
UNIT 1 INTRODUCTION TO TOURISM MARKETING : APPROACHES, RELEVANCE AND ROLE

Structure

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1.0 OBJECTIVES

After reading this Unit you will be able to:

- understand the definition and concepts of marketing in relation to tourism,
- have an idea about the relevance of marketing in tourism,
- differentiate between marketing and selling,
- learn how to make a marketing plan, and
- develop some skills for marketing your own services.

1.1 INTRODUCTION

Tourism Marketing is still an underdeveloped area and is often confused with selling. The tourism industry is comprised of small enterprises (travel agencies, tour operators etc.) and few among them actually adopt marketing whereas selling is done by all. However, the way tourism market is maturing, the relevance of marketing is being acknowledged more and more as an important activity for the success of the enterprise. This is also because competition is increasing. In the tourism markets (tourist generating areas or countries) such competition is getting intense among:

- countries to market their destinations,
- airlines to market their seats,
- hotels to sell the rooms, and
- tour operators to market the packages etc.

A similar situation is witnessed at the destinations where competition is emerging in practically every service sector, among guides and escorts, restaurants, hotels, transporters, shops, etc. In fact you should remember that there is a tourism market where demand and supply have their role to play and the linkages between them have a bearing on marketing. Keeping in view the nature of the tourism product a more professional approach to marketing is required by all the players in tourism i.e. the government, tourism industry and the host population. In today's tourism business, marketing is not a requirement of big players like airlines or hotel chains only but even the smallest enterprise requires it. In this Unit, an attempt has been made to acquaint you with the basics of tourism marketing. The Unit starts with a discussion on the evolution of marketing over the years along with its definition and concept. It also deals with the making of marketing plan and gives you some hints about marketing your own tourism product or service. The functions and skills of marketing managers have also been discussed in the Unit.

1.2 MARKETING : DEFINITION AND CONCEPTS

Generally, when people are asked what they understand by marketing, we get mixed responses. Some relate it with selling and advertising, some with public relations. Very few people understand that marketing is related to a variety of things like needs assessment of the consumers, marketing research, product development, pricing and distribution, etc. Everyone has their own perception of marketing and he or she understands or interprets marketing in relation to their own activities. It must be noted here that marketing is much more than selling or promotion of a product. In fact they form only one aspect of marketing. On different occasions, various definitions of marketing have been provided by various people. Most of these definitions are individual variations within the larger marketing concept that marketing is consumer and profit-oriented. According to **Philip Kotler**:

"Marketing is the analysis, planning, implementation, and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for the purpose of achieving organisational objectives. It relies heavily on designing the organisation's offering in terms of the target markets' needs and desires, and on using effective pricing, communication, and distribution to inform, motivate, and service the markets".

After giving this definition **Kotler** suggests that several things should be taken note of in this definition:

- 1) It is a **managerial process** which involves analysis, planning, implementation and control.
- 2) Marketing can also be identified as a **social process** which identifies, expends and serves the material needs of a society.
- 3) Marketing is not just taking random actions to achieve desired responses. On the contrary, it manifests itself in **carefully formulated programmes**.
- 4) Marketing attempts to bring about voluntary exchanges of values.
- 5) Marketing means the **selection of target markets** rather than an attempt to serve every market.
- 6) Marketing depends on designing the organisation's product or service in terms of the **needs and desires** of the target markets (consumers).
- 7) The purpose of marketing is to **assist organisations** in their survival and growth by serving their markets more effectively.

Besides **Kotler's** definition of marketing, we give you here certain other definitions also. According to the **British Institute of Marketing**, marketing is defined as :

"The management process responsible for identifying, anticipating and satisfying customer requirements profitably".

Some scholars have attempted to define marketing in relation to tourism. For example, **Krippendorf** mentions that:

"Marketing in tourism is to be understood as the systematic and co-ordinated execution of business policy by tourist undertakings whether private or state owned at local, regional, national or international level to achieve the optimal satisfaction of the needs of identifiable consumer groups, and in doing so to achieve an appropriate return".

At the **World Tourism Organisation** seminar, held in Ottawa in 1975, on **Testing Effectiveness of Promotional Campaigns in International Travel Marketing**, marketing was defined as "a management philosophy which, in light of tourist demand, makes it possible through research, forecasting, and selection to place tourism products on the market most in line with the organisation's purpose for the greatest benefit". Three aspects are suggested in this definition:

- 1) Marketing is a **thought process** related to a situation which matches and balances the needs of the tourists with the needs of the destination or the needs of the organisation's designing and providing tourism related services.
- 2) Tourism research is an inherent part of tourism marketing which culminates in the identification and selection of target markets based on market segmentation.
- 3) In order to have a proper placement of tourism products and services, the marketing concepts of **positioning** and **product life cycle** are of great significance.

Product Life Cycle means that a product passes through a specific sequence of stages:

Alastair M. Morrison stressed on the system's approach and according to him :

"Marketing is a continuous, sequential process through which management in the tourism industry plans, researches, implements, controls, and evaluates activities designed to satisfy both customers' needs and wants and their own organisation's objectives. To be effective, marketing requires the efforts of everyone in an organisation and can be made more or less effective by the actions of complementary organisations".

Stages	Sales
Infancy :	low
Growth :	rapidly rising
Maturity :	peak
Decline :	decline

As per this definition, marketing is an ongoing concern for any organisation in tourism and it should not be treated as a one-time effort only. Further, it stresses that marketing is the concern of everyone in the organisation and not only of the marketing department.

An analysis of the above definition of marketing makes it clear that tourism marketing, far from being a separate discipline, adopts the basic principles of marketing which have been developed and practiced in relation to the marketing of other consumer products and services. You must remember here that as a tourism professional, you should be able to differentiate between the popular use of the term marketing and the professional term of marketing used by marketing managers, the best example of which again, is described by Kotler:

"Marketing is the organisation's undertaking of analysis, planning, implementation, and control to achieve its exchange objectives with its target markets".

It must be noted here that marketing in its most simple form can be described as a process of achieving voluntary exchanges between customers and producers. And, again in Kotler's words, it is:

"Effective management by an organisation of its exchange relations with its various markets and publics".

It must be remembered here that the effective management in marketing involves a management decision process which is focussed on the customer decision process. All the concepts of marketing are applied keeping in view the customer's needs, wants and tastes. In our case, the customer being the tourists. At the same time, the producers of tourism products and services do influence the prospective customers to choose their products. Here comes the role of promotion, advertising and selling. But it should be remembered that the entire process of marketing starts much before the actual selling of the product or the service. Before we go further, let us try to understand certain other aspects related to marketing.

1.2.1 Evolution of Marketing

The term marketing has been in use for the last 30 years or so. The development of marketing in fact is the outcome of certain social and business pressures. In 1960, Keith mentioned that the growing recognition of consumer orientation **"will have far-reaching implications for business, achieving a virtual revolution in economic thinking"**. Though the word marketing came into use in the 20th century, initially it was linked with a number of loosely related factors for achieving a sale. **Consumer orientation**, according to Keith, started to be accepted as a business concept only from the 1950s. Gilbert and Bailey mentioned three distinct stages in the development of marketing and modern business practices :

- 1) In the **production era** stage, the management focus was on increasing efficiency of production and supply of products to the markets with the emphasis on consistently reducing costs. This meant developing a standardised product to be offered at the lowest price.

- 2) The second was the sales era stage. Under this stage, the organisations attempted to influence demand by adopting more effective means of selling and increasing their knowledge about different markets to improve their sales techniques.
- 3) The earlier two stages got reversed in the third stage i.e. the marketing era. The crucial shift came when organisations started to produce what they could sell rather than attempting to sell what they produced. This was the consumer-oriented approach. The customers' needs, wants, tastes and satisfaction were recognised as the key factors in planning and designing of the product which the organisation was to produce and offer.

There were various factors that led to the emergence of the marketing era which have been described by Chris Cooper, John Fletcher, David Gilbert and Stephen Wanhill in relation to tourism in their book *Tourism Principles and Practices* :

- 1) The increases in demand were at a lower rate than the rises in productivity. For example, there was an oversupply of:
 - accommodation at certain destinations,
 - aircraft seats on important routes, and
 - tourism suppliers.

This increased the competition in the markets along with the risks. The need for survival and growth led the producers of tourism services towards consumer orientation. They selected their markets, attempted to understand the consumer's needs and tastes and started designing products which suited the consumer's demand.

- 2) The purchasing power of the consumer was going up and a need was felt to develop methods for creating and changing consumer attitudes and beliefs.
- 3) The increase in travel, particularly the emergence for long haul traveller, created the need for marketing research regarding information on market trends, understanding consumer behaviour and evaluating the levels of satisfaction of the users of tourism products and services.
- 4) Economic and social development led to the segmentation of mass market into specialised target markets. The business in tourism was dominated by small companies for whom it was difficult to reach and cater to the mass market. This further encouraged the need for catering to selected target markets.

Today, marketing techniques are used by practically all segments of the tourism industry which include both profit-making as well as non-profit making organisations. In a way the changes which have been taking place in relation to the consumer attitudes, market forces and the producers of tourism products have made it essential to adopt marketing techniques or else it is difficult for the organisations to survive in the competitive situations.

1.2.2 Selling and Marketing

It was mentioned earlier that many persons confuse marketing with selling whereas they are totally different. This difference has been described by Levitt as follows :

"Selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller's need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it".

Thus, according to the sales concept or sales orientation, an organisation believes that the size of the market can be increased by increasing the selling effort. Such an organisation does not change its product according to the consumer needs but on the contrary increases its advertising, personnel selling, sales promotion and other demand-creating activities for the product. The aim is to achieve profits by increasing the volume of sales. According to Kotler:

"A sales orientation holds that the main task of the organisation is to stimulate the interests in potential consumers in the organisations existing products and services".

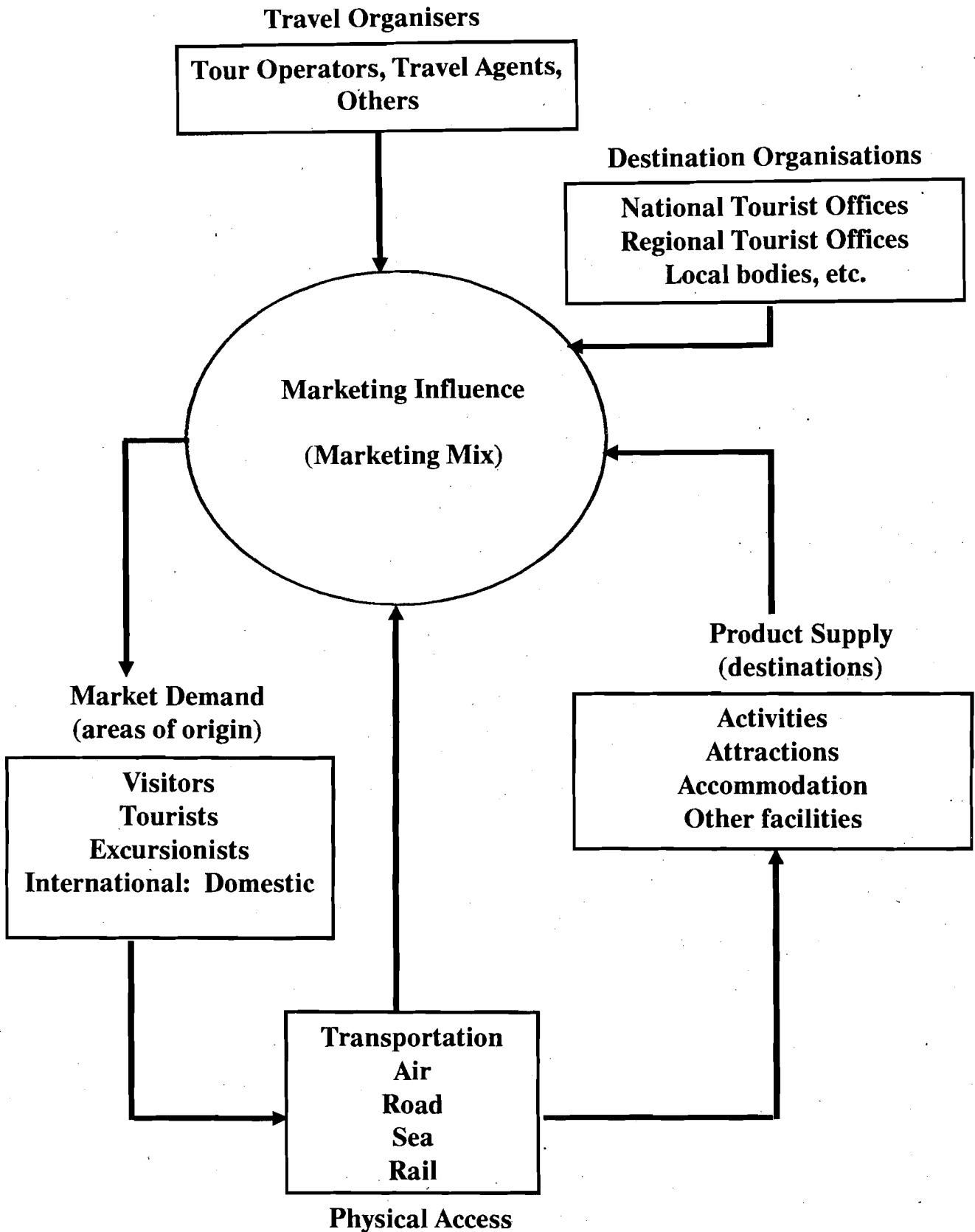


Fig. 1: The Systematic links between demand and supply and the influence of marketing in tourism.

Contrary to this, in the market concept or market orientation, the focus is on customer needs, where marketing is utilised to gain profits through customer satisfaction. According to Kotler:

"A marketing orientation holds that the main task of the organisation is to determine the needs and wants of target markets and to satisfy them through the design, communication, pricing, and delivery of appropriate and competitively viable products and services".

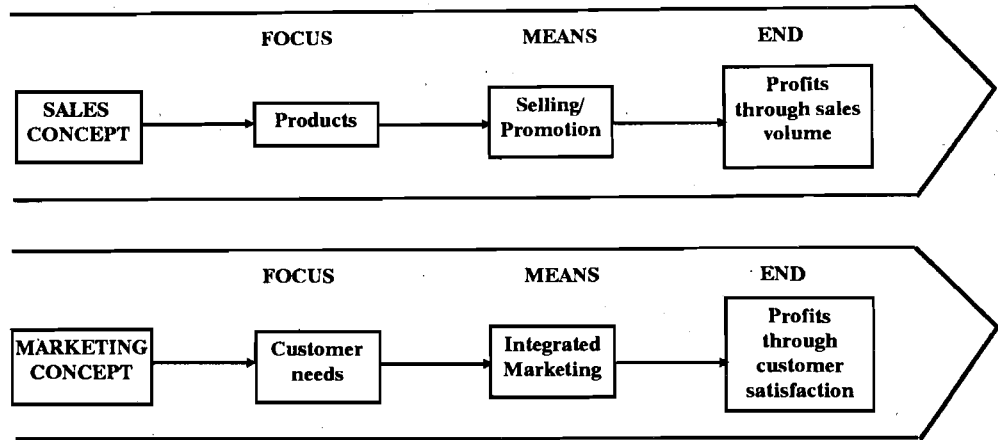


Fig. 2: The Sales and Marketing Concepts compared.

Source: Chris Cooper, et al, *Tourism Principles and Practice*, London, 1993.

Many organisations in tourism go by the product orientation approach which according to Kotler means:

"That the major task of an organisation is to pursue efficiency in production and distribution".

Here the emphasis is on the available services of products. This approach does not take into account the consumers' needs or attitudes etc. Similarly, the selling orientation focusses on the needs of the seller and ignores the needs of the tourists. It is here that the marketing orientation offers a totally different approach where the tourists needs and wants etc. are taken care of. This has been described by some as an exercise of "putting yourself in the tourist shoes".

1.2.3 Business Philosophy

It can be said that marketing is a business philosophy in which the consumer and his/her needs are in the forefront of all the activities. For example, you may have a very good tourism product but if the access to the product is difficult, there is no accommodation infrastructure, leisure and entertainment facilities are missing, the product oriented approach in marketing might fail. This is because the tourist is not just going to the destination because of its attraction but also needs fast access, accommodation, leisure and entertainment facilities, etc. At the same time the tourists have their own needs, preferences and tastes.



Fig. 3: Product Oriented Organisation

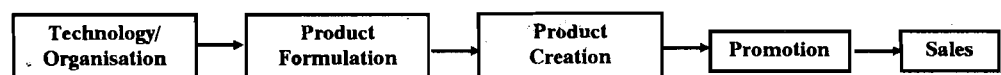


Fig. 4: Systems/Technology-Oriented Organisation

Similarly, the systems oriented organisation also can fail. Cooper et al have observed that the type of organisations mentioned in Fig. 3 and 4 can land with having a wrong product for the market. Such organisations' business philosophy is that their products are acceptable and what is required is identification of markets and methods of selling. Such business philosophy

works only when there is shortage of supply and little competition. These organisations go for improvements with the organisations rather than concentrating on the tourists needs.

According to Cooper et al the ideal approach for organising business in the "modern tourism market place" is as per Fig. 5 and 6.

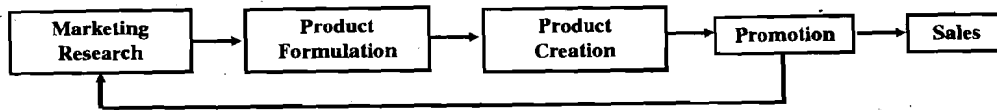


Fig. 5: Market Oriented Organisation

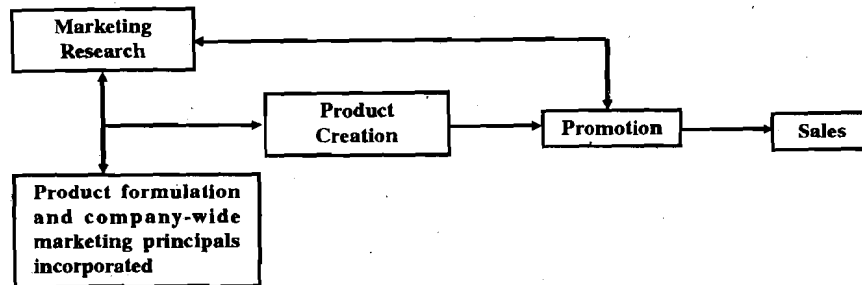


Fig. 6: Integrated Organisation

Figures 3 to 6 are based on Chris Coopers, et al, Tourism Principles and Practice

These approaches are governed by market research to provide an understanding of the tourists, market place and the business. The development of products and promotion is based on the feedback from the consumers. This, in a way ensures the success of the products in the markets and the marketing budget is efficiently utilised for customer satisfaction.

A consumer oriented market philosophy brings the organisation not only a good image in the market but also a reputed market standing. In tourism every tourist wants to be treated as a special consumer and any organisation catering to this attitude of the tourist will naturally be ahead of other competitors. At the same time the consumer oriented market philosophy has to go deep into the minds of the decision makers and employees of the organisation. The tasks to be undertaken by the organisation should include:

- 1) Identifying the needs of tourists. This is done through marketing research.
- 2) The market opportunities have to be analysed through market segmentation.
- 3) The needs of the tourists have to be translated into products through product planning and design.
- 4) The value of tourism products and services is to to determined through a pricing policy.
- 5) The product has to be made available to the customers (tourists) through distribution.
- 6) The tourists have to be informed and motivated through promotion which includes advertising and selling.

Marketing also has a **developmental role** and today **social marketing** and **socially responsible marketing** are emerging as marketing specialisations (See Block-3).

1.3 FEATURES OF TOURISM MARKETING

The marketing of tourism is different from other products because tourism is a service product where instead of selling physical goods an intangible experience is sold. In Unit-4 of TS-3 you have already been acquainted with the characteristics of the tourism services. However, very briefly we once again mention certain aspects of the tourism product:

- It is not possible to evaluate or demonstrate the tourism product in advance. This is because the services are consumed and felt at the same time.
- The tourist not only buys the product but also feels the product and is involved in it.
- The tourism products cannot be stored

- The tourist buys the experience and does not own the product.
- The tourism product is a combination of several services.
- In the designing and packaging of a tourism product a number of intermediaries are involved. Bad experience at one level can spoil the entire image of the product or service.
- The demand in tourism is highly elastic and seasonal in nature.

Some of the problems faced by the tourism industry for the purposes of marketing are there because of its own lack of efforts in the area. For example, few in the industry go for market research as the industry is dominated by small business which lacks in both expertise as well as resources for adopting a marketing approach. Most of the time a short term outlook is adopted rather than a long term approach. The presence of too many intermediaries effects quality controls and leads to consumer dissatisfaction. The resource crunch effects the marketing efforts, particularly for making a presence in the international markets. The approach adopted by the organisations is to deal through intermediaries rather than approaching the market on their own. **The consumer of the tourism products and services in future is going to be different from that of today.** The emergence of specialised tourism is going to make more demands on the industry in relation to the consumer needs. Competition is already on the increase and hence more and more consumer satisfaction will be the key to success. **A major challenge for tourism marketing is coming in the form of consumer protection laws and eco-friendly destinations.** Time is not far when in spite of the best marketing efforts if consumer protection and unpolluted environment do not form a part of the marketing package, the destination, product or service is bound to be adversely effected.

Check Your Progress-1

1) What do you understand by marketing?

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2) What is the difference between selling and marketing?

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3) Discuss the features of the tourism marketing.

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1.4 MARKETING ORGANISATIONS AND MANAGERS

We have mentioned earlier that marketing is concerned with everyone in the organisation. However, in the entire organisation there is a need for having a marketing department or division or in the case of very small business a person assigned to look after marketing. Since marketing is concerned with product design and development, pricing, promotion and distribution, all activities relating to these four basic dimensions are a part of the marketing functions. Marketing organisations are designed keeping in view the various marketing functions which may include a Marketing Director with managers at different levels and for different activities. For example:

- Marketing Research Unit,
- Marketing Planning Unit,
- Advertising and Promotion Unit,
- Public Relations Unit, and
- Product Development Unit, etc.

A marketing organisation starts its work by identifying the customer needs through the conduct of market research; monitors the changing preferences of the customers; develops new ideas; monitors the market standing and competition; influences the pricing policy and distribution strategies, etc. According to Stephen Morse:

"The Chief Marketing Executive has a dual role. The exercise of skill is necessary not only in trying to persuade the more 'down-to-earth' managers to look up from the furrow for a minute to see how far they have got and where they are going. His skill has also to be exercised in making a diagnosis of the detailed results of marketing activities so as to derive objectives for individual functions within marketing: marketing research, product management, sales force, sales/order office, advertising and sales promotion, physical distribution, marketing services (such as forecasting and pricing), after-sales service, and ancillary services such as sales training."

"A Responsive Organisation is one that makes every effort to sense, serve and satisfy the needs and wants of its clients and publics within the constraints of its budget."

-Philip Kotler

In the following Table we give you the job positions and job descriptions in a full scale marketing department as envisaged by Philip Kotler.

Table: Generic Marketing Positions

<p>Marketing Manager</p> <ol style="list-style-type: none"> 1) Other names: Vice President of Marketing, Marketing Director, Chief Marketing Officer, Marketing Administrator. 2) The Marketing Manager heads the organisation's marketing activities. Tasks include providing a marketing point of view to the top administration; helping to formulate marketing plans of the organisation; staffing, directing, and coordinating marketing activities, and proposing new products and services to meet emerging market needs. <p>Product Manager</p> <ol style="list-style-type: none"> 1) Other names: Program Manager, Manager, Brand Manager. 2) A Product Manager is responsible for managing a particular product or program of the organisation. Tasks include proposing product objectives and goals, creating product strategies and plans, seeing that they are implemented, monitoring the results, and taking corrective actions. <p>Marketing Research Manager</p> <ol style="list-style-type: none"> 1) Other names: Marketing Research Director. 2) The Marketing Research Manager has responsibility for developing and supervising research on the organisation's markets and publics, and on the effectiveness of various marketing tools.

Communications Manager

- 1) Other names: Advertising Manager, Advertising and Sales Promotion Director.
- 2) The Communications Manager provides expertise in the area of mass and selective communication and promotion. Person is knowledgeable about the development of messages, media and publicity.

Sales Manager

- 1) Other names: Vice President of Sales.
- 2) The Sales Manager has responsibility for recruiting, training, assigning, directing, motivating, compensating and evaluating sales personnel and agents of the organisation and coordinating the work of Sales Personnel with the other marketing functions.

New Products Manager

- 1) Other names: New Products Director.
- 2) The New Products Manager has responsibility for conceiving new products and service; screening and evaluating new product ideas; developing prototypes and testing them; and advising and helping to carry out the innovation's introduction in the market place.

Distribution Manager

- 1) Other names: Channel Manager, Physical Distribution Manager, Logistics Manager.
- 2) The Distribution Manager has responsibility for planning and managing the distribution systems that make the organisation's products and services available and accessible to the potential users.

Pricing Manager

- 1) Other names: Pricing Executive.
- 2) The Pricing Manager is responsible for advising and/or setting prices on the organisation's services and programs.

Customer Relations Manager

- 1) Other names: Customer Service Manager, Account Manager.
- 2) The Customer Relations Manager has responsibility for managing customer services and handling customer complaints.

Government Relations Manager

- 1) Other names: Legislative Representative, Lobbyist.
- 2) The Government Relations Manager provides the organisation with intelligence on relevant developments in government and manages the organisation's program of representation and presentation to government.

Public Relations Manager

- 1) Other names: Public Affairs Officer.
- 2) The Public Relations Manager has responsibility for communicating and improving the organisation's image with various publics.

Territory Manager

- 1) Other names: Regional Manager, District Manager.
- 2) The Territory Manager has responsibility for managing the organisation's products, services and programs in a specific territory.

This explains that the main tasks to be performed by marketing managers at different levels include:

- planning and control tasks,
- executive tasks, and
- coordinating tasks.

However, in small organisations marketing is the responsibility of the proprietor or the entrepreneurial manager. Stephen Morse has mentioned four major obstacles which can frustrate the attempts of a marketing manager to influence the organisations' planning process. These are:

- 1) A lack of commitment to forward thinking from the Chief Executive.
- 2) Planning may be done by someone who is not in the main stream and does not understand realities of the business.
- 3) Market analysis is ignored and 'add 10% syndrome' takes precedence.
- 4) The organisation moves on the basis of a few good ideas which tend to obscure and overwhelm well grounded planning.

Here the views of Simon Majaro are worth quoting:

"The first task in developing an effective marketing function is an educational one. Marketing cannot thrive in an organisation which is unable or unwilling to appreciate the immense value that the function can impart to its overall success. Moreover marketing has an enormous number of interface areas with other functions, and if the non-marketing personnel do not fully understand these interfaces it is difficult to see how marketing can attain its legitimate position in the firm.

Problems apart, a Marketing Manager must possess the following personal qualities to be a successful practitioner:

- He or she should be very energetic, active, competitive and aggressive by nature.
- He or she should be creative in terms of seeking new opportunities and to exploit them for the organisation's benefit.
- He or she should be a good communicator, presenter and advocate.
- He or she should have the skill and confidence to analyse, appreciate and interpret the data in relation to marketing.
- He or she should have the quality of judgement for taking marketing decisions and evaluating risks, besides being a good administrator and strategist.
- He or she must develop a marketing orientation alongwith sensitivity towards consumer needs and attitudes.

1.5 MARKETING PLANNING

A Marketing Plan is a structured guide for carrying out marketing operations. The purposes of a marketing plan include:

- Providing a well laid down policy and clear directions for the marketing operations.
- Coordinating the resources of the organisation in order to eliminate confusion and misunderstanding and achieving cooperation.
- Identifying the strengths and weaknesses through the SWOT analysis.
- Identifying different market segments.
- Setting targets, and
- Pointing out the controls, areas of diversification, competitors' strengths and weaknesses, etc

Add 10% syndrome means that the previous years objectives and strategies are carried forward by simply adding 10% to revenue expectations and cost budgets.

Different aspects of marketing planning will be dealt with in the various Units and Blocks of this course. However, in this Section we only point out the issues to be addressed while making a Marketing Plan. These include:

- 1) Defining the marketing objectives and goals of the organisation alongwith an executive summary of these.
- 2) It should take into account the situation analysis. This takes into account the background, forecast, opportunities and threats and strengths and weaknesses.
- 3) Based on these aspects a marketing strategy is devised taking into account the target markets, marketing mix and the levels of marketing expenditure, i.e., the marketing budget.
- 4) Next step involves the action programme keeping in view a timeframe.
- 5) The marketing plan should also specify the methods of monitoring and controls. This should take into account:
 - sales analysis,
 - market share,
 - marketing expenses, and
 - checking customer attitudes towards the organisations' products and services.

Lately, organisations have been increasingly using marketing audits for assessing marketing opportunities and operations. According to Kotler:

"A marketing audit is a comprehensive, systematic, independent and periodic examination of an organisation's marketing environment, objectives, strategies and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the organisation's marketing performance."

Check Your Progress-2

- 1) Mention the skills required for becoming a marketing manager.

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- 2) How would you make a marketing plan?

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1.6 LET US SUM UP

This Unit gave you an idea about the different aspects of marketing. You were made aware of the different definitions of marketing. However, all these definitions centre around one theme i.e., customers' needs and wants. You must remember that marketing is not meant only for large organisations, it is also crucial for small business and services. Many a small business suffer losses or close down because of lack of marketing understanding and application. You can relate the general concepts and techniques of marketing to your own enterprise keeping in view the conditions and situations under which you operate.

1.7 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress-1

- 1) Take note of the various definition in Sec. 1.2 and answer in your own words.
- 2) Base your answer on Sub-sec. 1.
- 3) Mention the features discussed in Sec. 1.3.

Check Your Progress-2

- 1) Various skills have been mentioned in Sec. 1.4.
- 2) Attempt it by reading Sec. 1.5.

Market Standing: Checklist of Questions

- 1) Is the market we are in increasing or decreasing?
- 2) At what rate per year? Compared to external environment (e.g. GNP)?
- 3) What is our share of the market (bearing in mind the need to be very clear about market definitions)?
- 4) What are the important attributes of the product?
 - from the point of view of production?
 - from the point of view of advertising?
 - from the point of view of the buyer?
 - from the point of view of the user?
- 5) Who makes the buying decision?
- 6) Are we dependent on a few customers?
- 7) What are the strengths and weaknesses of main competitors?
- 8) Where is the product bought? (distribution system)
- 9) How logical is our product range?
- 10) What is the price structure?

11) How effective is our sales organisation?

- territories,
- order value,
- costs per product,
- costs per area,
- success ratios.

12) Where are our products in their life cycle?

13) Are new products under development?

Source: Stephen Morse, *Management Skills in Marketing*, 1982.