

MARKETING PLAN FOR GILI TRAWANGAN



BUSINESS ADMINISTRATION DEGREE

FINAL DEGREE PROJECT

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INDEX

1. EXECUTIVE SUMMARY	3
2. REASONS TO CHOICE GILI TRAWANGAN	4
3. INTRODUCTION OF DESTINATION.....	5
3.1 PRESENTATION AND A BRIEF HISTORY.....	5
4. EXTERNAL ANALISIS.....	6
4.1 ANALYSIS OF THE ENVIRONMENT	6
4.2 ANALYSIS OF THE SPECIFIC ENVIRONMENT	12
4.3 ANALISIS OF COMPETITION	14
4.3.1 Classification of competition	14
4.3.2 Description of competitors.....	16
5. INTERNAL ANALYSIS	18
5.1 ANALYSIS OF RESOURCES AND CAPABILITIES.....	18
6. SWOT ANALYSIS	19
7. SEGMENTATION STRATEGY, TARGET AND POSITIONING	22
7.1 SEGMENTATION STRATEGY	22
7.2 TARGET AUDIENCE	23
7.3 POSITIONING.....	24
8. OBJECTIVES AND STRATEGIES	25
8.1 OBJECTIVES.....	25
8.2 STRATEGIES	26

9. MARKETING MIX.....	27
9.1 DESTINATION MARKETING MIX.....	27
9.1.1 Service	27
9.1.2 Price.....	30
9.1.3 Distribution.....	30
9.1.4 Promotion.....	32
9.2 PROPOSALS FOR THE MARKETING MIX.....	32
9.2.1 Service decisions.....	32
9.2.2 Price decisions.....	37
9.2.3 Distribution decisions	38
9.2.4 Promotion Decisions	39
10. TIMELINE	41
11. BUDGET	42
12. CONTROL	44
INDEX OF TABLES, DIAGRAMS AND IMAGES.....	45
BIBLIOGRAPHY	46
Basic bibliography	46
Complementary bibliography.....	46
Websites of interest.....	46

1. EXECUTIVE SUMMARY

Gili Trawangan is an Indonesian Island located near Bali. It is a tourist destination known to backpackers from Southeast Asia and to diving lovers.

With this Marketing Plan I intend to introduce the destination to a worldwide audience and increase its notoriety as an idyllic destination. For this reason I have put together a marketing mix proposal that includes several actions designed to achieve the objective.

The main strength of this destination is the value for money, because it offers a variety of exceptional quality leisure services at a low price. I emphasize at this point the great variety of hotels which exist on the destination, suited to all customer budgets. Also the beauty of the places, the beaches, the mountains, etc. were relevant in the selection of the destination.

The competitive strategy of Gili Trawangan is price leadership. This will be explained and reflected throughout the study.

The Marketing Mix consists of proposals that follow these lines:

- Service: a series of actions aimed at improving the service to provide greater support to customers.
- Price: trying to maintain a good price-quality relationship.
- Distribution: trying to unify the different companies and agencies operating in the destination as a whole, creating a database and website in common.
- Communication: a series of actions are proposed in order to provide greater visibility to the destination. Some of those actions are advertising in magazines and TV.

Finally, to cover these proposals, the action plans have been quantified in the budget and the timeline created. In addition, some indications will be given to how to monitor the proposed recommendations.

2. REASONS TO CHOICE GILI TRAWANGAN

I have selected the tourist destination “Gili Trawangan”, located in Indonesia, for this final project. The main objective of this Marketing Plan is to provide visibility and strengthen demand for tourism in the destination.

Despite the difficult economic situation that affects most countries around the world, international tourism has hardly been affected.

In this way, I wanted to choose an idyllic tourist destination and at the same time not very expensive one. The main problem for idyllic destinations is the strongest relationship with the high price, so everybody associates exotic holidays with expensive holidays. When you say the words “paradise, virgin beach or white sand” everybody is thinking Maldives Islands, Seychelles Islands, Mauritius Islands, etc. but there are many other paradisiacal destinations to discover on a lower budget. For this reason, in this study, I intend to discover several destinations with those characteristics, and in particular Gili Trawangan Island is studied.

In this situational context, with this study what I intend to do is to detect the areas that require higher support in terms of communication to reach a larger general audience and on the other hand to try to satisfy the expectations of customers.

However, given the difficulty of trying to unify the actions of all companies and agencies that operate in the tourist destination, in the present study I try to unify the destination and the services that it offers as a whole. In order to clarify the strategies more concisely, objectives and actions that need to take place in order to achieve the main objective, which is bigger notoriety of the destination.

For this reason, the business activity in the destination will be enhanced and adapted to the current context. On top of that, the tourist destination will improve its position to be much more dynamic and convenient, and this will have a positive impact on the population of this touristic destination.

3. INTRODUCTION OF DESTINATION

3.1 PRESENTATION AND A BRIEF HISTORY

As we have seen above Gili Trawangan is located in Indonesia. It is the biggest of the three famous Gili Islands. It is situated 35 kilometres from Bali and around four kilometres from the northern coast of the Lombok Island. Gili Trawangan is not more than three kilometres long and two kilometres wide, and it is easy to cross in just over an hour. The three Gili Islands share just over 3500 inhabitants. The destination receives annually an average of 15,000 tourists from all over the world.

One of the biggest attractions of the island is the possibility to dive or do snorkel in the reefs. The island offers diving schools, surfing and others kinds of water sports.

Tourists visit it for its tranquillity, for its relaxation, which transmits peace and the beauty of its beaches and reefs. It is a destination for many young divers and many couples who choose it to spend their honeymoon.

Images 1 and 2. Panoramic view of Gili Trawangan



Source: Google Images

Gili Trawangan was the first of the three Gili Islands to receive visitors in significant numbers, and it was backpackers who led the way. In the 1990s the island developed a reputation as a cheap accommodation destination and wild parties, without police

vigilance, and readily available drugs. While that is still partially the case, Gili Trawangan has matured into a destination that has much more to offer than that.

The growing diving industry of the Gili Islands is based in Gili Trawangan, and since about 2005, the island has experienced a massive development boom, and a wide range of accommodation for all kind of budgets, eating and drinking establishments have opened to fulfil tourist demand.

At this point, I should mention the several studies carried out to protect the marine life, to keep the coral reefs, and the agencies established to protect the animals, such as “Shark Guardian” and “Shark Foundation Gili”, created to protect sharks. We can say this destination cares about its most valuables resources, the ocean and its wildlife.

4. EXTERNAL ANALISIS

4.1 ANALYSIS OF THE ENVIRONMENT

To perform the analysis of the general environment, we will use the *PESTEL analysis* in which political, economic, socio-cultural, technological and environmental factors are included.

✿ Political and legal factors

Indonesia is a country that has overcome some major political problems, especially the instability of governments and separatist conflicts in East Timor and Sumatra. Currently the government is committed to democracy, and it fights with some success against corruption which is still present. It is also substantially improving basic social services, education, health and housing. This is one of the most remarkable successes in Asian development.

Tourism that is bound for Indonesia wants to enjoy a privileged position for a short period of time. Consequently the political environment (public policy, projections of radical ideologies or religious feelings, workers unrest, animosity against tourism, etc.) plays an important role in customer decisions.

The political environment is:

- **Form of state:** Presidential Republic.
- **Head of state:** Dr. Susilo Bambang Yudhoyono (Democratic Party).
- **Parliament:** Consists of two chambers, the House of Representatives (560 members) and the House of Regional Representation (128 members).
- **Territorial organization of state:** 34 provinces, 5 of which correspond to special territories (city of Jakarta, Papua, West Papua, Aceh and Yogyakarta).
- **Current population:** 237,641,326 people.
- **Religion:** Muslim (87.18%), Protestant (6.96%), Catholic (2.91%), Hindu (1.69%), Buddhist (0.72%), Confucian (0.05%), Other (0.13%).
- **Official languages:** Bahasa Indonesia (official language). Other languages: Javanese, Balinese and various regional languages. English is widely spoken, especially in tourist areas.
- **Currency:** Indonesian Rupiah (Rp).

The legal environment of the country is:

In order to attract investors to the country, the Foreign Investment Law No. 1/1967, tax truce and Presidential Decree No. 29/2004 was created. This sought to simplify the system of investment services. There have also been proposals on a regional level, but the basic legislation (tax law No 16, 17, 18, and 20 of 2000), (Foreign Investment Law No 1 of 1967, Companies Law Act No 1 of 1995 and Law No 20 shared ownership of companies) is moving away from being completely satisfactory. The lead agency for foreign investment is BKPM and its Committees.

✚ Economic factors

In 2008 was erupted the global economic and financial crash, it has hardly affected the economy of Indonesia. The country recorded a growth rate of 7.26% in 2014 and expectations for future years suggest a slight and gradual increase of this rate. Furthermore the last annual CPI published in Indonesia in the past month of January 2015 was 6.8%.

The forecasts indicate that employment will grow in 2016 and the following years, which will help the growth of private spending. On the other hand, investments, which had contributed significantly to GDP growth in 2012, are having a more modest performance in 2015; even though they are expected to grow next years at a rate slightly higher than 9%. Inflation rate closed 2014 at 4.5%, within the target range of 3.5% - 5.5% set by the Central Bank of Indonesia.

The current foreign policy of Indonesia stated on two fronts: 1) projecting an external image of democratic country, as well as open and modern country, and 2) participation in regional cooperation schemes, particularly in ASEAN. The Association of Southeast Asian Nations has the goal to accelerate economic growth and promote regional peace and stability.

Indonesia has huge economic expectations, these are supported by an increasingly well-prepared young people but still used as cheap labour, a great amount of natural wealth, especially agricultural (oil palm, rice, forest products) plus oil. Tourism is also very important, on account of the fact that it is the major source of economic resources from its many attractive areas and that it has a powerful industry devoted to the exportation of consumer goods.

As we can see in Table 1, the data of international trade in Indonesia in 2013 left a trade balance with negative residue. This represents a trade deficit, as a result of the fact that the value of exports was lower than the value of imports.

Table 1. Exterior trade for 2013. Indonesia

TRADE		
Exports	2013	138.203,8 M.€
Exports % PIB	2013	21,09%
Imports	2013	141.080,6 M.€
Imports PIB	2013	21,53%
Balance of trade	2013	-2.876,9 M.€
Balance of trade % PIB	2013	-0,44

Source: created by the author. Data: Datosmacro

✿ Sociocultural factors

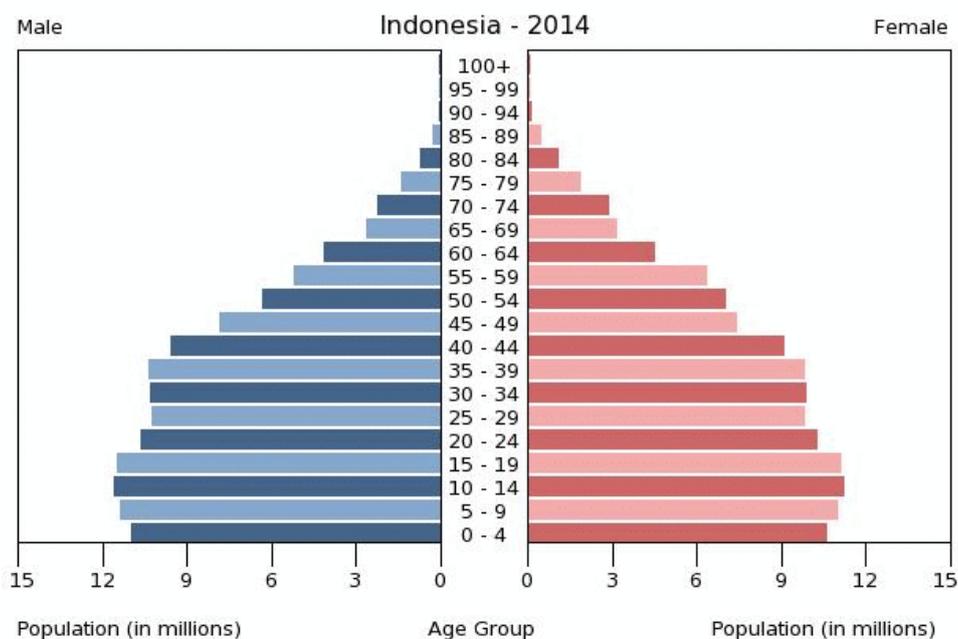
Indonesia is overcoming ethnic and religious tensions. It is the fourth most populous country in the world, with a population growth rate that has been declining during the 90s and early 20th century.

Population distribution is highly irregular, with a maximum of around 900 people/ square kilometre in Java and Bali, and around 18 people/ square kilometre in Kalimantan (the part of Borneo Island). For this reason, a heavily criticized transmigration policy was undertaken in order to repopulate islands with lower population per square kilometre.

Furthermore, Indonesia presents a remarkable inequality in the distribution of wealth, with a minority of people who control much of the income. In this aspect, it resembles most of Asian countries where wealth distribution is very uneven.

In terms of **demography**, Indonesia has a young population. The overall average age is 27.6 years. For men it is 27.1 years and for women it is 28.1 years. This is evident in Diagram 1, where we can see the age ranges are between: 0-14 years: 28.1%; 15-64 years: 66%; more of 65: 6%.

Diagram 1. Population pyramid for 2014. Indonesia



Source: Census Bureau. Data: International Data Base

On the other hand the Indonesia's Human Development Index (HDI), whose usefulness is to measure a country's progress, was 0.684 points in 2013 according to data of the United Nations. As we can see in Table 2 Indonesia is located in a good place with respect to all countries of the world in regards to global peace ranking, the highest ratio of births, low numbers of homicides, etc.

Table 2. Sociodemographic data 2014. Indonesia

SOCIODEMOGRAPHIC		
Population	2013	249.865.631
Population density	2013	131
Global peace ranking	2014	54 ^o
Ranking date gender	2014	97 ^o
Birth rate	2012	19,20‰
Fertility rate	2012	2,37
Mortality rate	2012	6,26‰
Life expectancy	2012	70,61
Homicides number	2012	1.456
Homicides per 100,000	2012	0,60

Source: created by the author. **Data:** Datosmacro

In regard to **education** in the country, 90.4% of the population know how to read and write, the percentage for male literacy is 94% and the percentage for female literacy is 86.8%. 3.6% of Indonesian GDP is spent on education. Although it is not a very high percentage, it is a sign that efforts the country does dedicate efforts to the education of the young people.

On the other hand in **culture and religion** we are at present facing a multicultural country where people of many religions coexist, as we noted above.

✿ Technological factors

The Indonesian **transport system** is efficient and highly developed; it has 139 airports, railways with 8529 kilometres and water ways covering 21579 kilometres, the main ports are Banjarmasin, Belawan, Ciwandan, Kotabaru, Krueg Geukueh, Palembang, Panjang, SungaiPakning, Tanjung Perak, Tanjung Priok. It has one of the largest merchant marines with 971 114 of which are already registered with other foreign countries.

On the other hand, the **communication system** in Indonesia is highly developed. Around 17.33 millions of people use landlines where as 83.3 million of people use mobiles phones. There are also 13 million of Internet users which is a good sign for a country. It has interisland microwave system, HF radio police net and domestic satellite communications system coverage which makes its communication system more effective.

✿ Environmental factors

With regard to the **geographic environment** is one of the most complex and varied in the world. The country is situated in South-Eastern Asia between the Indian Ocean and the Pacific Ocean. It has a total of 1,904,569 square kilometres, 93,000 square kilometres in water and 1,811,569 square kilometres in land. The nation comprises some 13,667 islands; the landscape ranges from rain forests and steaming mangrove swamps to arid plains and snow-capped mountains.

The **time zone** of Indonesia is UTC+7, this mean seven hours ahead of GMT and 16 hours ahead of U.S. Pacific Standard Time.

I should be mentioned at this point **natural and environmental disasters** that have taken place in the country. Due to its geographical location Indonesia has faced many natural disasters, such as occurred in December 2004; an earthquake of magnitude 9.0 that caused a terrible tsunami in the Indian Ocean, in which about 155,000 people lose their life. And thereafter in May 2006, February 2007, January 2008 and many times the country has faced the same problem although in a smaller scale.

In addition, in the mountainous interior regions of Kalimantan, Sulawesi, and Sumatra, the country has faced deforestation, soil erosion and massive forest fires. Even discounting the effects of the fire, in the mid of 1980s the country's deforestation rate

was the highest among Southeast Asian countries, with some 700,000 hectares deforested per year and possibly as much as 1 million hectares per year.

Last year 2014 the project "Sustainable Tourism through energy efficiency measures for adaptation and mitigation" (STREAM) led by the WTO. The STREAM project emerged from the collaboration of UNWTO and the Ministry of Tourism and Creative Industries of Indonesia, aimed at revitalizing tourism in Pangandaran after the tsunami in 2006, is a clear example of how the tourism sector can make local communities help combat climate change. Among the project achievements are the implementation of energy efficiency measures, the use of renewable energies, and also the development of a software planning tool designed to reduce carbon emissions, which helps visualize and develop low-emission tourism in the area.

4.2 ANALYSIS OF THE SPECIFIC ENVIRONMENT

To carry out the analysis of the specific environment we will use the model of the five competitive forces of Porter. The five competitive forces that make up the model are as follows: rivalry among existing competitors, bargaining power of customers, bargaining power of suppliers, threat of substitute services and the possibility of new competitors.

⊕ Rivalry among existing competitors

When we consider existing competition, we make reference to rivalry and the number of competitors within the industry. In this case, we can say that direct competition is quite abundant; due to there are many similar tourist destinations around the world.

⊕ Bargaining power of customers

Another strong point of this model is the bargaining power of customers. In the tourism sector customers have a high level of bargaining power as they have a wide variety of destinations to choose from, so the cost of change is quite small. Although overall bargaining power of customers is high, for those customers looking for a top quality service or product, bargaining power will be lower and in the case of customers who are more price conscious, power negotiation will be higher.

⊕ **Bargaining power of suppliers**

The bargaining power of suppliers in this market is difficult to analyse, since the suppliers are destinations themselves, that is, the quality of the beaches, the hotels, etc. in each destination. Thus we conclude that is not great that the bargaining power of suppliers, as there are many destinations and many of them offer similar features.

⊕ **Threat of substitute services**

In terms of the threat of substitute services, we can say that when it comes to tourism destinations aimed at relaxation and pleasure, there are many market substitutes. For example, a trip to Gili Trawangan (looking for relaxation, water sports, adventure, idyllic beaches, etc.) can be replaced by a trip to China (where visiting temples, museums, modern architecture, unusual buildings, etc.).

⊕ **New competitors**

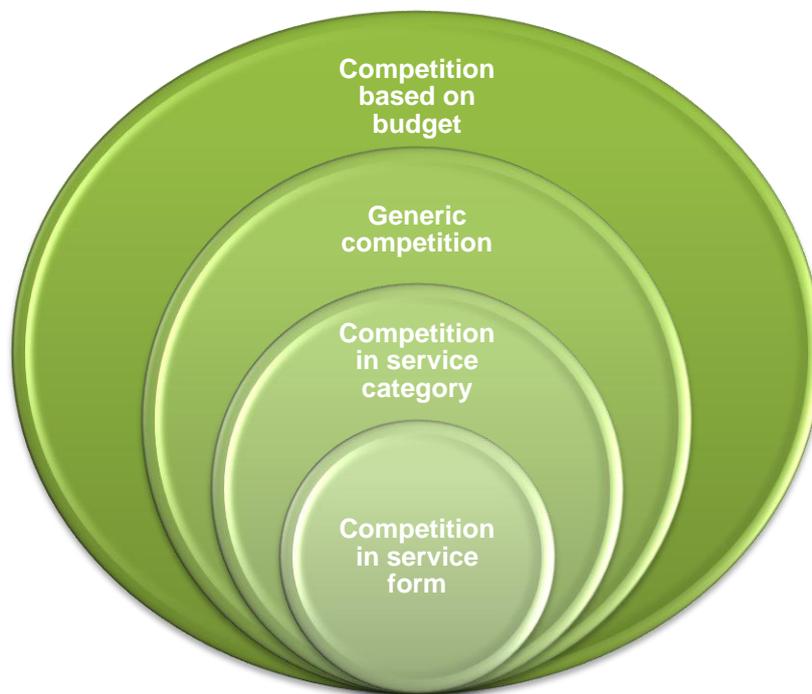
Finally, when we mention the introduction of new competitors, what we mean is the introduction of new tourist destinations that offer similar services. In this case the tourism market is a fairly saturated market. The reason for this is that demand can be satisfied immediately owing to the abundance of tourist destinations that exist in this sector. Therefore, this situation is a barrier for the introduction of potential new competitors.

4.3 ANALISIS OF COMPETITION

4.3.1 Classification of competition

An analysis of competition will be done from the perspective of the consumer through competition levels (Munuera and Rodríguez, 2007). In first place, we find the levels of competition as we can see in Diagram 2.

Diagram 2: Levels of competition



Source: created by the author

✚ Competition in service form

In this case we find those destinations that are competitors because the services they offer have attributes similar to those of our destination. Therefore we must try to persuade those consumers that we are targeting, that our product is better than the competitors that offer the same service form. In this case we find destinations such as Koh Phi Phi (Thailand), Perhentian islands (Malaysia) and Malapascua (Philippines). These destinations are detailed in the following section of this paper.

❏ Competition in service category

In this case we include the tourist destinations that offer similar services to those of our destination, but not the same, or they lack some attribute or have different proportion and besides, offer, for example, more products that complement those of our destination. In this type of competition we can include places such as Bali (Indonesia) and Phuket (Thailand) that despite also being beach and relaxation destinations, have more variety for leisure, are much larger, have more built up islands, etc. These destinations are detailed in the following section of this paper.

❏ Generic competition

In this type of competition we include those tourist destinations that meet the same needs as ours, that is, substitute service. Examples of these are China, Russia, Argentina, etc.

❏ Competition in budget

In this case, we consider competitive services such as those which compete for the same customer's budget. Considering that a trip, for example, from Spain to Indonesia, specifically to Gili Trawangan, for a week can cost around €2,000 per person, we can refer to competition budget, for example, bags and clothes of prestigious brands, jewellery, furniture, televisions, etc.

4.3.2 Description of competitors

In this section, we will conduct a brief description of the competitors and some strengths and weaknesses which they have with respect to our destination.

Firstly, we describe those companies that compete on service form:

✚ Koh Phi Phi (Thailand)

Location: is located in Thailand, in the Krabi province.

Area: 28 square kilometres.

Services: about 39 hotels, a large variety of water sports agencies.

Comments: Several movies have been filmed on that island and the surrounding places ("The Beach", 2000).

He was one of the hardest hit places in Thailand by the tsunami in 2004.

Image 3. Koh Phi Phi



Source: Google Images

✚ Perhentian islands (Malaysia)

Location: is located in Malaysia, in the state of Terengganu.

Population: 1930 people between two islands.

Services: around 16 hotels, several water sports agencies.

Comments: listed as one of the best areas for diving in the world. It belongs to Pulau Redang National Marine Park.

Image 4. Perhentian Islands



Source: Google Images

✚ Malapascua (Philippines)

Location: is located in Philippines, in the Visayas Sea.

Population: around 3500 people.

Area: 10 square kilometres.

Services: around 12 hotels, several water sports agencies.

Comments: has its own legend, hence its current name (it translates as *bad Easter*).

Image 5. Malapascua



Source: Google Images

Below, we describe those competitors that compete in the same service category:

✚ Bali (Indonesia)

Location: is located in Indonesia, in the province of Bali, in the Bali Sea.

Area: 5780 square kilometres.

Population: 3551000 people.

Services: around 3485 hotels, a huge variety of sports agencies (both aquatic and terrestres), more than 10,000 temples to visit, large handicraft markets, etc.

Comments: many couples choose it to spend their honeymoon.

It is the main tourist destination in Indonesia.

Compared to Gili Trawangan, prices are higher.

Bali receives about five million tourists per year, that is way it is the main tourist destination of the analysed here.

Image 6. Bali



Source: Google Images

📍 Phuket (Thailand)

Location: is located in Thailand, in the province of Phuket, in the Andaman Sea.

Area: 543 square kilometres.

Population: 249446 people.

Services: 1580 hotels, 29 Buddhist temples, many water sports agencies and hiking safaris, etc.

Comments: the island was the most affected by the tsunami that hit Thailand in 2004, there are still remnants of the catastrophe.

Part of the film "The Impossible" was filmed there in 2012.

Image 7. Phuket



Source: Google Images

5. INTERNAL ANALYSIS

5.1 ANALYSIS OF RESOURCES AND CAPABILITIES

With the analysis of the resources and capabilities, we want to identify the potential for the destination and see where we can establish a competitive advantage by analysing these resources and capabilities.

Within the resources, we can distinguish between tangible and intangible resources. Tangible resources are the easiest to identify. In this case, with reference to the physical resources, we find that the destination has 32 accommodation (hotels, resorts, hostels, campsites, etc.), 17 restaurants and bars, 9 water sports agencies and 12 food shops and clothing and accessories shops, 2 yoga centres, 1 boat party agency, 1 riding agency, several massage parlours and beauty salons, several internet centres, and finally, 1 small medical centre.

On the other hand, considering intangible resources we find the human resources and non-human resources. Within non-human resources we differentiate between technological and organizational resources. As we are analysing a destination we will

refer to the technology as the means to get there, these are the maritime routes from various ports of both Bali and Lombok. For this purpose there are "Public boats", "ferry", "Shuttle boat" and "Charter boat".

In terms of resources, the destination has a good position as a destination for relaxation and for diving, although it is not well known to the general public. Finally, in terms of human resources, staff restaurants, hotels, water sports agencies, etc. they are professional and experienced in the sector. I should empathise that an important aspect of these is language. In Gili Trawangan many languages are spoken due to the fact that workers of water sports agencies come from around the world (Spain, Netherlands, North America, Germany, etc.) and all speak at least two languages.

Once the resources have been considered, we analyse the capabilities of the destination. Taking into account that it is a touristic destination, we can say that it has adapted gradually to changes in the environment and to the customer needs, and has added more offers of leisure services to suit their needs, so we can say that it has adaptability. On the other hand, in regard to human capability, this destination has many employees with extensive experience.

6. SWOT ANALYSIS

To conclude the section of what we might call the analysis of current market situation, we will conduct the SWOT analysis which stands for strengths, weaknesses, opportunities and threats. With this analysis we can identify those factors that are critical to the destination and those that are favourable. All this we can see in Diagram 3.

Diagram 3. SWOT analysis



Source: created by the author

With regard to internal analysis, then we will highlight the most relevant destination strengths and weaknesses.

The main weakness is that it is a little known tourist destination internationally. Therefore in the present study it aims to address this issue, launching a campaign to give exposure to the destination.

Another important weakness is the poor current promotion of tourism products and services, which is linked to the previous weakness. Increasing the visibility of the destination will also increase the promotion of products and services offered. This is to make Gili Trawangan known as a destination for scuba divers, since this is the biggest product that can be used to promote the destination.

As for strengths, the first and most important is the value offered by the destination. As we noted above, the destination offers high quality services and a wide range of them at a moderate price.

Also worth noting is the good maritime infrastructure presented. There is easy access from both Lombok and Bali, and there is a wide range of maritime transport (public boats, ferries, etc.) almost 24 hours a day, 365 days a year. Also for customers who want to visit the other two Gili, Gili Meno and Gili Air Island, there are boats available.

A major strength is the fact that many workers are of foreign origin and speak several languages, which makes customers feel more comfortable and relaxed if they are served by people of the same country and speak the same language also it gives the customer the feeling that the service is more personalized and distinctive.

It is also noteworthy to consider the wide range of hotels that exist on the target as a strength. Since it has a broad target audience, from young people looking for fun and diving, to people of more advanced age in search of relaxation and idyllic beaches.

As we turn our attention to the external analysis, we shall highlight some threats and opportunities.

The most important threat is that there are natural and environmental disasters that have shaken the destination and the fear of their recurrence. It is well known to all that Southeast Asian countries are the most affected by these natural disasters, so this factor is a major threat to all of them.

We also note competition from other more known tourist destinations such as Bali for example as a threat.

In terms of opportunities, the weather is essential for this type of tourist destination. Gili Trawangan, being located near the Ecuador, presents a completely tropical climate and because of this, the temperature throughout the year is around 30 degrees Celsius. This region has two seasons, dry and rainy, dry season is from April to September and rainy season from October to March.

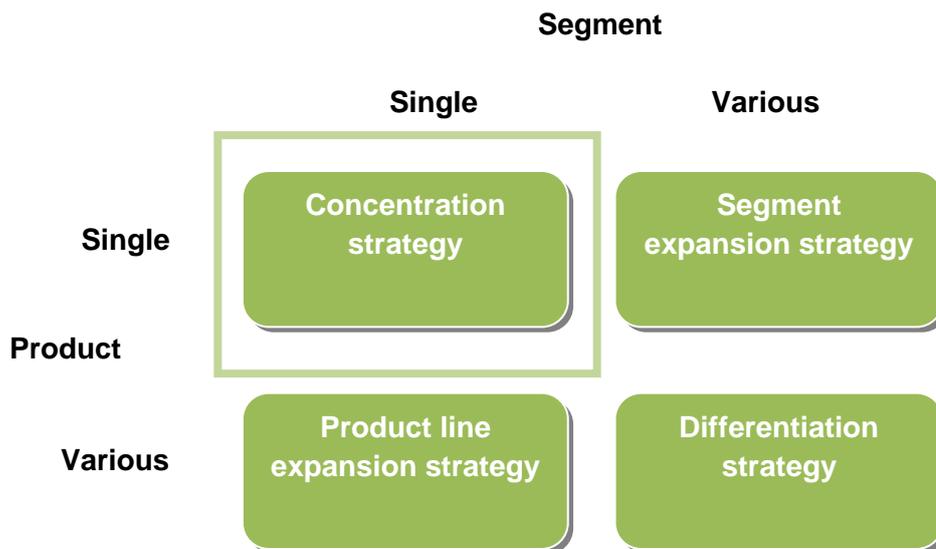
And finally note the proximity to Bali as an opportunity to exploit, as this tourist destination is known worldwide and is within walking distance of our destination. In this sense, Gili Trawangan can increase its popularity among the millions of tourists that visit Bali every year, because they can escape from the daily traffic of Bali to the tranquillity of Gili.

7. SEGMENTATION STRATEGY, TARGET AND POSITIONING

7.1 SEGMENTATION STRATEGY

Before defining our objective, we will define the segmentation strategy. In this case, the tourist destination is aimed to a rather large range of customers. Gili Trawangan offers a wide range of services aimed at customers of ages between 18 and 50 who are seeking to relax and enjoy water sports during the day and to go out in the evening. Because of this, we consider that it follows a strategy of concentration (Munuera y Rodríguez 2007), given that, even though it is addressed to a wide range of customers, the destination offers the same services at different prices. See diagram 6 for a clear representation of the segmentation strategy that this tourist destination follows.

Diagram 4. Segmentation strategy



Source: created by the author

7.2 TARGET AUDIENCE

Once the segmentation strategy has been defined, we can see the chosen segment more clearly. As previously mentioned, the destination is aimed to a wide range of customers with similar qualities. Because of this, they are all offered the same services at different prices. It is worth noting that there is a range of hotels and restaurants that would suit all budgets. As a consequence, and in order to define our objective, we have selected the variables spending power and age.

✚ **Customers on lower budgets:** in this group we find couples, groups of friends and lone travellers of ages between 18 and 30. They are generally young people who don't have a large budget and that seek an unforgettable holiday experience. This would comprise enjoying scuba diving in the coral reefs and all the other water sports available, sunbathing in the white-sand beaches and, when the night comes, enjoying the nightlife in the parties that have been organised, such as the famed "Full moon party", well known throughout Asia, in which young people dance and drink under the full moon until dawn.

In order to achieve this, Gili Trawangan offers a range of services and tailors them to the budgets and needs of these customers, who usually do not have a lot of money for spend.

✚ **Customers on higher budgets:** in this group we also find couples, groups of friends and lone travellers, but their ages are comprised between 30 and 50. More often than not, these customers have a higher spending power. They seek to relax and to have an unforgettable experience. They particularly enjoy the views from the highest point in the island, tasting exotic fruits while lying on white-sand beaches, having one of the typical, relaxing massages and, just like the younger customers, scuba diving in the coral reefs or practising the water sports on offer. When the night falls, they enjoy the cocktails in the nearby bars with the sound of the sea as an accompaniment.

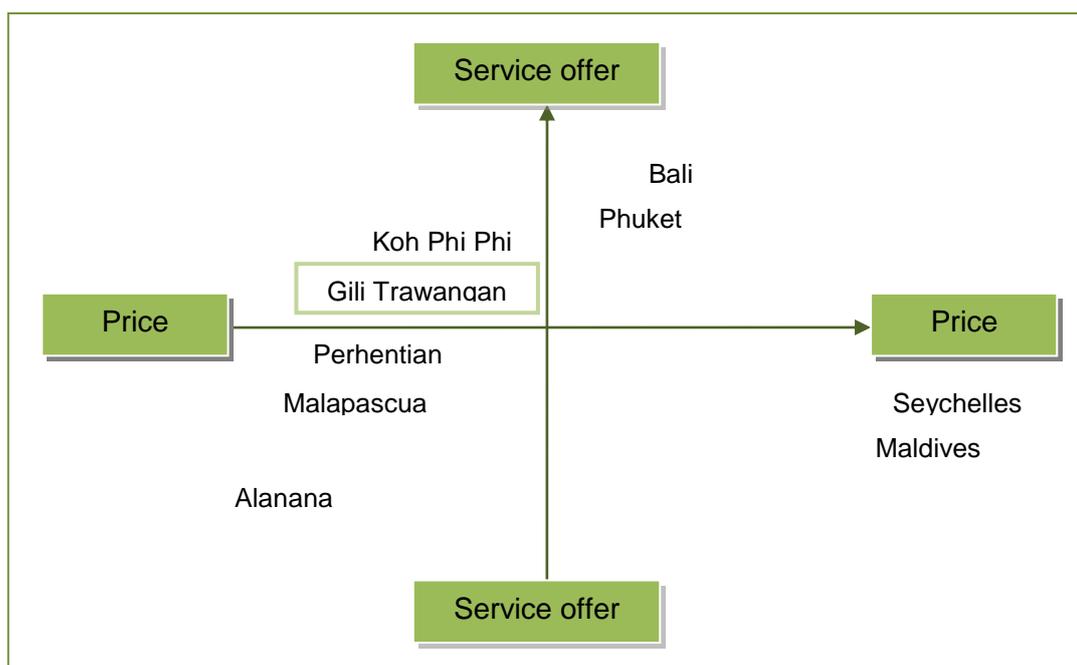
In order to achieve this, Gili Trawangan offers a range of services and tailors them to the budgets and needs of these customers, who usually have greater spending power. Consequently, there are a variety of high end hotels, resorts and restaurants.

7.3 POSITIONING

In this section, we have created a positioning map in order to be able to appreciate the consumers' views on Gili Trawangan in regards to their competition. In our positioning map, we have defined two variables: price and service offer. We could say that service offer comprises all leisure services on offer (scuba diving and yoga providers, etc.) the beach quality and the quality of the island itself, the infrastructure in place for accessing the island and the full range of hotels available, that is, all aspects that would add value to the customer's experience.

Our destination is positioned as a tourist destination with an average service offer, priced at a medium-low level. The price leadership strategy will therefore be explained later on. On the other hand, as we can see in diagram 5, its main competitors in terms of price are the aforementioned tourist destinations Koh Phi Phi (Thailand), Perhentian islands (Malaysia) y Malapascua (Philippines). Also, competitors in terms of service quality are the great tourist destinations Bali (Indonesia) and Phuket (Thailand), which were mentioned in previous sections. Lastly, we find other destinations that are placed in an intermediate position, such as the Seychelles or the Maldives, which have a narrower service offer, since they don't have temples or other such facilities and, in spite of this, are much more highly priced. In contrast, we also find Alanana Island (Madagascar), whose offer is much more limited than the other destinations', though in its case, the price is also lower.

Diagram 5. Positioning



8. OBJECTIVES AND STRATEGIES

8.1 OBJECTIVES

Before discussing the objectives themselves, it must be noted that there are different objective levels. In order to achieve the main objective, a series of more specific objectives have been proposed. On the one hand, we have the tourist destination objectives, which are more general and also medium term. According to the general nature of these objectives, the clear objective of Gili Trawangan is to become an international reference, which involves increasing its popularity. On the other hand, we have the functional objectives, which include marketing objectives and which are more easily quantifiable.

In terms of marketing objectives, the destination has set the following objectives:

- **Management of the activities of the marketing objectives.** In terms of market share, the destination wants to increase its quota by 5% in relation to the previous year's quota. In terms of sales, it will endeavour to increase sales (service sales) by 12% in relation to previous years.
- **Marketing management objectives:** in this case, the destination will strengthen its international communications in order to attract and retain a greater number of customers by the end of the year. This would be a minimum of 750 more customers than during the previous year. This is reflected in the previous objective as a 5% increase in the market share. Also, there will be an attempt to attract customers through the website and the social media that has been suggested for the destination and also to raise its profile.
- **Financial commercial objectives.** Lastly, the net price of the destination (that is, of the various shops, agencies, hotels, etc.) will increase by 10% next year. It is important to note that this increase will come from the increased numbers of customers in the island and not from an increase in the price of products and services, since the value added that is the destination's priority will be maintained.

8.2 STRATEGIES

In this section, we will analyse the strategies that the tourist destination follows from the points of view of a number of authors. It is worth mentioning that because of the objectives outlined, the destination will continue using the current strategies, which are discussed below.

On the basis of growth strategy *Ansoff's matrix*, the destination follows a strategy of market penetration, since it wants to strengthen its present in the markets in which it operates with the services it offers. What this means, as we mentioned in the objectives section, the destination's main objective is to raise its profile in the market at an international level.

On the other hand, if we analyse the strategies following *Porter*, based on the desired competitive advantage, it is easy to see that in order to achieve its goals, the destination has developed a strategy of price leadership, since it offers a wide service offer with good value added for the customer. Therefore the value added that the destination offers will set it slightly apart from other destinations with similar service offers.

In this case, what the destination has to do is to try to promote this modestly-priced value added, so that the customers choose it as a destination for their holidays.

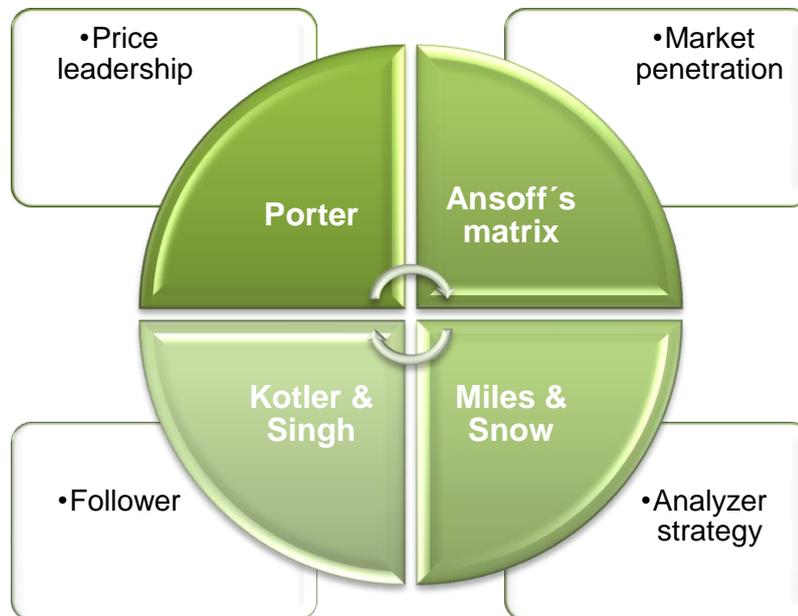
We have also found strategies based on performance relative to competitors and the environment. In this case, there are two groups of authors with different points of view: Kotler and Singh; Miles and Snow.

According to *Kotler and Singh* strategies, this tourist destination is adhering to the follower strategy, since it is a small island that tries to avoid direct confrontation with the leaders, which could be Bali, for instance. The destination has its own strategies to try to increase or at least maintain its current market share. In order to avoid to be challenged by other competing destinations, it should maintain its lower prices and quality at the highest level possible.

On the other hand, according to the terms of *Miles and Snow*, the destination is following the analyser strategy as it is clear on its core business and it takes necessary actions to protect it. This revolves around having a safe and stable position and not about major technological innovations.

The following diagram (Diagram 6), contains a summary of the destination's strategies.

Diagram 6. Strategies



9. MARKETING MIX

In this section, we will analyse how the current marketing and some decisions and proposals are used to achieve proposed objectives.

9.1 DESTINATION MARKETING MIX

9.1.1 Service

Firstly, it is important to note that Gili Trawangan offers a wide range of services to its customers, with the added value that good quality services are offered, both by the staff and the facilities themselves, therefore, the range of services offered by the destination is equivalent to the services that are the tangible assets added to the value of the staff and facilities.

This destination offers recreational amenities, namely, water sports (scuba diving courses, snorkelling, surfing, etc.) or relaxation services (yoga classes, massage

therapy, natural beauty treatments, etc.). These services can be classified according to their purpose or function.

About these services, we can say that they are consumer goods acquired sporadically, since they are not basic necessities. They are also services that are seldom purchased, given that it is unusual to go on leisure trips more than a few times a year. In order to appreciate more clearly the range of services offered by the destination, we will carry out a short analysis of the decisions of the mix of services. We will highlight the services portfolio, service lines, width, length, depth and consistency.

When we mention the service portfolio, we are referring to everything the tourist destination offers. In this case, the main services offered by the destination, are leisure services which complement the services discussed before.

In reference to the width, we will analyse the variety of services that the destination has to offer, which are the service lines we name below:

- ◉ Accommodation
- ◉ Catering
- ◉ Water sports centres
- ◉ Food, clothing and accessories shops
- ◉ Entertainment agencies
- ◉ Massage parlours and beauty salons
- ◉ Internet centres
- ◉ Medical centre

After defining the width of the service portfolio, we will investigate how long its length is. This includes all the services that the destination offers. In this case, as before:

- ◉ Accommodation: hotels, resorts, inns, villas and campgrounds
- ◉ Catering: restaurants, bars and cocktail bars
- ◉ Water sports centres: diving, snorkelling and surfing
- ◉ Food, clothing and accessories shops: supermarkets, groceries and boutiques
- ◉ Entertainment agencies: boat party organisers, bicycle rental, horse riding and yoga
- ◉ Massage parlours and beauty services: spas and beauty salons
- ◉ Internet centres: cybercafés and communication centres
- ◉ Medical centres

In terms of depth, different variations of each service offered by the destination can be found. We can say that there is a high number of variations of the service, either for high or low budgets. As an example, we can name a few:

- ◉ Accommodation: There are 4-star resorts and low-budget campsites.
- ◉ Catering: there are excellent restaurants and takeaways.
- ◉ Massage parlours and beauty services: in the island there are luxury spas in 4 star resorts and small street spas.

In Images 8 and 9 we see these accommodation variations in relation to price.

Images 8 and 9. Variations in accommodation



Luce d'Alma Resort & Spa
(around 150€/night)



Balumba
(around 20€/night)

Source: Booking

To conclude this aspect, and in reference to consistency, it can be said that the service portfolio is fairly consistent, since the degree of relationship of the services offered is quite high, especially in regards to the provision of those services.

Having studied the destination's service portfolio, we shall now consider its brand. The brand name corresponds to the name of the destination "Gili Trawangan". Since this is a little known tourist destination, it does not have a logo.

Finally, and on this perspective, we will also refer to the value of the brand. It can be said that defining the value of a brand is complex because it is an intangible asset and the perceived added value is truly proven by the customer of the service offered. The positive experiences of the tourists in the destination don't just seek to encourage a repeat visit, but they also seek the word-of-mouth recommendation to relatives, friends and contacts in social media. The image of the brand is key to attracting tourists, it is also a critical element when choosing the destination, regardless of whether it is representative of what the place has to offer. In this case, the brand value of our destination reflects the perception of service quality at a low price, although this destination it does not have a logo nor does it put sufficient emphasis into the projection of that brand image to the public.

9.1.2 Price

As for prices, the various companies and shops operating in Gili Trawangan try to set their prices so that good value is given. As noted above the prices are not high compared to other tourist destinations with similar characteristics, rather than that, the prices are medium to low.

In reference to the method of pricing, companies and shops operating in the destination set their prices by a fairly objective method by adding a margin to the total cost of products and services, while taking into account the prices set by the competition. Usually, for the products the destination's shops produce (such as food, clothing and souvenirs, etc.) the cost of materials needed to manufacture the product, plus the corresponding margin are not set as the lower price limit.

On the other hand, for services offered by hotels, catering, water sports agencies, etc. use the prices set by competition in other tourist destinations.

9.1.3 Distribution

In regards to distribution, since it is a destination, distribution does not exist as such, but we can name the different channels through which the destination hotel companies reach their customers, and we can also name the products sold on the island as the objects of distribution.

On the one hand, customers can make their reservations from the hotels themselves or from their websites or phone numbers, which is why this is a direct distribution channel, since there are no intermediaries between producers and consumers. This relates to the products produced there, such as some fruits and vegetables and fish, given that our destination also has a direct distribution channel for such products. This process is reflected in Diagram 7.

Also, hotel companies also reach their customers through reservation centres as Booking and Keytel; metasearch engines such as Kayak; online travel agencies such as eDreams, Rumbo, Logitravel and Atrápalo; and travel agents such as El Corte Ingles Travel, Travel Alcon and Soltour, etc. This is why it is a long distribution channel, as hotel companies sell their booking rights to wholesalers (Kayak), these sell then to retailers (Booking) and these offer them to consumers. This also applies to the products that are not produced on the island, for instance some food, drink, clothing, hygiene products, etc. In this case the manufacturers send the products to wholesalers, these to the retailers (which are shops and agencies in the island) where finally consumers purchase the goods from such retailers. Diagram 8 illustrates the long distribution channel.

Diagram 7. Direct distribution channel



Diagram 8. Large distribution channel



9.1.4 Promotion

In this variable, the companies and shops operating in our destination use a tool: advertising. They advertise through advertisements in Lombok and Bali newspapers, and occasionally in professional publications worldwide.

It is worth noting that that Gili Trawangan does not have its own website, but that the three Gili Islands have a website in common, "www.gili-paradise.com", in which the services that the three islands offer are presented with all relevant information.

9.2 PROPOSALS FOR THE MARKETING MIX

9.2.1 Service decisions

In order to achieve the aforementioned objectives, to increase the destination's net profit by 10% in relation to the previous year, to increase market share by 5% and to increase the number of customers by 750 in relation to last year, we will propose a number of decisions about the services.

In this case, in relation to the service portfolio, the destination might consider doing some of the following:

- **Updating and expanding the service line.** With new water sports such as the Flyboard, and expanding the range of entertainment with jet ski rental, for instance.
- **Decisions about the withdrawal of services.** Analysing whether a service does not reach basic demand and withdrawing it.
- **Creating holiday packages.** This is the most important action to carry out. It involves the creation of vacation packages that include airport transfer to and from Bali or Lombok airport to the destination, accommodation for 6 days / 5 nights and a diving course (with two available levels of difficulty) using the official certificates of the prestigious Professional Association of Diving Instructors (PADI).

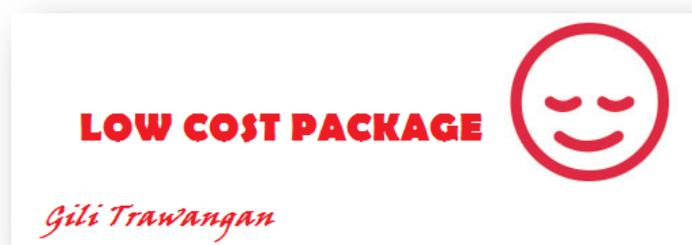
These packages can be classified in three categories, given that, as we have previously stated, tourists with both low and high spending power, couples spending part or their whole honeymoon visit the island. Therefore through these holiday packages we aim adapt and better meet the needs of these customers. The package holidays are listed and described below:

- **Low Cost Package:** in this holiday package transfer to and from the airport or any other specific point in Bali or Lombok to Gili Trawangan is included. The diving course with 5 dives with any of the diving agencies in the destination is also included. There is a choice of diving courses, depending on the baseline ability each customer. There is a diving course for beginners is known as "Open Water Diver" course, the advanced diving course, designed for people with some knowledge of the matter, is known as "Advanced Open Water Diver". Finally the package includes accommodation for 6 days and 5 nights at any 1 or 2-star hostel, villa or campsite.

This holiday package has a cost between €500 and €700 per person depending on the accommodation chosen.

The logo which I propose for this vacation package is shown in Image 10.

Image 10. Proposed logo “Low Cost package”



- **Premium Package:** with this holiday package, as with the previous one, transfer to and from the airport, or any other specific location in Bali or Lombok is included. The diving courses are also included in any of the destination's diving agencies, including 5 dives. There is a choice of diving courses, depending on the baseline ability each customer. There is a diving course for beginners is known as "Open Water Diver" course, the advanced diving course, designed for people with some knowledge of the matter, is known as "Advanced Open Water Diver". In this case, the package includes accommodation for 6 days and 5 nights at any 3 or 4-star hotel, villa or campsite.

The Premium package has a cost of between €900 and €1200 per person depending on the accommodation chosen.

The logo proposed for this vacation package is shown below in Image 11.

Image 11. Proposed logo “Premium package”



- **Honeymoon Package:** This holiday package is special and only intended for those couples who choose to spend their honeymoon in the destination. Transfer to and from the airport, or any other specific location in Bali or Lombok is included. As with the previous packages, the diving courses with 5 dives are also included. Depending on the baseline ability each customer will take part in the "Open Water Diver" or the "Advanced Open Water Diver" course. In this case, the package includes accommodation for 6 days and 5 nights in the suites of the best resorts in the destination.

As an extra bonus, the package also includes a body treatment for two in the spa at the resort where customers are staying. And to top up, it includes a totally free surprise gift from the resort to be found in the bridal suite.

The Honeymoon package is offered for a price of between €1400 and €1600 per person depending on the chosen resort.

The proposed logo for this holiday package is shown in Image 12.

Image 12. Proposed logo “Honeymoon package”



As previously mentioned, the tourist destination targets two large groups of customers, that is to say, their target audience is people on a low budget, generally aged between 18 and 30, and people between 30 and 50 with higher budgets. This is why the creation of various holiday packages depending on customer budget has been suggested. The Low Cost package is ideal for young people given its low price, the Premium package is aimed at older customers as it includes top hotels and it involves a higher price, and finally the Honeymoon package is for those couples who choose the destination for spend their honeymoon.

At this point it should be noted that these packages will allow for changes, within specified limits, in order to allow customers to customise and get the most from the met requirements. To set the limits of these changes we will specify below in which cases such amendment shall be permitted:

- Those customers who do not want to take the diving course, will be offered the opportunity to exchange the course for any other activity or activities of a similar budget.
- Those customers who are interested in taking an express trip to Bali, Lombok or any of the other two Gili (Gili Meno or Gili Air) Islands, will be offered the possibility to exchange a hotel night at the chosen destination for hotel night at any of the islands. This option should be requested when booking the packages.
- Any family travelling with children will be offered the childcare service while adults are taking the diving course. This service must be requested when making reservations and will have an extra cost.

To conclude the holiday package section, it is worth noting that these will be distributed online. This point will be discussed below in the section on distribution.

Until now, the main goal of this destination was to increase the visibility of what had already been on offer; the destination's service portfolio is enough within their means. In addition to continuing with its strategy of market penetration, as we discussed earlier, it wants to strengthen its presence in the markets in which it operates with the products already offered.

As for the brand, in a competitive sector like tourism, many destinations are adopting the option of creating a brand image in order to meet new market demands and differentiate themselves from competitors. Because of this, I consider it is important to strengthen the brand image of the destination. Therefore I propose the creation a logo that looks like Image 13 below.

At first glance, when looking at the logo, one can see the colourful image that represents Indonesia. The bright colours convey freshness and joy. This logo is intended to draw the attention of people who see it and to be memorable. It will come with direct communication from all companies and agencies operating in the destination. We will deal with this in the communication section later on.

This is why the intention is to create a brand image of the destination as a quality holiday destination with a wide range of services at a low price. In essence, it aims to reach potential customers with the fresh and youthful image that characterises Gili Trawangan.

Image 13. Proposed logo

9.2.2 Price decisions

Continuing with the aim of increasing the company's net profit, it is worth noting that it is intended that such profit will increase with the completion of the previously mentioned proposals and not with the increase of prices of activities.

For that reason, my proposal for the price, for various shops and hotel companies operating in the tourist destination, is to try to complement the pricing methods of the application of a margin taking into account, not only the prices of competitors, but also the value perceived by customers. This would set prices in line with customer expectations.

In any case, prices would continue along the same lines, without notable changes since the strategy followed by the destination is the leadership in price, so it would be inconsistent for the company to raise prices though the services offered there are high quality services. If the destination's shops and agencies decide to lower their prices, customers may think they have been paying higher prices with respect to quality in the past and therefore create a bad reputation for the destination.

9.2.3 Distribution decisions

In order to achieve the previously planned objective of increasing market share, we propose a series of distribution decisions. With the implementation of these decisions it is intended to achieve the 5% increase in market share and an increase in sales of 12% relative to the previous year's.

With regards to distribution, in terms of products, the proposal I make is that shops and agencies maintain the direct sale of products from the island, as this adds value for customers.

And with regard to the products that come from outside the island, I would recommend to follow the usual procedure since it is very difficult to obtain a more direct channel given the local characteristics.

With regard to services, as a new strategy, I would advise the destination to create an online database. This will be discussed later on. The destination would create a joint database of all agencies and companies operating there that would include the whole range of services and their availability.

I propose the creation of a website which will contain a clear view of all services offered by the destination and all relevant information required to make a booking.

With regard to package holidays, it is worth mentioning that these will be distributed online, so customers will enter the destination's website and book the holiday package that most best meets their needs and demands. On the Gili Trawangan website customers will be able to find all relevant information and the various mechanisms for modify these packages to the extent permitted, and make their bookings.

In order to facilitate the selection and the booking of the holiday packages in destination's website, a tab named "Holiday packages" will be available. When clicking on this tab, customers will be able to see the three possible packages, with a detailed description of each of them. When clicking on each package, the list of hotels that are included in the package and the various diving agencies will appear for customers to choose. Also the option "modify my package" will be easy to find for those who want to do some of the modifications mentioned previously.

9.2.4 Promotion Decisions

As we have discussed above in the objectives for this destination, the most important one is to increase the visibility of the destination, to promote the brand image and increase the number of customers the destination receives each year. In order to achieve this goal, a number of communication decisions have been made, with which it is expected that the destination will receive at least 750 more tourists before the end of the year than the year before, and thus increase market share by 5%.

We emphasize the fact that communication will be directed to different emission destinations, these are the Netherlands, United States, France, Norway, Germany, Australia and Spain. These countries have been selected as emission places because Indonesia and other Southeast Asian countries receive a large number of tourists each year from these countries; also these destinations are described as countries with upper middle income per capita and countries which often devote much of their resources to tourism.

In this case, as discussed above, the destination does not have many ways to become well known, but it is clear that in order to provide their services, in addition to it offering quality, it is necessary for the target customers to know that it exists, and therefore one of the objectives of the destination is achieving more visibility internationally.

The proposed actions are on the one hand, creating a physical brochure; this would help customers clearly see the range of services available around the destination as soon as they set foot there. And also, I propose the use of advertising in specialised journals, both nationally and internationally, so that it is possible to reach a large number of public both objective and general. In addition, as I mentioned in the previous section, I recommend creating the destination's website, and giving the destination a presence in social networks like Facebook and Twitter, since they are free online platforms, which nowadays are used almost universally.

On the website of the destination you will find a clear view of all services offered by the destination, the infrastructures used to access it, when it is advisable to visit, and even some tips for people who want to visit the destination and stopover in other surrounding cities. Also, hotels and agencies that operate in the destination will also be able to advertise, so that customers have all the information they need to make the choice that best suits their preferences. The holiday packages will also be available on the

website, as discussed above in the section on distribution. The proposed name for the site would be "www.GiliTrawangan.com".

As for ads in specialized magazines, both diving and travel publications in general, an advert would be placed on an inside page which describes the main features of the holiday destination and holiday packages are offered. An example of this type of advert, for Spain for example, could be the Images 13 and 14 below, in the Spanish magazine "Viajar".

Images 13 and 14. Proposed advertisement in Spanish specialized magazine



To conclude this section, we note the importance of having the proper communication of the brand image. To carry out the communication of the brand and the proposed logo for the destination, all companies and agencies operating in the target will be asked to make use of them, both on their websites and in their service brochures, etc. This is to achieve the unification of all the destination's companies in the same brand "Gili Trawangan" and to achieve greater visibility in the international market.

10. TIMELINE

Having considered the marketing proposals, we present see the timeline of the activities to be undertaken.

Table 3. Timeline

2016	1	2	3	4	5	6	7	8	9	10	11	12
Online database												
Physical brochure												
Website												
Social networks												
Magazine advertising												

Source: created by the author

As we can see in Table 3, the creation of the database of all services offered in the destination will take place during January 2016. Staff will be hired for its creation and to update and build it up in the coming months.

Moreover, the physical brochure will be developed during the months of January and February as new service offers emerge. Meanwhile, the website will be designed and will be operational in January and February and then will be updated during the year.

As for social networks, they will be created in February, with maintenance throughout the year. As for advertising in specialised publications, this will take place throughout the year.

11. BUDGET

After the proposed marketing mix has been explained, it will be necessary to develop a budget to determine the feasibility of such proposals.

To create the online database of services offered in the destination, the destination will need to hire qualified personnel. Assuming a salary of €100 for the staff and the development of the database with a cost of €500, creating such a database would cost about €600.

To create the physical brochure, the destination would need to engage the services of a graphic designer, whose salary would be around €100. For printing about 16 in total, assuming a cost of about 30 € each, would add up to €480. Printing 16 brochures is considered sufficient as the destination is not large, and this number of brochures would cover customers demand. This would bring the total of the brochures cost to around €580.

Moreover, we calculate that the development of the website would incur a total cost of €700. This amount would be divided between the salaries of the staff hired for its creation, which we estimate at about €450, and its maintenance, which is estimated at €250.

Regarding the development of social networks, this would be carried by the companies and agencies operating in the destination, so it would not be necessary to hire qualified staff. Therefore, it would be free.

And lastly, in terms of advertising space in specialised publications, these end up being the most expensive, but also the most effective because they reach a greater audience. They will be conducted in the Spanish magazine "Viajar", located on an inside page, with a size of 225x297. This magazine comes out monthly, and the destination would opt for issuing four ads per year. This would cost €6,800 monthly, which annually would amount to €27,200.

In Table 4 we can see, a summary of a detailed estimate of the cost of each action. The budget amounts to €30,000.

Table 4. Budget

ACTION	IMPLEMENTATION	BUDGET
Online database	The staff hired to create the database, to all agencies and companies operating on the island.	€500 creation + €100 labour cost = €600
Physical brochure	Collect information for inclusion in the brochure and hire graphic design services for processing and printing.	€480 (16 units) + €100 labour cost = €580
Development website	The hired staff will carry out the development of the website.	€450 + € 250 maintenance = €700
Social networks	Own development	Free
Magazine advertising	Advertising space on an inside page of a specialized magazine	€6800 X 4 months. = €27200
TOTAL BUDGET		€30000

12. CONTROL

Finally, in regards to monitoring the actions the destination will carry out, sales and annual bookings will be reviewed and the results will be compared with previous years to establish whether the procedures have been carried out correctly or incorrectly and if they have had the intended effect.

With reference to social networks and the web page, a method of controlling their efficiency is to see the number of people who have visited or the number of people who have subscribed to them. Consequently, what the destination will do in this regard will be to observe its development every three months and make adjustments to improve them.

Lastly, with reference to the visibility of the destination, as it is more complicated to measure, population surveys will be carried out in the various chosen countries to which advertising has been targeted (Netherlands, United States, France, Norway, Germany, Australia and Spain) in order to determine whether the brand "Gili Trawangan" has been gained in strength and is better known internationally. These surveys would be conducted over the Internet.

INDEX OF DIAGRAMS, TABLES AND IMAGES

Images 1 and 2. Panoramic view of Gili Trawangan	5
Table 1. Exterior trade for 2013. Indonesia	8
Diagram 1. Population pyramid for 2014. Indonesia	9
Table 2. Sociodemographic data 2014. Indonesia	10
Diagram 2. Levels of competition	14
Image 3. Koh Phi Phi	16
Image 4. Perhentian Islands	16
Image 5. Malapascua	17
Image 6. Bali	17
Image 7. Pukhet	18
Diagram 3. SWOT analysis	20
Diagram 4. Segmentation strategy	22
Diagram 5. Positioning	24
Diagram 6. Strategies	27
Images 8 and 9. Variations in lodgment	29
Diagram 7. Direct distribution channel	31
Diagram 8. Large distribution channel	31
Image 10. Proposed logo " <i>Low Cost package</i> "	33
Image 11. Proposed logo " <i>Premium package</i> "	34
Image 12. Proposed logo " <i>Honeymoon package</i> "	35
Image 13. Proposed logo	37
Image 14. Proposed advertising in Spanish specialized magazine	40
Table 3. Timeline	41
Table 4. Budget	43

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