

Targeting and positioning strategy marketing essay



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This report is emphasized about the market targeting process which can identify as market segmentation, targeting and positioning strategy of TREE Travelling's new packages which will base on local travelling. TREE Travelling uses demographic and psychographic to separate the huge group of people into several group segmentations. TREE Travelling will apply the relationship status of people and annual income level which is high or middle income level into demographic segmentation such as single and newly-married. Furthermore, it is also going to decide the hobby of people for using in psychographic segmentation. TREE Travelling uses differentiated marketing strategic for its packages and services which they currently provides in the market. Thus, travellers can choose the packages which depend on their own likeliness so that this will fulfil customers' needs and wants. In the market targeting, TREE Travelling have to evaluate the competitive situation, cost structure and the packages and services' potential sales. The market of travel agency is quite high competitive because there are many competitors is providing the different services to people. However, the potential sales of selling packages to travellers are quite high because nowadays many people have a higher income to go to have a travel. Therefore, TREE Travelling needs to do some investment on some advertisement by offering a new service in travelling market. In positioning, TREE Travelling must differentiate their packages and services with competitors such as provide a pet sitter and personal driver. In conclusion, all of these must be done by a tourism industry to get more profit for the company.

1. 1 Purpose or Writing the Report

The mainly purpose of writing this report is to define the target of marketing process of travel agency that how a travel agency do the market segmentation, targeting and positioning on the customers who are willing to have a travel in Malaysia. The company name as TREE Travelling which can be identified as trustable, responsible, efficiency and economics. TREE is a company which provides a service of selling travelling packages to people who stay at around Subang Jaya of Selangor. Based on human population statistic, there are 5, 287, 880 people live in Selangor such as households and university students. The TREE Travelling is located in Subang Parade because it is well known for those households which are staying in Subang Jaya. The vision of TREE Travelling is their company and business keep growing up as a tree. It would not be crashed down if it has met any problem in its business.

1. 2 Briefly introduction to the product

TREE Travelling provides five-star family packages, promotion family packages, group packages and honeymoon package. Family leisure travelling package is something like luxury packages for those family who have upper annual income. Five-star family package is providing a maid for the family and always look after the family who is having pet. Promotion family package is a cheaper package than the luxury package and providing a good service for the travellers. Young leisure travelling package is provided for the person who is single; TREE Travelling will do the promotion and approach them to join this kind of tour. And, TREE Travelling will make sure the travellers are single. Next, the romance travelling package is only for two

people to join this tour. There is nobody will disturb them and guide where they should go. Lastly, indulgence travelling package is based on their preference such as lifestyles and hobbies.

1.3 Targeting Process

To start a business, an organisation must be well known about the targeting process. In targeting process, there are 3 fundamental stages which identify as segmentation, targeting and positioning. First, the market segmentation is separating a huge market into several segments (Jobber 2007). Market targeting will be the second stage of targeting process which is based on identifying, understanding and developing an offering for those segments of the entire market that help the organisation can have a best serving for their customers (Elliott, Thiele & Waller 2010). Lastly, positioning is establishing the product or service of company that offers in the selected market in relation to compete with the competitor in the market.

Market Segmentation Describing

Market Segmentation is subgroup of total consumer market that share the similar personality and needs relevant to the purchase or use of a product, service or experience (Hsu et al 2008, p. 93). In market segmentation, it allows companies to go some of the way towards satisfying diverse customer needs while maintaining certain scale economies (Dibb & Simkin 2008, p. 71). A company should identify the characteristic of segmentation variables. Segmentation variables can be fall into four different categories which name as demographic, behaviour, geographic, and psychographic variables (Elliott, Rundle-Thiele & Waller 2010, p. 176).

2. 1 Demographic segmentation

Demographic segmentation is market segmentation based on demographic variable such as age, ethnicity, gender, number of people in a household, marital status, occupation, religion, nationality, education and income levels. Demographic segmentation is easier to measure compared to other characteristics and also it is the most popular characteristics of segmentation variables. One of the variables that TREE Travelling used for targeting is relationship status. TREE Travelling aimed to attract tourists who is single or marriage people. Mostly for single person, TREE Travelling has young leisure travelling style which is give them a group packages like ten people or fifteen people. This is because it is not possible to single person to go vacation by his self. Usually they go vacation with their friends. Besides that, TREE Travelling has romance travelling style which is honeymoon packages for newly-marriage couple who want to go for honeymoon. They also have marriage couple packages for marriage people who already married for long time but want to go holiday by only two people.

Another variable that TREE Travelling used for targeting is income levels. Income level is a famous demographic variable because the purchasing power of customers' needs and wants will increase which cause by having upper income level. TREE Travelling products are focusing on people who have higher income and middle income. And then, they have family leisure travelling style packages for upper income level and middle income level. For upper income level, they give five-stars family packages which have five-star services. Furthermore, they also give promotion family packages which have low cost and good services for middle income level.

2. 2 Psychographic segmentation

Psychographic segmentation is market segmentation based on the psychographic variables of lifestyle, motives and personality attributes (Elliott, Rundle-Thiele & Waller 2010). In comparison of demographic segmentation who alone to explain who consumer are, this technique is used to find and to identify types of people's lifestyle.

Obviously, every people have different lifestyles, motives and behavior. Lifestyles are the styles of living of people that is reflected in their hobbies, interest, and opinions that are about something around them (Kotler & Amstrong 2006). TREE Travelling has provided their service to fit various kinds of lifestyles. They have indulgence travelling style packages which is historical packages for people who like about history. Another package is shopping packages for people who like shopping; they can choose this shopping package because this package provided tour to many shopping places in Malaysia.

Market Targeting

Target market is having decided how best to segment the market, the strategist is then faced with a series of decisions on how many and which segments to approach (Gilliagan & Wilson 2003, p. 434). There are three factors that company need to be consider about target marketing, such as the growth and size potential of each segment, their structural attractiveness, and the organization's resources and objectives (Gilliagan & Wilson 2003, p. 434). Target market also has many kinds of market strategies, which market strategy a company chooses will depend on a host of market, competitive factors and products.

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3. 1 Which target strategy?

There are many ways to look the market and the exacting perspective an organization takes has a wide influence on all of its marketing activities.

Including 3 different perspectives:

Customers have common needs, wants and demands (undifferentiated).

Customers have unique needs, wants, and demands (differentiated).

The market includes subgroups who shares similar needs, wants and needs (concentrated)

All of these perspectives take different approaches in marketing process. If customers are similar and have similar needs, wants, and demand then the marketers should use the undifferentiated approach in the marketing mix that is organization have same offer to everyone. If all customers have unique needs, wants, and demands then the marketers should use differentiated approach to match the differences between customers. Next, if the customers' needs are difference, but they have shared similar characteristics, then the marketers should use the undifferentiated approach to any one group while differentiating the offerings between groups (Elliott, Rundle-Thiele & Waller 2010). TREE Travelling adopts differentiated marketing. Because in tourism business, each of the customers have a unique wants, different needs and demands. TREE Travelling will target at single and marriage people with higher income level or middle income level.

3. 2 Evaluation of segmentation

Company has to look over their market segments which involve accuracy information of competitive situation, cost structures and sales potential (Elliot, Rundle-Thiele, and Waller 2010).

3. 2. 1 The competitive situation

TREE Travelling needs to be familiar with the competitor's weaknesses and strengths in the market to predict the success of the product and service. If the competitor has already held strong position in the market, TREE Travelling will be hard to compete with them. Such as Corsa Travel agency has number of tourist in the market which is located in Subang Jaya district, Malaysia. Corsa Travel has provided holiday packages for everyone. However, they do not have packages depends on different travelling styles.

3. 2. 2 The cost structures

TREE Travelling needs to have the cost structure of promotion, administrative, distribution and production costs into consideration while offering a new service to its targeted segment (Elliot, Rundle-Thiele & Waller 2010). All of these costs will directly influence the process of pricing reasonable which is able to compete in the market and improve the sales volumes. The travel agency should have a complete set of packages which should consider the reasonable costs.

3. 2. 3 The sales potential

TREE Travelling needs to consider the sales potential where evaluates the maximum revenue and the market share which produce from expected sales of the special services (Elliot, Rundle-Thiele and Waller 2010). The market

potential for travel agency in Selangor is 5, 287, 880 citizens in 2010, therefore TREE Travelling chooses Subang Jaya as the location of their office for getting more people to buy their packages. In addition, now a lot of people are going to travel and visit some of the historical place for improving their knowledge. Therefore, many people will come and have a look for the packages in order to compete with another company.

Market Positioning

The process of designing an image and value so that customers within the target segment understand what the company or brand stands for in relation to its competitors can be defined by positioning (Wilson and Gilligan 2003). In doing positioning, the strategist is starting to customers what the product means and how it differs from current and potential competing products. Same thing like TREE Travelling did, TREE have different strategy compared to other travel agency. They have packages based on 4 different travelling styles such as young leisure, romance, indulgence, and family leisure. Besides that, TREE travelling also has other services such as pet sitting and personal driver for romance packages with choosing higher income level package. They have one pet shop and some professional sitters to take care of customers' pets. Therefore, for those customers who are afraid that nobody will take care of their pets during travel, they can bring their pets to TREE Travelling's office. After customers finished their travelling, if they realize that their pets have been injured during travel, TREE Travelling would pay all the fees for the medical of pets.

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Conclusion

In conclusion, from the report above, a company can apply the market strategy that the steps to open a new business in the travel agency field such as do segmenting the markets, choose the right targeting market strategy and position the products or services to fit consumer needs and wants. TREE Travelling do all of these is try to keep a long term relationship with customers and try to attract new customers. It is because a good product that customer would spread them out as a media to others. This might help company to gain more profit at this moment. Additionally, this report show the company in how to doing business in the travelling or tour agency sector.

Recommendations

As a travel agency, TREE has to do some market research before coming out with travelling packages such as customers' needs and wants. In this case, it might fulfil the customers' satisfaction with the services and packages. In addition, TREE might do some travelling fair as a promotion in different shopping complex. People who want to travel that might come and look for the package and compare with others travel agency. In this case, people might know about the TREE is existing in the travelling market already. Sometimes, TREE could give some souvenir to the customers who have bought their packages for going to have a travel. However, TREE also needs to do some research about its competitors. TREE must be acknowledge and understanding what its competitors have done in the market. Lastly, TREE must do some advertising through the media with the purpose to promote

about its company well. All of these advertisements would help TREE to get more sales on the packages.