

Good example of product description report

[Business](#), [Marketing](#)



Individual Report – Marketing for a New Product.

The service “ Share&Go” is an innovative solution that is offered by the taxi service company. It uses the existing fleet of the company as well as its drivers to provide a new car sharing service to its customers. Customers can access the service through a mobile application or directly through the website. The idea behind is to give people an opportunity to split the payment for taxi rides between several people, even if those people are not travelling as one group. Customers can request a taxi by indicating the pick-up point and the final destination, as well as the possible tolerance time. Based on this input, the system finds the closest taxi with passengers, who are travelling in the same direction (or in a direction similar). In the end of the journey, the system calculates the cost of the journey, based on the number of kilometres between the pick up point and the final destination, and splits the cost between the number of passengers, who used the car service along this route. Thus, if a client travelled 10 kilometres, and 8 of them with another person on board, the cost for 8 kilometres will be split in two, while the other two will be fully paid by the one passenger, who effectively travelled along this stretch..

Market identification

The main market for the service is made up of major cities in the U. S.. The choice is justified firstly by the fact that such cities have a larger number of passengers, who are concentrated in a relatively small area. The second reason for choosing to roll-out the service in big cities is the mentality of city-dwellers, who are much more accustomed to using taxi services, than people

in smaller towns, mainly because of the heavy traffic situation and the problems related to parking.

The market for the new service is comprised of people, who would like to use taxi services, however are not willing to pay the fees that are charged by more conventional taxi service providers.

Market segmentation

Market segmentation should be based on the way customers use taxi services and other transportation alternatives. In general, it is possible to distinguish several customer segments: business travellers, frequent commuters and off-peak/occasional travellers. The first category includes people, who travel for business purposes. These passengers usually are constrained in terms of time and are not very price-sensitive, since their taxi trips are usually paid by their employers. Most trips in this segment are made to/from airports, as well as in city centres.

Frequent commuters are people, who often travel to the same location within the city. Such passengers are usually price-sensitive, that is why they seldom choose taxi over public transportation alternatives.

The last category represents off-peak/occasional travellers, who do not have an alternative transportation solution or are not aware about it. Thus, late-night passengers, who come back home during the night, have to use taxis as public transportation solutions are either unavailable or are very infrequent. This segment also includes tourists and country visitors. As people in this group are not familiar with available transportation solutions in the country, they prefer using taxi services.

“ Shaer&Go” service offers users lower prices than existing traditional

services, however it asks its customers to sacrifice some time and comfort. Therefore, the first category of passengers, the business travellers, are clearly outside of the scope of the service. Frequent commuters and off-peak/occasional travellers, on the other hand, represent a potentially good market for introducing the new product.

Targeting

Considering the segmentation of the taxi market described above, “Share&Go” should focus its efforts on two categories of customers: commuters and off-peak/occasional travellers. The feature that unites potential customers is the high price-sensitivity and relatively low demands in terms of service quality (mostly manifested in its timeliness and vehicle class). Therefore, the company uses a concentrated targeting strategy by identifying a niche in the market, price sensitive taxi users, and by offering a lower-cost product with relatively similar characteristics to mainstream taxi services (Lamb, Hair and McDaniel, 2012). It is important to note that “Share&Go” also focuses on the young market, as taxi ordering requires using internet for making an order. This fact lowers cost for the company and allows direct input into the system, however it excludes older generation users, who are not used to internet technology, especially in the taxi market.

Positioning

In order to define the positioning of “Share&Go” it is useful to outline the perception of transport services by consumer based on two attributes: price and quality of service (quality here combines the comfort of the vehicles as well as the time it takes to deliver the service) (Sahaf, 2008). In order to

visualize consumer perceptions graphically, a perceptual map is presented in Figure 1.

Figure 1: Perception Map

The perceptual map indicates that the most comfortable transportation mode, as perceived by customers, is the limousine service. However, this mode is very expensive for most people, therefore it is only suitable for a very limited number of clients. Public transportation, on the other hand is the most cost-effective way of travelling. However, it is also the least comfortable one, considering both the time it takes to travel with public transportation services, and the comfort of the ride itself. Share&Go positions itself above traditional car sharing initiatives, as it offers more than just a vehicle. However, the price of “ Share&Go” will be below those of traditional taxis. In this way the company will be able to position by cost among similar taxi services, and to use a focus strategy that helps to cater to the needs of the specific cost-sensitive customer groups identified as the target market (Rogers, 2001).

MARKETING MIX

Marketing Mix for “ Share&Go” is represented by the four broad categories: Product, Place, Price and Promotion. The clear definition of these marketing mix components helps to formulate marketing strategies and to design steps for strategy implementation. They link target market demands with organizational vision and objectives (Brown, Gumesson, Edvardsson and Gustavsson, 1991).

Product

The product offered by “ Share&Go” is a combination of a car sharing and a taxi service. The brand name reflects the hybrid nature of the product and highlights its novelty on the market. The “ Share&Go” service is based on an online platform that is available via smartphones or directly on the website. People can order a taxi using these two channels and the software behind optimizes the route of the taxi in order to pick up several customers along the way, thus reducing the price per passenger. The main benefit of “ Share&Go”, as compared to more conventional taxi services, is the low price of the trip and the possibility to split the cost with people, who do not belong to the same group. The service offers advantages, when compared to conventional car sharing solutions, private cars and public transportation. Despite the lower cost, “ Share&Go” still offers its customers a taxi service, which is much more comfortable and flexible than public transportation, and frees its clients from the need to drive and/or to find a free parking spot. Furthermore, the use of the mobile application and a website as the main interface with the customer, “ Share&Go” makes the process of ordering a taxi much more straightforward and transparent. People can see in real time, where their designated driver is and how long they have to wait until the arrival of the taxi.

Since “ Share&Go” uses a cost leadership strategy to attract customers, some of the product features are inferior to those offered by competing taxi brands (van den Bosch and De Man, 1997). Thus, the waiting times as well as the trip times can be longer as compared to other services, as drivers need to accommodate the needs of several passengers. The use of smaller

and fuel-efficient vehicles as well as sharing the car with several people reduce the comfort of the trip. However, these disadvantages are justified by the lower price and considering the target market.

Price

As a hybrid product, “ Share&Go” prices its services below those of the competing taxi brands and above the respective car sharing/public transportation solution. In this way the company can cater to the needs of price-sensitive customers. The cost of an individual ride is calculated using a fixed rate per kilometre, which is split between the number of passengers, who are travelling in the car. The calculation algorithm always considers the shortest distance between the pickup point and the destination, even if the driver had to make a detour to pick up another customer. The complexity of the cost calculations make the cost less transparent as well as less predictable, since it always depends on the occupancy of the taxi. In order to mitigate this drawback, each passenger receives a detailed cost break-down of the final price in their final bill. Furthermore, the rates used by “ Share&Go” are always below those used by conventional operators in the respective market, even if the cost is only calculated for one passenger.

Promotion

As “ Share&Go” used a cost strategy to remain competitive, the company limits its budget on promotion and communication. Therefore, the most expensive and conventional channels, such as television, are not used by the company. Considering that “ Share&Go” allows to order its services only online, it assumes that its customers are frequent and relatively confident

internet users That is why internet advertising will be used as the primary channel to promote the product. Furthermore, “ Share&Go” vehicles will be used to promote the service. Every car will be painted in the colours of the company and will have a logo as well some promotional slogans on it, in order to ensure that “ Share&Go” vehicles are highly visible in the city.

Place

“ Share&Go” services are distributed through two main channels: website and a mobile application. Both channels have a common platform that allows using internet to collect orders and to optimize routes for the drivers. The use of these channels leverages the increasing use of internet and helps the company to keep costs down, thus supporting its lower cost strategy (Plant, 2000).

References

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