

# SERVICES MARKETING STRATEGIES: A CASE STUDY OF APTDC

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## **Abstract:**

Tourism has long been recognized as a fast growing industry and has been noted as possibly the world's largest industry. Andhra Pradesh has tremendous potential to become one of the foremost states in the tourism map of the country. The service marketing mix consists of 7 P's as compared to the 4 P's of a product marketing mix. In simple words, the service marketing mix assumes the service as a product itself. However it adds 3 more P's which are required for optimum service delivery. The aim of this research is to analyze the effectiveness of APTDC using service marketing mix strategy 3Ps (people, process and physical evidence) and intention to visit. The present study is designed to make an attempt to understand the services marketing strategies adopted by APTDC and to examine critically the extended 3p's of marketing only. APTDC is a state government agency which promotes tourism in Andhra Pradesh, India. APTDC is a body of the Government of Andhra Pradesh responsible for development of tourism in the state.

## **INTRODUCTION**

Tourism has become a very attractive business for tourist destinations all over the world. Its competitive advantage is no longer in natural, but increasingly man-made driven by innovation, science, technology and information. As, it is not simply the stock of natural resources of a country or state that will determine her competitiveness in tourism, but rather how these resources are managed or marketed and to what extent they are complemented with human innovations. Tourism is the right vehicle for growth for a country like India which is on the path of economic growth through structural transformation of the economy. Andhra Pradesh has tremendous potential to become one of the foremost states in the tourism map of the country. Practically everything that people who visit India to see and experience can be seen and experienced in Andhra Pradesh alone. It is not an exaggeration to say that Andhra

Pradesh is the essence of Incredible India. Andhra Pradesh has a very rich heritage, monuments, forts, palaces, nature, hills, wildlife, beaches, mighty rivers, beautiful water bodies, holy pilgrim centers for all religions, a strong Buddhist tradition, and festivals, besides items of modern entertainment, an exquisite cuisine, fascinating handicrafts and textiles, etc.

## **ROLE OF SERVICE MARKETING IN TOURISM**

The marketing mix is formulated by the main 4P's (product, price, promotion, place) and plus the 3P's (people, processes, and physical evidence) which only refer to service marketing mix. Although tourism is a service, it differs from service and so does the marketing mix for tourism services. Marketing of tourism products is different from most of the other products because what is being sold is the consumption of an experience rather than a tangible product. This means that the customer often walks away from the tourism offering with only a memory of an experience. The tourism product is primarily service based. Service marketing plays an important role in promoting tourism products. The service marketing concept is about satisfying needs of the tourists by creating and selling product or service that meets these needs. A customer driven approach is crucial to an effective marketing effort. Knowing what the tourist wants and being able to provide it is what service marketing is all about.

## **LITERATURE REVIEW**

Most researchers, academicians and practitioner have agreed on the fact that product of tourism is different from manufactured goods, particularly in four aspects: that are intangibility, heterogeneity, inseparability, and perishability (Parasuraman, Zeithaml and Berry, 1985). Another study on the characteristics has challenging implications for service marketers. As most services are intangible because they are performances rather than objects. They cannot be counted, measured, inventoried, tested, or verified

in advance of sale to assure quality (Zeithaml, 1981). A service is rendered. A service is experienced. A service cannot be stored on a shelf, touched, tasted, or tried on for size (Bitner, 1990). Therefore, customers seek alternate measures of quality from other cues such as the appearance and behavior of service personnel as well as the physical surroundings (Shostack, 1977). Many of services, especially the labor intensive ones, are heterogeneous; their performance often varies from producer to producer, from customer to customer, and from day to day. This characteristic makes it hard to control quality and offer a consistent service, posing the challenge for marketer to manage service quality from customer's perspective (Lovell, Patterson and Walker, 1998). The production and consumption of many services are inseparable (Carmen and Langeard, 1980; Gronroos, 1978; Regan, 1963). Whereas goods are first produced, then sold, service are produced and consumed simultaneously (Regan, 1963). Thus, a great amount of interaction between service provider and consumer occurs. This leads to the critical importance of managing service encounter. All of these contribute to customer's evaluation of service quality and their impression.

Having reviewed previous research studies, it is found that many of the researchers have focused their attention on the characteristics of services related with tourism industry, quality in tourism industry, etc. No specific research study has covered intensively on the service marketing strategy of APTDC, which required for promotion to increase its presence in Andhra Pradesh. As APTDC is the state tourism corporation in the field of tourism in Andhra Pradesh. It is therefore, the researchers have selected APTDC.

Andhra Pradesh Tourism Development Corporation (APTDC)

Andhra Pradesh Tourism Development Corporation (APTDC) is a state government agency which promotes tourism in Andhra Pradesh, India. APTDC is a body of the Government of Andhra Pradesh responsible for development of tourism in the state. APTDC was incorporated in 1976 and carries out commercial operations with a focus on creation of tourism infrastructure and products. The information centers provide information on various historical and religious sites, APTDC complexes (for tourist accommodation) at different locations as well as information about festivals and fairs celebrations in the state.

The State Tourism Department, in addition to

the Tourism Director Office in Hyderabad, has opened Tourism information centers at Chennai, New Delhi, Bangalore, Goa, Mumbai and Kolkata. Besides, APTDC has also set up several tourist complexes and 53 Haritha Hotels, which provide quality accommodation to the tourists at affordable rates. Over the last few years, Andhra Pradesh Development Corporation (APTDC) has added an array of function to its lists of tasks, with a determination to show commendable performance. From just providing information to tourists, it has gone into serious business like accommodation, catering, & such other service that have become essential for ensuring tourist infrastructure & service.

#### **NEED FOR THE STUDY**

Tourism in India is going through a significant phase of growth and development. The growth in Indian tourism industry both in terms of Tourist arrival and foreign exchange earnings is notable. India has a lot of potential in the field of tourism and travel as compared to some of the other countries like Singapore, Thailand, Malaysia, Hong Kong and Mauritius which earn more foreign exchange than India. As it is a matter of concern, however, that a country which supports more than sixteen per cent of the world population had just one per cent share of the global tourist arrival. Tourism, however, has become a fiercely competitive business for tourism destinations all over the world. However, India's tourism growth is blocked by specific factors such as poor perception of the security and safety of tourists when travelling in India, a lack of adequate international and domestic marketing, shortages of well-trained, tourism-friendly staff, restrictions on international flights, weak linkages within the private and public sectors, and fragmentation within the sector itself.

Understanding consumers' needs and wants is fundamental. It is important to know why consumers' prefer one destination against another cities that the finding might ease service marketing strategy. Tourism is promoted by the government both state and national level because it supposedly contributes to creating wealth at the national and local levels. In many developing countries tourism have moved as the best method for earning the foreign exchange. This means that tourism is the only way to attract people throughout the world to a country. Tourism also generates enough revenue to maintain and preserve the heritage and historical monuments which would otherwise have fallen into rapid disintegrate.

Andhra Pradesh is the southern state of India.

It is fondly referred as 'Kohinoor of India'. Andhra Pradesh enjoys unique features that have made it one of the most sought-after tourist destinations in Asia. The tourism sector in Andhra Pradesh has seen a tremendous growth in the last few years. However faces competition from a number of states like Kerala, Maharashtra, Gujarat, and Tamilnadu etc. Tourist flow to Andhra Pradesh is no doubt growing, but it is growing slowly. As APTDC is the state tourism corporation in the field of tourism in Andhra Pradesh. It is therefore, the researcher has selected APTDC as a case study the relevance and the design of strategies in meeting the competitors not only from other tour operators, travel agents but also from Hotels, Car Rentals etc. Hence there is a need for designing service marketing strategies not only to meet the needs of tourist, but also to overcome the effects of competition prevailing between the APTDC and tour operators as well as travel agencies. Service marketing plays an important role in promoting the tourism corporation and its packages in satisfying the tourist.

#### **OBJECTIVES OF THE STUDY**

1. To assess the relationship among customer satisfaction, people, process and physical reference with reference to APTDC and
2. To analyze the services marketing strategies (People, Process, Physical Evidence) adopted by APTDC in enhancing the satisfaction of tourist.

#### **Null Hypotheses (Ho)**

1. There is no relationship between the services provided by the employees of APTDC and satisfaction derived by the tourist.
2. There is no relationship between the service delivery process of APTDC and overall satisfaction on the prompt service at the promised time.
3. There is no relationship between Physical evidence (ambience, physical surroundings and brochures) and overall satisfaction with the tourist destination.

#### **Research Methodology**

Research is a scientific and systematic search for pertinent information. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet or refinement over the existing findings of the earlier research work. Marketing Mix for APTDC is the comprehension blending of 7P's strategy elements of marketing decision making as mentioned by Zeithmal and Bitner. The extended marketing mix (People, Process and

Physical Evidence) is analyzed.

**Methods of Data Collection:** The task of data collection begins after a research problem has been identified. The study is basically empirical in nature. The required data for the study was collected from both primary and secondary sources.

**The Primary Source:** Data was collected with the help of well-structured questionnaires. Separate questionnaires were prepared and circulated among (i) Tourists; (ii) General Public; the questionnaires contained both types of questions i.e. open ended and closed ended.

**Tools for data analysis:** The objective of empirical analysis is to present the perceptions of the respondents (tourist). The views were obtained and summarized by administering a well-structured questionnaire. In addition direct personal interviews with few respondents were also conducted.

#### **Kolmogorov-Smirnov test (K-S test)**

The KS - test has the advantage of making no assumption about the distribution of data. (Technically speaking it is non-parametric and distribution free). In statistics, the Kolmogorov-Smirnov test (K-S test) is a nonparametric test for the equality of continuous, one-dimensional probability distributions that can be used to compare a sample with a reference probability distribution.

The Kolmogorov-Smirnov statistic quantifies a distance between the empirical distribution function of the sample and the cumulative distribution function of the reference distribution, or between the empirical distribution functions of two samples. In the application of the Chi-square test, some of the information is lost due to the grouping of the data into intervals. In order to avoid this loss, alternative tests are developed. The most important of these alternatives to chi-square test is the Kolmogorov-Smirnov test. The test that was developed by Kolmogorov, involves the comparison between the experimental cumulative probability distribution and an assumed theoretical distribution function.

The formula to calculate K-S test

$$D_{max} = [F_o(X) - F_e(X)]$$

Where,

$F_o(X)$  = Observed cumulative frequency;  $F_e(X)$  = Expected cumulative frequency.

#### **Accept or Reject criterion**

Decision arrived from the test is based on calculated value and comparing with the critical value (table value), if the calculated value is higher, we accept the alternative hypothesis. Similarly, if the calculated value is less than the table value, we accept

the null hypothesis.

**Table-1 Tourist response towards APTDC services**

Null Hypothesis (Ho): There is no relationship between the services provided by the employees of APTDC and satisfaction derived by the tourist.

**ANNOVA TABLE**

Final Result: Calculated value of F is (2.55) is less than the tabulated value (3.01), i.e F(4,16) degree of freedom @5% level of significance. Hence, Ho is accepted and it is concluded that there is no relationship between the services provided by the employees of APTDC and satisfaction derived by the tourist.

Null Hypothesis (H0): There is no relationship between the service delivery process of APTDC and overall satisfaction on the prompt service at the promised time.

Kolmogorov-Smirnov Test

F = Observed frequency.

CF = Cumulative frequency.

E = Expected frequency. Dmax = Maximum deviation.

H0 = Null Hypothesis. H1 = Alternative Hypothesis.

n = Sample size.

Calculated value of Dmax = 0.076

Table value @ 5% level of significance = 1.36/

n = 1.36/350 = 0.072

Result: Calculated value of Dmax (0.076) is greater than the table value (0.072). Hence, H0 is rejected and it is concluded that there is a relationship between the service delivery process APTDC and overall satisfaction on the prompt service at the promised time.

Null Hypothesis (H0): There is no relationship between Physical evidence (ambience, physical surroundings and brochures) and overall satisfaction with the tourist destination.

Kolmogorov-Smirnov Test

F = Observed frequency. CF = Cumulative frequency.

E = Expected frequency. Dmax= Maximum deviation.

H0 = Null Hypothesis. H1 = Alternative Hypothesis.

n = Sample size.

Calculated value of Dmax = 0.062

Table value @ 5% level of significance = 1.36/350 = 0.072

**Result:** Calculated value of Dmax (0.062) is less than the table value (0.072). Hence, H0 is accepted and it is concluded that there is no relationship between Physical evidence (ambience, physical surroundings and brochures) and overall satisfaction with the tourist destination.

**Suggestions**

It is found that the services provided by the employees of APTDC are satisfactory with the tourists. It is suggested that APTDC should determine the training requirements of its employees. As happy workers are more likely to produce more, take fewer days off, and stay loyal to the company. Organizational culture is extremely important to create an environment of respect for each other build team spirit, provide enlightened leadership and capable supervision, and show that employees are wanted. Keeping morale high can improve the services rendered by the employees tremendously.

It is analyzed that the process element is important in the final delivery of the service encounter. It is suggested that APTDC should make an easy process for i) booking of ticket ii) Maintenance of arrival and departure timings. iii) Strict following of rules regarding discipline on the tour etc. The tourism experience is normally not highly dependent on the quality of service delivery as perceived by the user.

In Tourism the physical evidence is basically depends on travel experience, stay, and comfort.

As tourism organizations depend heavily upon physical evidence as a means of marketing communications, for example tourism attractions and resorts (e.g. Disney World). It is suggested that the place, the decor, the people, tourism office, ambience, physical surroundings and brochures to be maintained and monitored continuously. As, when tourists visit a historic place for the first time, they carry home not only the memories of beautiful structure, but they also remember all other factors like transport facilities available, the surrounding markets, the people's behavior, etc. as one whole experience.

**Conclusion**

The findings of this study contribute to improve the tourist satisfaction with reference to APTDC. The people component is the important because tourism is all about human interactions. People should be categorized according to how they participate into the marketing process to visitors, employees and host

community. The process element is common in the final delivery of the service encounter. It is the flow of activities and how standardized or complex the activities are. The tourism experience is normally not highly dependent on the quality of service delivery as perceived by the user. The physical environment is the core element of the tourism product in many aspects of tourism, which is particularly substantial in the context of destinations. However, in the marketing mix context, it refers to the design of the built environment controlled and owned by an organization. In summary, delivering the service customers expect depends on how well the 3Ps of People, Process and Physical evidence work together. These elements include the people who perform the specific services in the service chain, the service processes that supports these performances and the physical environment in which the services are performed. These 3Ps communicates and influences customers' responses in a cognitive, emotional and physiological ways.

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**Table-1 Tourist response towards APTDC services**

Questions to respondents	SD	D	N	A	SA
Services provided by the employees of APTDC are good	22	23	21	168	116
Satisfaction derived by the tourist on the services of APTDC is good	18	20	18	175	119
Service delivery process of APTDC is satisfactory	26	28	23	145	128
Overall satisfaction on the prompt service at the promised time	20	18	20	189	103
Ambience, Physical Surroundings and brochures of tourism destinations are good	95	115	45	65	30
Overall satisfaction with the tourism destinations	95	105	60	53	37

**Source: Field data**

**ANNOVA TABLE**

Source of Variation	Degree of freedom	Sum of Squares	Mean of Squares	F-Ratio	
Row	$r-1 = 5-1 = 4$	4267	1067	$F_r = 1067 / 388 = 2.7$	
Column	$c-1 = 5-1 = 4$	3727	932		$F_c = 932 / 388 = 2.4$
Error	$(r-1)(c-1) = (4)*(4) = 16$	6206	388		
Total	$N-1 = 25-1 = 24$	14200	2387	$F_r + F_c = 2.7 + 2.4 = 5.10$ $F = 5.10 / 2 = 2.55$	

**Kolmogorov-Smirnov Test**

F	CF	$F_0(X)$	E	CE	$F_e(X)$	$F_0(X) - F_e(X)$
4.12	4.12	0.24	3.442	3.442	0.20	0.04
4.08	8.20	0.48	3.442	6.885	0.40	0.076 (Dmax)
3.25	11.45	0.67	3.442	10.33	0.60	0.065
3.15	14.60	0.85	3.442	13.77	0.8	0.05
2.61	17.21	1	3.442	17.21	1	0
17.21			17.21			

**Kolmogorov-Smirnov Test**

F	CF	$F_0(X)$	E	CE	$F_e(X)$	$F_0(X) - F_e(X)$
3.26	3.26	0.25	2.5725	2.5725	0.20	0.05
2.68	5.94	0.46	2.5725	5.1451	0.40	0.062 (Dmax)
2.39	8.33	0.65	2.5725	7.7176	0.60	0.05
2.33	10.66	0.83	2.5725	10.29	0.8	0.03
2.20	12.86	1	2.5725	12.863	1	0
12.86			12.86		12.86	