

The relationship of the positioning components to the market target is shown in the graph below.

The marketing program (mix) strategies implement the positioning strategy. The objective is to achieve favorable positioning while allocating financial, human resources, and production resources to market, customer, and products effectively and efficiently as possible.

Products often are the focal point of positioning strategy. **Product Strategy** includes (1) developing plans for new product, (2) managing programs for successful products, and (3) deciding what to do about problem products (reduce cost or improve product).

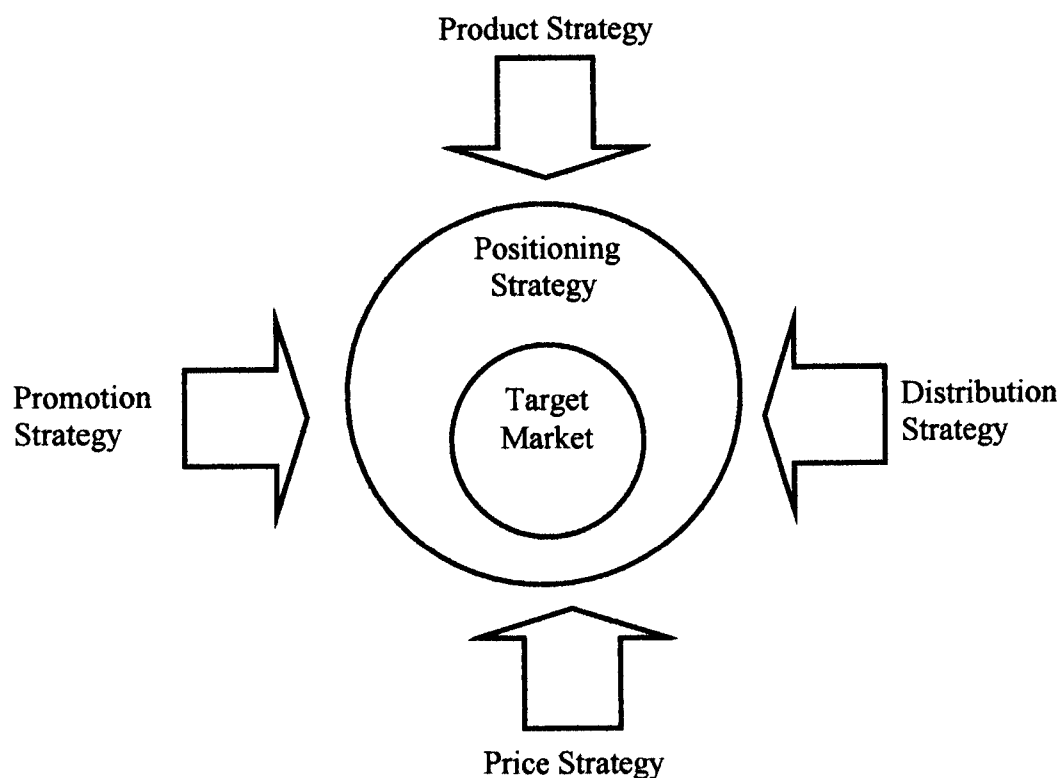


Figure 2.4 Positioning Strategy Development

(Source: Cravens, 2000:18)

Channel of distribution (Value-Chain), Price and Promotion. One of the major issues in managing marketing program is deciding how to blend the components of the mix. Product, distribution, price and promotion strategies are shaped into a coordinated plan of action. Each component helps to influence buyers in their positioning of the products.

Price plays an important role in positioning product or services. Customer reaction to alternative prices, the cost of the product, the price of the competition, and various legal and ethical establish the extent of flexibility that management has in setting price.

Price strategy involves choosing the role of price in positioning strategy including the desired positioning of the product or brand as well as the margin necessary to satisfy and motivate distribution channel participant.

Advertising, sales promotion, the sales force, direct marketing, and public relations help organization to communicate with its customers, cooperating organizations, the public, and the other target audiences. These activities make up the promotion strategy, which performs essential role in communicating the positioning strategy to buyers. Promotion informs, reminds, and persuades buyers and others who influence the purchasing process.

Implementing and managing marketing. Selecting the customers to target and the positioning strategy for each target moves marketing strategy development to the implementation stage. Strategy implementation and management considers designing the marketing organization and implementing and controlling the marketing strategy. An effective organization design matches

people and work responsibilities in a way that is best for accomplishing the firm's marketing strategy. Deciding how to assemble people into organizational units and assign responsibility to the various mix of components that make up the marketing strategy are important influences on performance. Marketing strategy implementation and control consists of (1) preparing the marketing plan and budget, (2) implementing the plan, and (3) using the plan in managing and controlling the strategy on an ongoing basis. The marketing plan includes details concerning targeting, positioning, and marketing mix activities. Marketing strategy is an on going process of making decision, implementing them, and gauging their effectiveness over time. In term of its time requirements, strategic evaluation is far more demanding than planning. Evaluation and control are concerned with tracking performance and, when necessary, altering plans to keep performance on track.

2.4. Service Definition and Characteristics

Service is intangible product as the result of exchange activity of producer and customer in order to satisfy customer in order to satisfy customer needs and wants. While according to Kotler (1984:445), a service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production or may not be tied to a physical product.

A different opinion also given by other experts. Payne (1993:6) define a service as an activity which has some element of intangibility associated with it,