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# **M.T.T.M.-12**

## **Tourism Products: Design and Development**

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*By: Kshiyama Sagar Meher*



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# QUESTION PAPER

June – 2023

(Solved)

## TOURISM PRODUCTS : DESIGN AND DEVELOPMENT

M.T.T.M.-12

Time: 3 Hours ]

[ Maximum Marks: 100

Note: Attempt any five questions. All questions carry equal marks.

**Q. 1. Define services and explain the characteristics of service.**

**Ans. Ref.:** See Chapter-1, Page No. 1, 'Services: Concepts and Characteristics' and Page No. 6, Q. No. 1.

**Q. 2. Write short notes on the following:**

**(a) Product Life Cycle**

**Ans. Ref.:** See Chapter-2, Page No. 22, Q. No. 6.

**(b) Product Feasibility Study**

**Ans. Ref.:** See Chapter-2, Page No. 17, 'Product Feasibility Study'.

**(c) Financial Plans**

**Ans. Ref.:** See Chapter-2, Page No. 17, 'Financial Plans'.

**(d) Branding**

**Ans. Ref.:** See Chapter-2, Page No. 16, 'Branding' and Page No. 22, Q. No. 4.

**Q. 3. What is forecasting? Discuss the various factors which affect the tourism demand.**

**Ans.** Forecasting is the process of making predictions of the future based on past and present data.

There are other factors which we can forecast in Tourism. Let's discuss them one-by-one:

**1. Surveys:** can be conducted by Government organizations, or small private firms. These are very helpful in finding out the preferences of tourist and their impressions about various tourism services.

**2. Time-series:** By using historical data and sorting it on time basis, highs and lows of seasons can be better understood, especially tourism industry which is highly seasonal can benefit from such details

**3. Correlation:** Tourist flows to certain variable factors such as per-capita incomes

**4. Market tests:** Understand demand in the market and the products of competitors

**5. Judgment:** It is based on experience.

### Factors which Influence Tourism Demand

**1. Politics and legal environment:** is one important factor that affects the movements of tourist flows. Political conditions, the type of government and travel regulations (like visa, foreign exchange etc.) effect the free movement of travelers

- **Social and Safety Factors:** are directly related to mental and physical security of the tourists. These factors also affect the trends of tourist flows. For example the flow of tourists to the Kashmir valley has gone down where as Himachal Pradesh has picked up.

- **Geographical and Climatic Factors:** decide the seasonality of flows, such as tourist flow from areas of hot plains will go to hill stations in summer or tourists from colder countries will escape to sunny beach resorts during winter etc.

- **Accessibility and Accommodation:** are the two basics of tourism. Any change in these affects the tourist traffic tremendously. The change in frequency of transport services or beginning of any new services is bound to affect tourist traffic along with the distance and time of travel

- **Economic Environment:** also affects the trends of tourist flow – particularly from the tourist generating regions. Also the exchange rate between two currencies can alter the cost of holidays thus a holiday package may become cheaper or more expensive which also affects the tourist traffic.

- **New Developments in Industry:** such as setting up of a new attraction say an amusement park or any other theme park will definitely bring in more tourists. Opening of new destinations like "Sun City" in South Africa has lured lot of traffic from India.

**Q. 4. What are the important issues to be addressed during operation of destination or site as a tourism product?**

**Ans. Ref.:** See Chapter-3, Page No. 32, 'Operation of Destination or Site as a Product'.

**Q. 5. Define Special Interest Tourism (SIT). Describe various actors which are important in designing SIT products.**

**Ans. Ref.:** See Chapter-4, Page No. 43, 'Special Interest Tourism (SIT)' and Page No. 45, 'Designing SIT'.

**Q. 6. Discuss the possibilities of developing culture as a tourism product with appropriate examples from India.**

**Ans. Ref.:** See Chapter-5, Page No. 51, 'Developing Culture as a Tourism Product'.

**Q. 7. Explain potential resources of ecology and wildlife for designing and developing tourism product. Also write about the relevant legislations related to ecology and wildlife in India.**

**Ans. Ref.:** See Chapter-7, Page No. 63, 'Potential Resources of Ecology and Wildlife for Designing and Developing Tourism Products' and Page No. 66, 'Legislations Related to Ecology and Wildlife'.

**Q. 8. Discuss the process of designing and positioning of the adventure tourism product.**

**Ans. Ref.:** See Chapter-8, Page No. 77, 'Developing the Adventure Product' and Page No. 78, 'Devising and Positioning the Adventure Product'.

**Q. 9. Describe how would you design and position Indian health tourism products for foreign tourists.**

**Ans. Ref.:** See Chapter-9, Page No. 91, Q. No. 2.

**Q. 10. Discuss beach and islands as tourism products. Elucidate your answer with suitable examples from India.**

**Ans. Ref.:** See Chapter-10, Page No. 95, 'Beach and Islands as Tourist Product'.

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# Sample Preview of The Chapter

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# TOURISM PRODUCTS: DESIGN AND DEVELOPMENT

## Service Industry: Concepts, Characteristics and Issues



### INTRODUCTION

The service sector has been gaining its importance. Today, more than 65-70% of most western economies are in service sector. In the UK, it accounts for about two-thirds of the economy by income and jobs. In the US, about 7 per cent of its economy is service oriented and about 75 million people are employed in service sector. However, African and Asian countries are still agriculture-oriented. In India, even as the service sector is growing, agriculture is dominant. In this context, Daniel Bell, in his book “*The Coming of Post-Industrial Society*”, says: “The post-industrial society is defined by the quality of life as measured by the services desirable and possible for everyone”. In this chapter, we will discuss the concepts and characteristics of services in general and tourism in particular. We will also study issues like classification of services, how the characteristics and requirements of each class differ and how can we apply service mix in relation to the demand patterns.

### CHAPTER AT A GLANCE

#### **SERVICES: CONCEPTS AND CHARACTERISTICS**

Services refers to a range of business and professional services including banking, insurance, advertising, marketing research, computer programming, legal and medical services as well as services offered by professionals like entertainment and fulfilment of other psychological and emotional needs such as education and fine arts. Services also include utilities, civil, administrative and defence Services, scientific activities, transport and communication and distributive trades. Kotler defines “service is any activity or benefit that one party can offer to another that is essentially intangible and doesn’t result in the ownership of anything. Its production may or may not be tied to a physical product.” W.J. Stanton says “Services are those separately identifiable, essentially intangible activities which provide want satisfaction and are not necessarily tied to the sale of a product or another service to produce a service, may or may not require the use of tangible goods. However, when such use is required there is no transfer of title to these tangible goods”.

**Table 1: List of Selected Services**

Utilities	Insurance, Banking, Finance
Electricity Water Supply	Banks Shares and Stock Brokers
Law Enforcing, Civil, Administrative and Defence Services	Business, Professionals and Scientific Activities
Police	Advertising

<p><b>Utilities</b></p> <p>Army Navy Judiciary Civil Administration (sewage disposal, maintenance of roads, parks and public buildings)</p>	<p><b>Insurance, Banking, Finance</b></p> <p>Marketing Research Accounting Legal Medical</p> <p>Educational Research Maintenance and Repairs Leasing Computer Programming Employment Agencies</p>
<p><b>Transport and Communication</b></p> <p>Railway (Passenger and Freight) Air Transport (Passenger and Freight) Post and Telegraph Telephone and Telecommunication Broadcasting (AIR) Telecasting (Doordarshan)</p>	<p><b>Leisure and Recreation</b></p> <p>Cinema Theatres Clubs, Gymnaesium Restaurants, Hotels Video Game Partners Casinos, Self Improvement Courses</p>
<p><b>Distibutive Trades</b></p> <p>Wholesale Distribution Retail Distribution Dealers, Agents</p>	<p><b>Miscellaneous</b></p> <p>Beauty Parlours Health Clubs Domestic Help Dry Cleaning Matrimonial Services Property Consultancy</p>

**FACTORS FOSTERING THE GROWTH OF SERVICES**

Human needs services after our physiological needs of food, shelter and clothing get fulfilled. We look for improved satisfaction once our basic needs are met. We feel that we deserve a better treatment from manufacturer for the money we spend on buying. This leads to offering of services as complimentary value to the money we pay. For instance, we buy a car and one-year service is free.

The factors which fostered growth of service industries are:

- (i) Increasing affluence leads to the need of services like interior decoration and care of household products.
- (ii) More leisure time leads to higher demand for recreation and entertainment.
- (iii) Higher percentage of women in work force results in greater demand for crèches, baby sitting and household domestic help.

(iv) Greater life expectancy leads to higher demand for nursing homes and health care services.

(v) Greater complexity of products results in greater demand for specialist in labour laws, legal affairs, income tax, marriage counselling and employment services.

(vii) Increasing concern about ecology and resource scarcity leads to higher demand for purchased or leased services, car rentals, travel and resort.

(viii) Increasing number of new products leads to development of such services industries as programming and repair.

These factors can be classified in to four main groups:

(i) **Demographic changes** including improved life expectancy and structural changes in communities.

(ii) **Social changes** including risen number of women in work force, better quality of life, improved consumer tastes, greater complexity of life and higher aspiration levels.

(iii) **Economic changes** including globalization, new technology and increased specialization in the economy.

(iv) **Political and legal changes** including increased size of government and internationalism.

**CHARACTERISTICS OF SERVICES**

The most common characteristics of services are: intangibility, inseparability, heterogeneity, perishability and ownership.

(i) **Intangibility:** Services are intangible because: (a) they cannot be touched; (b) they cannot be precisely standardized; (c) their ownership cannot be transferred; (d) they cannot be patented; (e) their production and consumption are inseparable; (f) there are no inventories of the service; (g) the roles of middlemen in services are different; and (h) customer is part of production process so that delivery system has to go to the customer or the customer has to come to the delivery system. When we sell a hotel room, hotel room is tangible since its location and physical amenities offered can be seen and felt by a guest but services attached with the room like room service, laundry, food and beverages and back office are intangible.

(ii) **Inseparability:** A service cannot be separated from the person or the company offering it. A service is offered by a person who possesses a particular skill by using equipment to handle a tangible product or by permitting access to or use of a physical infrastructure. For example, a carpenter has to be physically present to offer the services. In case of a consumer product, say soap, it is produced at one place but is brought and sold at other places.

(iii) **Heterogeneity:** There is heterogeneity in services offered because of the involvement of human elements in providing services. This makes standardization a very difficult task to achieve. A chef in a hotel who cooks best cuisines in best possible

manner with full attention but every time same chef may behave differently while preparing the same cuisine or while offering it. The new clerk in the bank may not be as efficient as the earlier one and you have to spend more time for the same work. To reduce human contact, Computerized Reservation System (CRS) has been created but when you arrive at the hotel there will be a well-groomed and trained person at the reception who will handover the keys, his behaviour will be an important factor in your overall assessment of the standard of services provided by the hotel. The people who interact with you will make all the differences between a favourable and unfavourable perception about the hotel.

(iv) **Perishability:** Services are perishable. A vacant hotel room, an unoccupied seat in a flight, a car mechanic who has no car to repair in a day, or an unsold seat in cinema hall is irreparable loss since all these are perishable services. Services see a fluctuating demand. For example, demand for buses in the morning and evening are more compared to other times. This demand pattern aggravates the perishability of services.

(v) **Ownership:** In case of a service we only pay for its use but we never own it. We buy train tickets for Delhi to Bombay, you have paid only for the use of air seat but you don't own it. By paying wages you can hire the services of a baby sitter for some stipulated time but cannot own it. When we buy a product and own it.

**SERVICES AND THEIR CLASSIFICATION**

Services can be classified in various ways. At the simplest level, services can be classified on the basis the tangibility and to whom the services are directed at. The following table shows this classification:

Nature of the Services Act	Services Directed At	
Tangible	<b>People</b>	<b>Possession</b>
	Services directed at people's bodies Restaurants, Saloons, Transportation, Health care,	Directed at goods, physical Possession Laundry, Lawn Care
Intangible	Services directed at people's minds Education, Broadcasting Information, Museum	Services directed at intangible assets Legal Services, Insurance, Banking, Accounting,

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Another way to classify services is whether the nature of relationship between service organization and its customers is continuous or intermittent. It is illustrated as in the table given below:

Nature of delivery	Membership	Non-membership
Continuous	Education Insurance Banking	Police Protecting Public Highway T. V. Transmission
Intermittent	Theatre Seat Subscription	Car Rental Pay Telephones

Loveluck has classified services the basis of service delivery mode: single and multiple site modes as is given in the table below.

Nature of interaction between customer and organization	Single Site	Multiple Site
Customer goes to service organiser	Theatre	Fast food Chain Bus services
Service organizer comes to customer	Lawn care Pest control	Mart delivery Emergency auto repair
Customer or organizer interact	Credit cards, Local TV Stations	Telephone Company Broadcasting

Services in tourism can also be classified on the basis of extent of contact between the user and provider. Services can thus be high contact or low contact services depending upon the time a user needs to spend with the services organisation. Examples of high-level contact services are hospitality and tourism education and low contact services include dry cleaning, broadcasting and telecommunication.

**CONCEPTUALIZATION OF THE SERVICE PRODUCT**

Since the success of any service depends upon need-satisfaction, the conceptualization of service product can be consumer benefit concept, service concept, service offer, service forms and service delivery system.

**(a) Customer Benefit Concept:** It is concerned with the benefits the customer seeks to get. The service product thus originates in the benefits customers seek. Customers sometimes are even not aware of the benefits. Benefits sought may also change over a period of time due to unsatisfactory experience or changes in expectations. Marketing

of services such as travel and hospitality is thus very complex.

**(b) Service Concept:** It is concerned with the general benefits the service offer. After the benefits sought by customer are identified, service concept is visualized defining certain benefits to be delivered by the service. For example, a hotel may be providing a range of rooms in terms of category and location but there can be specific choice paths for satisfying the dodging objective like comfort, safety and recreation.

**(c) Service Offer:** It is concerned with the detailed like service elements, service forms and service levels. For example, for a performing art centre service concept is to provide entertainment. In this case service offer should concern with specific elements that will be used to provide entertainment, e.g., drama, music, poetry, recitation, dance, etc.

**(d) Service Forms:** It is concerned with the form the service be made available to the customers is yet another important conceptual item of the service products or their decision-making.