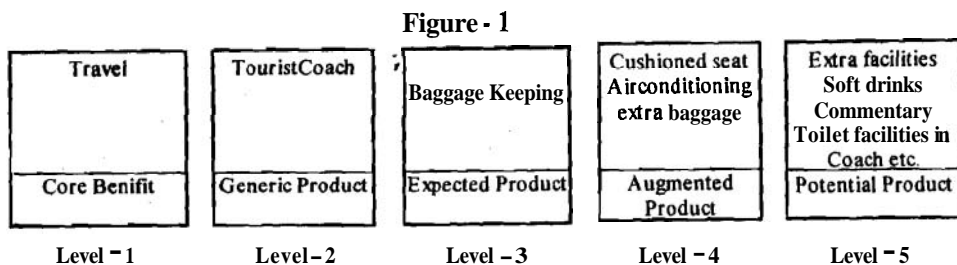


Figure - 1 explains these levels through the example of a travel product. At every level the marketer can add value to the service which may bring pleasure to the customer. For example if a cold **drink** is offered at level 3 product, the customer gets something unexpected and derives a satisfaction of having being treated in a special way. However, it should be noted here that there are certain factors associated with a product and these include :

- **Basic design, i.e.** the size or facilities or say the quantity and level of services,
- **Presentation, i.e.** the environment or atmosphere in which the service is being provided,
- **Quality, i.e.** the standards of service to be offered and maintained • something very important in tourism,
- **Range, i.e.** what all is to be included in the product or covered in the service,
- **Brand, i.e.** association of a name which is well known or associated with high levels of customer satisfaction,
- **Image, i.e.** a reputation earned **by the** product,
- **Warranties, i.e. an** assurance of a particular level and quality of service,
- **Consumer protection, i.e.** assurance of damages claim in case of failure of or sub-standard service, and the latest
- **Eco friendly, i.e.** care for ecology and environment conservation.

In travel and tourism product may be defined as a package of various components. These components are :

- Destination attractions
- Destination facilities and services
- Accessibility **of the** destination
- Images of the destination
- Experiences at the destination
- Attitudes of locals or host population
- Price to the consumer.

To understand the product **from** the standpoint of the tourist, **Medlik** and **Middleton** have observed that "**As far as the tourist is concerned the product covers the complete experience from the time he leaves home to the time he returns to it**". Let us explain it **further**. Suppose a family **from** Delhi plans a visit to Manali. In this particular case the various services needed **by the** said family are transport, accommodation, **facilities** and services at the destination. A tour operator can package all these services together or the customer can approach different functionaries like transport operator, hotel, **local** restaurant, etc. for particular services. Whether it is individual producer organisation or an organisation providing all facilities, what is important is to **analyse** all the possible requirements of a tourist during the course of a visit to a destination. In the case cited, the entire experience right from leaving Delhi to coming back home is the product. **Middleton** has noted that **researching targetted customers perceptions of product benefits and utilities, and designing or adopting products to match their expectations, lies of course at the heart of marketing theory**. Segmenting the target market and then understanding customers preferences and motivations, which **constantly** change, is the **key to** product formulation.

Check Your Progress - 1

1. What do you understand by product levels ?

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2. Why should consumer protection and eco-6-iendliness be built in a product ?

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13.3 DEVELOPING A PRODUCT'

Products are developed primarily to satisfy the customer's needs. While developing a product a marketer must go through a process. In big companies generally they have a **product manager** or a group with the responsibility to develop a product. In the development of a product the **first** step is to collect information about the market requirement. It can be done through market research or one can get the help of any market survey group. After getting the necessary input, ideas are shared for different products. Going through the various suggestions the committee or the product manager should eliminate those ideas which are not worth pursuing.

How to eliminate poor ideas ? Well the standard method to do this is to go for a business analysis. Business analysis means the process of estimating future sales and profit potential of a new product. After analysing the financial feasibility of a product, one should look into the other aspects of the product **i.e.** promotion, distribution and image. At the business analysis stage sales and market forecasts, break-even analysis and other exercises are done to review the new product **from** the angle of market success.

In spite of **taking** all necessary cares, chances of failures always remain. Because **of this**, before launching a product a kind of run or test run of the product is done. Final stage in the development of a product is commercialisation. Commercialisation refers to full scale production and distribution **of a** product. In the success of a new product primarily the additional benefits or extra advantages which the product offers determines its success rate. Let us have an example.

Indian railways **after** doing necessary survey decided to introduce a superfast air conditioned express, Shatabdi Express, to connect **Delhi** with nearby major cities. Target customer segment was travellers wanting to save time in journey with certain comforts. Initially two pairs of Shatabdi were introduced as a trial case. After getting good response gradually Shatabdi Express has been introduced on other routes also. Thus, when developing a product a marketer must always ask, 'What is it that people are really buying when they purchase this product or service?'

It must be remembered that designing the product is the base on which all **other** aspects of the Marketing **Mix** will be constructed. The crucial decision, to be taken at this stage depends on what answers the product developer has to the following questions :

- Should a unique product be developed which is new and **different** from others ?
- Should a normal product be there which is better than others ?
- Design a product which is commonly available.

At the same time, it should be noted that whereas certain organisations improve upon the quality of the service offered, there are others who fail to not only maintain the quality level offered but are unable to check the decline that sets in after a while.

PRODUCT MIX

Here it is also necessary to be familiar with the concept of Product Mix. Philip Kotler has mentioned that "Product Mix is a set of all product lines and items that a particular organisation makes available to customers." He has further defined Product Line and Product item :

- Product line is a group of products within a product mix that are closely related, either because they function in a similar manner, are made available to the same consumers, or are marketed through the same type of outlets.
- Product item is a distinct unit within a product line that is distinguishable by size, appearance, price or some other attribute.

An organisation's Product Mix can be explained in terms of its length, width and depth (see Figures 2 and 3).

Figure - 2
Product Mix of a Museum

Length			
is	Exhibits	Preservation	Research
	Sculpture (100) *	Repairs (50)	Research Projects (5)
	Coins (1000)	Making Replicas (100)	Field trips (15)
	Pottery (1000)		
	Arms (500)		

* () indicate depth

Figure - 3
Product Mix of a Package Tour

Length				
Width	Travel	Accommodation	Sight Seeing	Entertainment
	Air (2 Journies)	Hotel (10 Rooms)	Monuments (4)	Musical Evening (1)
	Taxi (4 Journies)		Museum (1)	Theme Dinners (2)
	Luxury Coach (6 Journies)		Zoo (1)	

() indicate depth

The Product Mix in terms of its length consists of three product lines for the museum and four for the package tour. Each product line has a width. i.e. in the museum there are four exhibits (product items) or the sightseeing includes visits to monuments, museum and zoo. Each product item has a depth i.e. 1000 coins are on display or 4 monuments are to be visited.

The organisation, keeping in view the customers needs, volume of business and its own resources, can expand or shrink the product mix For example sightseeing may be cut down to 2 monuments or the number of theme dinners can be increased to 3.

13.4 DEVISING PRODUCT IN TOURISM

Product in tourism is certainly different from consumer goods like biscuit, soap, drinks, etc. In tourism it is basically the services like transport, accommodation, facilities at destination,

etc. that you package as a product along with attractions. Because of this specific nature of tourism product it is essential to understand the factors that influence the formulation of product in tourism.

Identification of the market segment and its requirements is the first step in devising the product. Suppose you want to start tour operator business. Already in the market there are many tour operators offering different kinds of services to customers. But through your market analysis you reach a conclusion that there is a market for adventure tours. Accordingly you plan to offer special packages in adventure tourism.

Quality and service to be offered to the customers play a decisive role in the success of a product. Quality involves a kind of assurance on the standard of your product. Particularly in tourism sector it is important to create a reputation for the good quality of the product and service offered. This reputation for quality and service provides a better credibility of your company in the market. In tourism where the perception of risk is very high among tourists, if a company assures higher quality service it is bound to be successful.

In the formulation of a product it is necessary to consider that customers buy products for the benefits they deliver. It is therefore important to add certain features in your product which will help to differentiate it **from** competitors. However, in providing special facilities or advantages business norms and ethics should be maintained. One can find a good example of product differentiation in the hotels. All five star hotels provide the same specified facilities to the customers. But still customers prefer to stay in 'O' compared to 'A', 'B' and 'C'. Why? Because 'O' has a business reputation in the market for its services and quality.

Another important aspect is matching supply to demand. So far as demand is concerned the marketing manager should gather sufficient information about customer needs, behaviour and perceptions in order to **define** target segments and to **identify** the strength and weaknesses of existing products. So far supply is concerned the marketing managers task involves **analysing** product components and **identifying** the range of existing and potential products which would be improved or developed profitably to meet customer needs. Ideally there should be a combination of products which are well established in the market and new products as per demand of the prevailing market.

Michael M **Coltman** has mentioned three types of orientations for product design in tourism:

- i) **Product Orientation** : This lays stress on the products and services of tourism supply rather than taking into account the tourists requirements. The success of this approach can be if the demand exceeds supply or in a monopoly situation. For example, **if there** is only one eating joint at a place or only one staying place.
- ii) **Market Orientation** : This approach emphasises on the requirements of the **target** market segments. However, this approach ignores the local population and local natural resources, customs and culture etc. and runs the risk of not only alienating the host population but generating anti-tourism sentiments.
- iii) **Societal Orientation** : This in fact is an approach which balances the market oriented approach with the interests **of the** host population and attempts to minimise the **negative** impacts on the society, environment, culture, etc.

Generally tourism organisations ignore societal orientation while designing and marketing their products. This appears to be beneficial but in fact the benefits in such cases will always be short lived. Societal Orientation is a must in tourism.

There are certain other factors that need attention while designing or packaging tourism products. Besides the conventional attributes of the **tourisms** product like intangibility, perishability, customer participation and involvement, etc. one must also take into account the following aspects:

- carrying capacity of the destination,
- safety and security,
- hygienic conditions,
- attitude of host population,
- government rules and regulations,

See Unit – 2, Block – 1
for Market Segmentation

See Sec. 1.3 of Unit – 1,
Block – 1 for Characteristics
of the tourism product.

- environment preservation and conservation,
- linkages with local bodies and host population, etc.

In fact all these aspects have a bearing on the experience for the tourist and help in doing away with the weak links in the product line. **The challenge** before the tourism marketer is to **transform** routine into a unique experience and this needs creativity as well as Imagination. **However**, this creativity and imagination in product designing has to be matched with the market movements and the competitive situation as they keep on changing. You can ask certain questions in this regard like:

- How many competitors are there?
- Whether the competition is direct or indirect?
- What is the market image of the competitors?
- How haw they built this image?
- Can you build a similar image?
- What is the market share of competitors?
- Can you cut into their market share?

Answers to such questions will also help you in product **differentiation** and product positioning (See Section 13.5).

Another important aspect in tourism is that the product or service is tied up or linked with a chain of products over which you or your organisation may not have any control. This calls for thinking about and having the right type of linkages to overcome the problems of inter-dependance at the product design stage itself. There are situations when two or more **organisations** go for joint product design **ventures**. Palace on the Wheels can be cited as an **example** in this regard.

Check Your Progress-2

D) Define Product Mix, Product line and Product item.

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2 What all would you consider while designing a tourism product.

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13.5 PRODUCT POSITIONING

Tourism destinations or tourism products and services have an image or perception in the customers' minds which is built over the years. For example, many destinations or countries have been struggling hard to improve their image in the tourist generating markets **inspite** of having good tourism products. There can be a number of constrains in getting a share or in increasing the share in a market. Yet certain knowledge of marketing concepts is **useful** in this regard. Before we discuss **further** it must be noted here that an understanding **of market** segments or designing products for the targeted segment alone is not enough. There can be

many others offering similar products which **satisfy** the tourists' needs. Under these circumstances it is the uniqueness and **quality of your** product that determines the image and identity. Hence, you ought to be familiar with the concepts of differentiation and positioning. According to Kotler:

- Differentiation is the act of designing a set of meaningful differences to distinguish the company's offer from competitors' offers.
- Positioning is the act of designing the company's offer and image so that it occupies a distinct and valued place in the target customers' minds.

In tourism it is not just the company but the country or the destination which too has to adopt differentiation and positioning in the international as well as domestic tourism markets. You have to take decisions regarding how many differences to promote in comparison to **your** competitors. These could be single benefit, double benefit or triple benefit. Such decisions should be taken after appropriate market research keeping in view the **various** products in the market, their attributes and image, etc. However, these decisions should be taken after keeping in view the various products in the market, their attributes and image etc. However, the products should not be:

- under positioned, or
- over positioned,

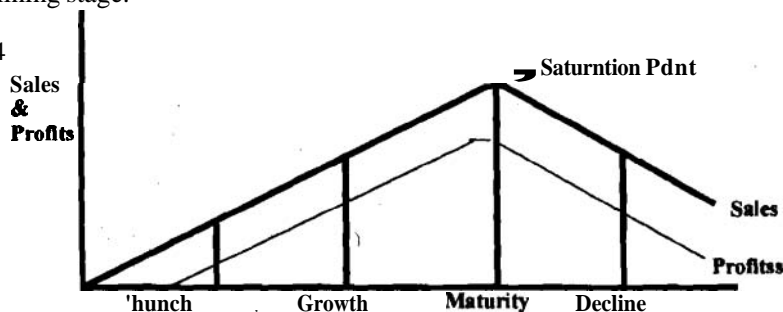
Similarly there should be no confused or doubtful positioning. Once a positioning strategy has been devised, it has to be effectively communicated also in the target markets. It is suggested that all such decisions be taken in the product design stage itself.

13.6 PRODUCT LIFE CYCLE

Product life cycle displays the distinct stages in relation to the sales history of the product. An organisation has to identify the stage in which the product is or is going to be. Such an exercise helps in identifying opportunities and problems for undertaking marketing decisions. You cannot accurately forecast a product's life cycle but there is no doubt that every product has a life cycle with distinct stages. Generally these stages are :

- 1) Introduction or launch : This stage indicates a span of slow sales as the product is new in the market. In this stage profits are **virtually non-existent** or very low.
- 2) Growth : This is a stage when the product starts getting accepted in the market, sales go up, a product image is built and consequently profits go up.
- 3) Maturity : At this stage the product gets accepted by most of the targeted potential customers. Sales and profits go up till they reach a saturation point. Competition increases, market becomes stagnant and profits stabilize or may even decline.
- 4) Decline : In this stage, sales go down, profits go down and it is time for the organisation to take hard decisions either to repackage or drop the product. In fact, an organisation should initiate such actions at the saturation point stage itself and not wait for the declining stage.

Figure 4



This conceptual model of product life cycle is applicable in the case of tourism products. Take for example a new hill resort. It will certainly take some time for it to become a known destination. During this period few tourists will visit it. As it becomes more known the number of visitors will increase and a stage will come when most of the tourists **know** about it and have paid a visit. Some among these will pay a repeat visit whereas others will look for another

destination. This could be because of many reasons like after having become a popular destination, it is crowded like any other mass tourist destination and has lost its calm and tranquillity. However, the stages of life cycle vary product to product. Some may reach the maturity stage much faster, some may take a longer **time** and similarly some may decline fast whereas some may continue at the saturation point for a long time.

It is essential that tourism planners and marketers monitor the product life cycle closely. This should be done in order to devise appropriate marketing strategies required in relation with the stage the product is in or likely to enter. Depending on the stage you might decide to **revitalise** the product, alter it, improve it as a new product or drop it altogether.

Check Your Progress - 3

- 1. What do you understand by Differentiation and Positioning ?

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- 2. Mention the different stages in product life cycle.

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13.7 LET US SUM UP

This Unit familiarised you with various aspects related to product designing process in the Marketing Mix. **A** product is offered in the market to satisfy customers wants or needs and **from** the marketer's point of view has five levels to be considered. In the case of tourism, the product covers the entire experience that a tourist has **from** the beginning to the end of the journey. **Thus**, the challenge for a product designer and developer in tourism is to convert the routine into something unique for the tourist. Besides explaining the Product Mix, this Unit cautioned against ignoring the societal orientation in devising tourism products. Product

differentiation, product positioning and product life cycle were the other aspects dealt with in this Unit. All these aspects form part of the overall product policy of an organisation. Different constituents of the tourism industry devise their own products yet there is a close linkage amongst them. The tourists' experience depends on all the products put together.

13.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress - 1

1. Mention the five levels described by Kotler. See **Sec.13.2**.
2. In the near future, these two aspects will have a bearing on destination choice of tourists. Consumer awareness is on the increase and same is the situation in relation to environment.

Check Your Progress - 2

1. See **Sec.13.3**.
2. Consider the various aspects **mentioned** in Sec.13.4.

Check Your Progress - 3

1. See **Sec.13.5**.
2. Mention the four stages discussed in **Sec.13.6**.