

# Marketing plan for islands souvenirs essay sample

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## EXECUTIVE SUMMARY

Islands Souvenirs being the best endorser yet for Philippine Tourism has been able to successfully maximize the vast potential this industry has to offer. With outlets strategically located in the various tourist & travel destinations in the country and has since inception traveled even beyond Philippine shores, the company has experienced unprecedented growth in the souvenir retail business as brought about by the vigorous developments in tourism.

Islands Souvenirs offer high quality products which makes their company a recognized and a highly trusted brand name. They have superior designs and they advertise more than their competitors so their brand stays on top of mind more. Every business has its own peaks and fall times. There are also weaknesses Islands Souvenirs is facing. They cannot seem to generate enough sales in malls and in department stores since price sensitive consumers prefer cheaper items. We recommend that they should consider competitive pricing strategy in order to attract local customers in malls.

Islands Souvenirs became popular for its innovativeness in the souvenir industry, so that's what they will always continue to do. Tourism industry is booming in the next coming years, so we will expect an intense competition and the threat of coming entrants. The concept of e-commerce is fast becoming advantageous for both the seller and consumer in today's fast moving and electronically-connected world.

For many businesses, e-commerce is becoming the only option, as companies become more and more interested in expanding their operations

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online. E-commerce offers advantages that include the ability to expand into global markets with a minimum of expense, thus allowing firms to reach narrow market segments that are geographically scattered. In the long run, Islands Souvenirs would capture all of its possible markets including OFW's and foreigners that would like to patronize Islands Souvenirs and the Philippines. I. INDUSTRY PROFILE

#### I-A. SITUATION OF THE INDUSTRY

\*Composition of businesses belonging to the souvenir item industry; The souvenir industry outlook is bright, gauging from a Department of Tourism report that foreign travelers usually spend 60 percent of their budget on shopping and some 80 percent of tourism spending goes to souvenirs. Souvenirs comprise a multi-million dollar industry worldwide, yet in the Philippines, the sector remains largely untapped. Many native products, among them bags, wallets, baskets, shoes, slippers, handicrafts, furniture, fashion wear, accessories, and novelty items, are fashioned by skilled craftsmen in the countryside out of indigenous materials.

#### \*Industry growth/decline patterns

The industry in which Islands Souvenirs belong is the souvenir item industry under the tourism. The company has a little coverage in both since its main products are mostly clothes depicting words or images that show Cebu. The market growth of the industry is as follows;

Visitor arrivals for the period January to August 2012 reached 2, 858, 348, an increase of 9. 78% vis-à-vis its previous year's arrivals of 2, 603, 675 for the same period.

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The Korean market contributed 23.76% of the total visitor volume by providing 679,123 arrivals. It posted a double-digit growth of 10.39%, surpassing the overall growth in arrivals. Arrivals from the U. S. A. accounted for 15.63% or 446,684 arrivals. This market grew by 4.05% versus its arrivals of 429,280 a year ago. The Japanese market provided a total of 278,017 arrivals, comprising 9.73% to total visitor traffic.

The said market grew by 9.66%, keeping pace with the overall growth in arrivals. Visitors from China provided the fourth biggest arrivals, capturing 6.29% of the total visitor volume and producing 179,879 arrivals. This market grew by 19.09% over its year-ago volume of 151,042 arrivals. The Taiwanese market comprised the fifth biggest visitor market to the country registering a total of 155,675 arrivals and a share of 5.45%. This market increased by 29.11%, the highest among the top five major markets, over its volume of 120,572 the previous year.

Other markets with substantial contribution include Australia with 118,050 arrivals, Singapore with 95,913 arrivals, Canada with 81,093 arrivals, Hongkong with 77,506 arrivals and United Kingdom with 74,696 arrivals.

Visitors from Russia grew by 40.35% as its arrivals reached 16,401 compared to its output of 11,686 arrivals in 2011. Other markets with high growth rates and substantial arrivals include France which registered a 13.96% growth (23,116 arrivals) and Germany with 10.64% increase (44,534 arrivals). As we can see the in the charts, the number of tourists visiting the country is increasing which could give island souvenirs a good opportunity to boost sales. The decrease in some areas in the timeline would

signify that the company will not be able to have many sales to the tourist market.

\* Products and services of a souvenir item industry

Consumer spending, special occasions, and tourist travel drive demand.

Large companies have advantages in purchasing, distribution, and marketing. Companies can compete effectively by selling specialty products, providing superior service, or delivering a unique customer experience.

Souvenirs compete with a wide range of businesses because they stock merchandise across many categories. Souvenir shops provide a variety of services to tourists. Souvenir development plays an important role in destination management, because it is both psychologically and economically related to tourism.

Souvenirs as objects include mass-produced merchandise such as clothing: T-shirts and hats; collectables: postcards, refrigerator magnets, miniature figures; household items: mugs, bowls, plates, ashtrays, egg timers, spoons, notepads plus many others. Souvenirs also include non-mass-produced items like folk art, handicrafts and antiques, and non-commercial items such as natural objects, and anything else that a person attaches nostalgic value to and collects among his personal belongings.

The term souvenir brings to mind the mass-produced kitsch that is the main commodity of souvenir in many tourist traps around the world.

The souvenir industry designates tourism souvenirs as commemorative merchandise associated with a location, often including geographic

information and usually produced in a manner that promotes souvenir collecting. Throughout the world, souvenir trade is an important part of the tourism industry serving a dual role, first to help improve the local economy, and second to allow visitors to take with them a memento of their visit, ultimately to encourage an opportunity for a return visit, or to promote the locale to other tourists as a form of word-of-mouth marketing. Perhaps the most collected souvenirs by tourists are photographs with the personal thing that they wear or have as a medium to document specific events and places for future reference

#### Local Perspective

Different regions have different characteristic cultures, each culture have a specific type of composition methods and their stability characteristics. Souvenir design should fully embody the unique culture of region-specific content, so it can attract consumers.

The souvenir industry have strong local characteristics, souvenir industry market prospects of such a large extent determined by cultural differences, it is a region and display of national culture. The design and development of souvenirs should fully tap its geographical and cultural connotations to meet increasing consumer demand of local tourists.

Souvenirs industry occupies an important position; it is a new growth point of the tourism, a good souvenir which can set a good image for the tourism. It can enrich the souvenir market and increase the local tourism income in a country

At the same time, it serves tourists and the local role in cultural exchanges, so that local skills can be some of the traditional manual transmission. Souvenir industries in local perspective not only promote the economic development of tourist areas, but also play a promotion of cultural tourism area. The development of successful souvenir design has a great significance for the promotion of tourism and cultural industry development in a country.

#### \*Customers/Consumer behavior

The key is that designers must be good through differentiation and segmentation of the souvenirs, looking for a new meeting point to meet people's needs, to taking the initiative to develop the market. Industry also must note that the mental function, as well as more humane considerations. For example, making the souvenirs' packaging more sophisticated, carrying more convenient, etc.; not only to emphasis on the diversity of human needs and study the development of the line, to propose new functional requirements and new usages. Industry also should pay close attention to the development of modern science and technology, because only rely on new scientific and technological achievements in order to make new works, new structures and new materials to update the form of capability, to adapt to the changing requirements of consumer market especially tourist markets and the general mass aesthetic orientation. In addition, during the product development, the aesthetic create of art and design is an important aspect to achieve differentiation and brand characteristics. Tourist souvenirs must be created through the aesthetic to induction and stimulate people's desire to purchase, to meet the aesthetic and spiritual needs of the people, thereby expanding the market effect.

## I-B. COMPETITOR ANALYSIS

List of competitors:

### 1. Lokal

Cebu based company that manufactures and retails souvenir items, travel clothing, accessories, and shirts with unique designs using the latest screen printing technology. Today, Lokal has a total of 8 outlets in Cebu City and is committed to provide high quality designs and shirts using the latest technology in the screen printing industry.

### 2. Kulas

KULAS - the company specializes in souvenir shirts and offers customized shirt designs for many types of consumers. Examples are schools, designs for logos and uniforms. To keep up with the ever changing trends in the business world Kulas creates their own designs for their shirts and manufactures them. Since the company manufactures their own shirts they have maintained the quality in their product for almost twenty years. Kulas has a unique way in setting their goals instead of guiding the direction of the company they compete with their own name, they find ways; create new designs and strategies to keep on improving the company by evaluating its performance.

### 3. My Philippines

My Philippines Lifestyle, Inc. is a relatively young Company that manufactures souvenir tshirts, caps, towels and other souvenir apparel



under the brand “ My Philippines” which could be found in all SM Department Store and Kultura Branches nationwide.

Strengths – Weaknesses Analysis of their competitors

Strengths:

Developing a price structure is one of the most pertinent parts of business design. Pricing correctly is the most efficient way to make sure you generate lucrative returns. Being competitive in your pricing means more than just going a bit cheaper than your competitors; it’s about your location, your service and more. Developing price structure in your business will offer you more profitable opportunities and help make your company flourish. These companies set their prices based on how they understand the perceived value that products/service provide to the end buyer. The prices are also set competitively based on the quality of their products.

Weaknesses:

One of the weaknesses of these companies is that they don’t have personal boutiques. They usually put up their business into cart or kiosk inside the department store. These companies also experience seasonal drop off of the demand of their products. Another weakness would be the competitors can’t win the majority of the market share the industry has because leading companies like Islands Souvenirs is well known to the public and has established a niche in the benchmark category for decades.

SWOT Matrix of their competitors

Conclusion:

Between Islands Souvenirs and its competitors they offer similar products to <https://assignbuster.com/marketing-plan-for-islands-souvenirs-essay-sample/>

customers. Islands Souvenirs has more modern products available which can be bought not only by tourists but also locals who have a high level of appreciation for their culture. Island souvenirs, similar to their competitors, concentrate on the quality of their product as well as to the value of their brand. But if you compare it with its competitors, Islands Souvenirs is a much more recognized and has a strong brand name. Their strong retail strategies are what makes them stand out and put them above the rest. They exercised a lot of innovations. When customers look for souvenir items, they will automatically consider Islands Souvenirs products as one of the brands that they can trust to. This has been instilled in people's minds that Islands Souvenirs provides high quality products and a highly trusted brand name.

#### I-C. INDUSTRY ANALYSIS

##### \*PEST Analysis

##### Political

Since Island Souvenirs' "Own an Island!" program, they have extended their geographical reach by entering the market through franchising. That fact that the Philippines doesn't have franchising regulations allows for a liberal business environment and has contributed significantly to the thriving and flourishing of franchising in the Philippines. However, many issues crop up because of the absence of clear directives and unambiguous parameters. They are, however, subjected to the general laws of land such as the Civil Code and Intellectual Property Code depending on the issues at hand.

##### Economic

As of August 2012, the benchmarked interest rate reached an all-time low at

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3. 75% which would directly indicate a lower cost of capital for the country's industries. However, since the revocation of the Usury Law (Act 2655) in 1982, loans taken out of non-banking institutions could prove disadvantageous as interest rates are no longer standardized by the Monetary Board and the BSP.

#### Social

Filipinos are generally patriotic people. This certain attitude, paired with the increasing population, would benefit the industry as their products generally promote a sense of pride with regards to cultural ethnicity and origin.

#### Technological

The production process of Islands Souvenirs is not reliant on technological advances. They use the traditional silkscreen method for their production to cut costs. The distinctiveness of their products, however, lies more in their designs. The advertising sector, though, relies more on online and social media marketing as a means as this allows a broader reach towards their target market, establishing brand equity and reducing communication costs.

#### \*Porter's Five Forces Analysis

##### Threat of New Entrants

The souvenir shop industry, in a broader prospect, has very low entry and exit barriers—to the point where one might consider it to be in a state of perfect competition. Your average person can just come out of nowhere and start his/her own stall as it requires very little capital.

### Threat of Substitute Products

There are plenty of substitutes in the souvenir shop industry. Considering that the industry relies heavily on tourists and traveler preferences, their primary threat of substitute is functional products. They face the threat that their target market may shift its attention to purchasing more functional, locally produced items to serve as their souvenirs.

### Bargaining Power of Customers

One major factor affecting the power of buyers in the industry is the relatively low switching costs. Since the industry offers very generic products, it provides a very little perceived level of differentiation and allows its customers to easily transfer from one supplier to another.

### Bargaining Power of Suppliers

The bargaining power of suppliers in the industry is generally weak considering the generic raw materials to be used in production. Souvenir shop companies can simply switch to smaller, weaker suppliers for raw materials should the need arise.

### Competitive Rivalry within an Industry

There is a large amount of competition within the souvenir shop industry. There is reduced brand loyalty as there is little differentiation between the products sold between customers. With the exception of a few leading firms, competitors are approximately the same size of each other. Although, the low exit barriers could prove advantageous to the leading firms of the industry.

## II. COMPANY PROFILE

### II-A. COMPANY BACKGROUND

The Islands Group traces its history back to the early beginnings of Islands Souvenirs in Cebu in 1992. Islands Souvenirs broke the mold of cottage-industry souvenir products and carved out a new niche for itself by providing premium-quality souvenir items, creatively designed and packaged in vibrant shopping environments.

Today, Islands Souvenirs has captured a significant share of the souvenir market and has become the most awarded souvenir brand in the Philippines. Its retail operations have expanded to high-traffic tourist areas such as Bohol, Palawan, Baguio, Vigan, Davao, and Manila, and has since then paved the way for other subsidiaries of the Islands Group. At the same time, Islands Souvenirs continues to make milestones for its innovation in retail.

One of these innovations is the personalized I heart shirts that allow customers to personalize shirts with their own names in as little as thirty minutes. Islands Souvenirs is the first to offer this, which has allowed locals to express their pride of place for Cebu, where the concept was initially rolled out. Soon the other destinations followed as well. In this way, the Islands Souvenirs brand has become more widely embraced by the local market, even at one point gaining recognition for achieving the highest sales above other merchants in a mall where it is situated. Islands Souvenirs has truly proven itself to be a versatile and enduring brand in a market full of newcomers and competition.

Islands Souvenirs' culture of innovation and entrepreneurship has been the foundation of the Islands Group, and impetus for its other travel-support concepts.

## II-B. COMPANY ANALYSIS

### \*SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the company and describes the opportunities and threats facing Island Souvenirs.

#### Strengths

Islands Souvenirs has captured a significant share of the souvenir market and has become the most awarded souvenir brand in the Philippines. It is well established due to their innovation. It has been in service for many years and knows how to cater to the needs of the consumer. Island Souvenirs offer high quality products which makes their company a recognized and highly trusted brand name. Highly durable, safety-focused and comfortable product will be cordially accepted by the consumer. This could lead to improved productivity. The relationship between price and quality has been a central focus on consumer movements.

Having high quality product will send out right message to the consumers. Business location is important as it helps one to access his or her target market or customers. One can either gain or lose customers by the choice of business location they choose. Island Souvenirs has a business location where it is convenient for customers, employees, accessible and have all the appropriate utilities. One of the strengths of Island Souvenirs includes the <https://assignbuster.com/marketing-plan-for-islands-souvenirs-essay-sample/>

excellent staff who are highly trained and very customer attentive. Island Souvenir brand has become more widely embraced by the local market. It has truly proven itself to be a versatile and enduring brand in a market full of newcomers and competition.

### Weaknesses

Every business has its own peaks and fall times. Islands Souvenirs' increases the demand for their shirts during summer and Christmas season because that is when tourists take time for vacation. In the other months, July to September is when they incur their lowest sales turnover for the year. So there is a seasonal drop off of the demand of their products. Another weakness would be the preference of price sensitive consumers, instead of buying Islands Souvenirs item they will now prefer over their competitors since their competitors are offering them lower prices than Islands Souvenirs situating in malls and department stores.

### Opportunities

We have seen that the retail market is more aggressive nowadays and tourism is booming in the country with the influx of tourists. By expanding the product offering a business can attract new customers with completely different preferences from their existing customer base. Having multiple product lines can diversify risk, add to a company brand and potentially grow business. The addition of a new product could help a business not only compete with existing competitors but allow the business to compete more broadly in the industry as well. Advances in technology can make running your company easier and less expensive.

## Threats

Businesses exist in a competitive environment. It's a fundamental reality of being in business. Businesses compete in many ways. One of the most obvious ways is over price. Knowing who your competitors are, and what they are offering, can help you improve your products, services and marketing. It will enable you to set your prices competitively and help you to respond to rival marketing campaigns with your own initiatives.

Government regulation is constantly present in our lives. There are times that the government get protective and don't allow certain companies to enter a particular market. A significant slump in the economy that will likely have a correlated effect on the industry serves as a threat to a business. A single or series of huge, unexpected, traumatic events that put significant strain on the financial health of the souvenir industry as a whole could also be a threat to a company.

## GROWTH SALES OF ISLANDS SOUVENIRS

The line chart shows that there is an increase of sales from 2008 – 2010, however, a decline in 2011 with a sales revenue of more than P147M from P160M in 2010. This is due to some traumatic events happened during 2011. The strikes of PAL, the bus hijacking of the Hongkong tourists all happened during that year. Those were the most notable things that made to pull down tourism affecting the whole industry including the whole Islands Group and their competitors.

Source: Financial statements we gathered in Securities and Exchange Commission



## II-C. COMPANY'S VISION/MISSION; GOALS & OBJECTIVES:

### \*Vission/Mission

To be the leading brand of travel-support products and services in the Philippines.

### \*Goals and Objectives

To nurture and cultivate the brand. To continue to grow, expand, evolve and to continue being in the forefront of the travel industry.

## II-D. MARKETING STRATEGIES AND PROGRAMS

### \* SEGMENTATION

Today, Islands Souvenirs has captured a significant share of the souvenir market and has become the most awarded souvenir brand in the Philippines. Its retail operations have expanded to high-traffic tourist areas such as Bohol, Palawan, Baguio, Vigan, Davao, and Manila. They have located the outlets and shops in areas that have high potential for tourism growth where all the foreign and local tourists can be found.

The pie chart above shows the market segmentation of Islands Souvenirs.

Generally, the company has two markets: foreign and local tourists.

Approximately estimating 65% are domestic tourists and 35% are foreign tourists. These are the markets who would love to spend their vacation in the Philippines not just promoting tourism but also the brand itself. \* TARGET

### MARKET

Since Islands Souvenirs is a travel and support brand, we would expect them to target most of the foreign tourists. But this is not the case. According to the market share graph, the market that would present best profits for the <https://assignbuster.com/marketing-plan-for-islands-souvenirs-essay-sample/>

company is the domestic tourists. These are the groups that will highly patronize the Philippines particularly its different Islands. Since the locals know more about the islands that's why they prefer to be in the Philippines than in other places abroad. Islands Souvenirs has always been reputed for its fun designs and is well-known for its strong design concepts. Local tourists are much attracted to the fun designs of Islands Souvenirs since most of the designs tell a story about the different Philippine destinations.

#### \* POSITIONING

Being the leading company of premium-quality souvenir items industry in the Philippines, Islands Souvenirs has been known of its superior designs and high quality products. Aside from their strong brand name and t-shirt designs, they are a highly strategic company. They know how to expand, to grow and to evolve. They exercised a lot of innovations. In fact, Islands brand has expanded off to other subsidiaries nationwide, with various pioneering components in hospitality, adventure, retail, tours, media, and design. This includes the Islands Banca Cruises, Islands Stay Hotels and a lot more. All of these things have strengthened the mother brand which is Island Souvenirs.

Islands Souvenirs' culture of innovation and entrepreneurship has been the foundation of the Islands Group, and impetus for its other travel-support concepts. This makes them a highly strong brand.

Islands Souvenirs aims to reach more prospective clients by expanding their market through dealership, outlets, and shops. Their strong retail strategies are what makes them stood out and put them above the rest. When customers look for souvenir items, they will automatically consider Islands

Souvenirs products as one of the brands that they can trust to. This has been instilled in people's minds that Islands Souvenirs provides high quality products and a highly trusted brand name. II-E. MARKETING MIX DECISIONS

#### \* PRODUCT

Islands Souvenirs is a retail store that sells souvenir items in different branches available nationwide. Among their wide range of products offered for their market are: souvenir shirts, shorts, bags, baller IDs, and other souvenir items. But more importantly, they specialize in selling personalized shirts grabbing most of their sales which they call as their " I heart shirt" with the customer's preferred name printed on the shirt in as little as thirty minutes printing time. These are available to both males and females, with different fits, sizes, and colors. Next to their specialty " I heart shirts", are their baller IDs which is with the same concept and design with the " I heart shirt". Superior quality and unique creative designs gave way for the " I heart shirts" and baller IDs to capture the local market in which the foreign tourists followed. They carved out a new niche in the travel and tourism industry by continuing to make milestones for its innovation in retail.

Product history of their popular I heart shirts:

The concept of I heart shirt became the biggest phenomenon for Islands Souvenirs. The months of November, December, and January are considered peak seasons of Islands Souvenirs especially the month of January, where Sinulog is being celebrated and it follows the summer season. So they have a dead month in February. They saw this as an opportunity for Islands Souvenirs to fill in the gaps and try to get possible answers for their problems. As we all know that February is known for month of love. And that <https://assignbuster.com/marketing-plan-for-islands-souvenirs-essay-sample/>

came about. They felt the love of place and they've tried to solve what better concept could they come up with the love of place. So this is where the idea of I heart shirt all started out and when they launched the I heart Cebu campaign, it just took off and exploded. Islands Souvenirs will continue to nurture out and to grow bigger in the next upcoming years.

#### \* PRICE

The company used a mark-up pricing strategy to cover all of the incurred costs plus a certain percentage mark-up. They also exercise in value pricing. In this value pricing, customers will not pay for what the real price of the product but the value given to the consumers themselves. That value, for one is the innovative concept of personalizing their shirts. In fact, they are the first brand ever to make such concept in the souvenir item industry. The price for the famous " I heart shirts" will cost less than P600 each for both male and female fits, but the prices will vary depending on what color of the shirt and the color of the heart print.

Beyond mark-up pricing and value pricing, they also apply odd pricing. Psychological pricing or odd price ending is a marketing practice based on the theory that certain prices have a psychological impact. The retail prices are often expressed as " odd prices": a little less than a round number, e. g. P199. 99 or \$7. 98. The theory is this drives demand greater than would be expected if consumers were perfectly rational. Psychological pricing is one cause of price points. Companies use odd pricing because of customer psychology. When some customers see \$19. 97, that customer may think the

price is closer to \$19 than it is to \$20. Most people think that way and it puts more money into the company's pockets.

#### \* PLACE

By way of distributing their products widely available to their valued customers, Islands Souvenirs strategically locates their outlets where there is a heavy traffic of tourists. Tourist spots like Magellan's cross and a boutique inside Mactan – Cebu International Airport gains a perfect location for the company as it receives the best sales in Cebu. Not just they accommodate to the local and foreign tourists, they also like to expand their market share through the locals so they are also situated outlets in the malls and department stores. These locations are placed because their target markets are frequently found there and can easily be reached by the company.

Islands Souvenirs Branches in Cebu:

- \* Ayala Center Cebu
- \* SM City Cebu
- \* Marina Mall
- \* Magellan's Cross
- \* Mactan – Cebu International Airport

#### \* PROMOTION

The company rarely participates in mall wide sales nor are they focusing too much on their sales promotions. Instead, Islands Souvenirs are emphasizing advertisement promotions and tight public relations. In every busy roads and highways, they put up huge billboards. They also advertise in television and radio ads with their known endorsers typically the local celebrities and public

officials. To add that, the Islands Magazine – which is their magazine brand still under the umbrella of the Islands Group is also a way of advertising through media magazine. The magazine is available in various coffee shops, malls, and salon spas. Those ways, without exercising sales promotions are still very effective ways of promoting Islands Souvenirs.

## CONCLUSION

Because of Islands Souvenirs' consistency in manufacturing and delivering high quality standards of its products to its clients, it has truly proven itself to be a versatile and enduring brand in a market full of newcomers and competition. We humbly conclude that it can very well expand, grow, and evolve on business opportunities that will let them continue being at the forefront of travel industry. Moreover, we believe that Islands Souvenirs has developed its unique marketing strategies to make it the leading brand of travel support products and services in the Philippines.

## RECOMMENDATION

Islands Souvenirs relies on an ever-growing influx of tourists, the domestic travel trend that's fast gaining momentum, while developing the growth of the local market as well. The travel trends and methods of traveling have changed dramatically. There's a drastic change on how people travel today. We recommend that Islands Souvenirs should find the right people for the new trend of travel. They should hire and get new people that have had experience in the travel industry that would help execute their new strategies for the new kind of traveler. They should continue to make milestones for its innovation in retail, continue to nurture and cultivate

the brand, to meet the demands of its valued customers and to preserve the loyalty of their employees by giving them better pay.

We also recommend that Islands Souvenirs would expand their operations online. E-commerce offers advantages that include the ability to expand into global markets with a minimum of expense, thus allowing firms to reach narrow market segments that are geographically scattered. In the long run, Islands Souvenirs would capture all of its possible markets including OFW's and foreigners that would like to patronize Islands Souvenirs and the Philippines.

### III. BIBLIOGRAPHY AND REFERENCES

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#### \*INTERVIEW

We had interviewed Ms. Andrea Lugue, the Group Marketing Head of the Islands Group last Sept. 14, 2012. Here is how the interview goes:

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Who are your markets? How do you segment your market?

\* Our market is generally divided into: Tourists and Locals. What are your target market strategies?

\* Our products are essentially the same, though we target the tourists by advertising among the locals and thus generating trustworthy word-of-mouth advertising. What are your positioning strategies for competitive advantage and unique selling proposition? \* We are the only brand that positions itself as a premium-quality souvenir item – the products and prices speak for such a positioning. What are your weaknesses as a company?

\* Well, we're not a giant player like Ayala or Gokongwei, but the upside is that we can move nimbly when starting a new business unit.

What are your future opportunities you deem to be profitable investing on? \* Aside from opening Islands Stay Hotels to franchising for small and medium entrepreneurs, The Islands Group is looking to go into transportation and online travel retail in the future. What are the possible threats that could cause the company trouble? \* The most notable thing that happened to pull down tourism as of late was the bus hijacking of Hongkong tourists, so we hope that or something similar doesn't happen again. On your logistics, how do you distribute?

\* Mostly we just use regular cargo shipping for distribution. How do you process in making your I heart shirts?

\* Some are using the traditional method (silkscreened), for more shirts with more sophisticated materials and other items we have those contracted from another supplier. What is the company's mission/vision?



\* To be the leading brand of travel-support products and services in the Philippines. Where is the best location in placing your outlets?

\* The strategic location of our outlets will be best if it's inside or near the airport and in tourist spots. We also have boutiques present in malls and department stores. How do you price your products? What is your pricing strategy? \* We apply mark-up and value pricing strategy.

How do you promote your products and the company itself?

\* We promote conventional ways of promotions like advertising in TV, radio and billboards. We also promote through the social media in Facebook and Twitter.

However, the given pieces of information were too general and mostly vague so we felt the need for a second interview for clarifications and specifications. By this time, we'd like to interview the rightful owner of Islands Souvenirs, Mr. Jay Aldeguer, himself that he politely obliged and appointed us a meeting last Oct. 3, 2012 at his very own office. Here's how the interview goes:

How did you come up with the brand name "Islands Souvenirs"? \* Knowing the Philippines is an archipelago that composes 7, 100 islands; the name wasn't that hard to come up. What is the history behind the "I heart shirts"?

\* We felt the need to fill in the gaps of our dead month which is February. As we know that it is the love month, incorporating the heart which makes that a major factor in creating designs for the shirts. What is beyond the odd prices of the products?

\* That is called as odd price ending or psychological pricing strategy. There is a study that reveals consumers are attracted to odd numbers believing that the item is cheaper compared to even ones. What are your different sales promotions aside from advertisements? \* We don't focus too much on sales promotions. Instead we emphasize more in advertising through billboards, TV and radio ads. Who are your target markets?

\* Approximately, 65% are domestic tourists and 35% are foreign tourists. What are your public relation programs?

\* We don't have a separate department for public relations. It just comes to us naturally. But we actively participate in keeping and preserving the attractions of the Philippines.