JEPPIAAR
ENGINEERING COLLEGE

DEPARTMENT OF MANAGEMENT STUDIES
II YEAR / III SEMESTER

BA4011 : SERVICE MARKETING

COURSE MATERIAL

Anna Univeristy Chennai

Regulation 2021

JEPPIAAR ENGINEERING COLLEGE
DEPARTMENT OF MANAGEMENT STUDIES

VISION

To build Jeppiaar Engineering College as an institution of academic excellence in technology and management education, leading to become a world class university..

MISSION

- To excel in teaching and learning, research and innovation by promoting the principles of scientific analysis and creative thinking.
- To participate in the production, development and dissemination of knowledge and interact with national and international communities.
- To equip students with values, ethics and life skills needed to enrich their lives and enable them to contribute for the progress of society.
- To prepare students for higher studies and lifelong learning, enrich them with the practical skills necessary to excel as future professionals and entrepreneurs for the benefit of Nation's economy.

PROGRAMME EDUCATIONAL OBJECTIVES (PEOS):

MBA programme curriculum is designed to prepare the post graduate students

- To have a thorough understanding of the core aspects of the business.
- To provide the learners with the management tools to identify, analyze and create business opportunities as well as solve business problems.
- To prepare them to have a holistic approach towards management functions.
- To inspire and make them practice ethical standards in business.

PROGRAMME OUTCOMES (POS)

On successful completion of the programme,

1. Ability to apply the business acumen gained in practice.
2. Ability to understand and solve managerial issues.
3. Ability to communicate and negotiate effectively, to achieve organizational and individual goals.
4. Ability to understand one's own ability to set achievable targets and complete them.
5. Ability to fulfill social outreach
6. Ability to take up challenging assignments

COURSE OBJECTIVE:

➢ To appreciate the challenges involved in managing the services and analyse the strategies to deal with these challenges.
➢ To give insights about the foundations of services marketing, customer expectations of services and gap existing in the service delivery processes and service Quality.

COURSE OUTCOMES:

On successful completion of the course students will be able to:

1. Demonstrate an extended understanding of the similarities and differences in service-based and physical product based marketing activities
2. Develop and justify marketing planning and control systems appropriate to service-based activities
3. Demonstrate integrative knowledge of marketing issues associated with service productivity, perceived quality, customer satisfaction and loyalty
4. Develop blueprint for the services sector and develop a better appreciation of the necessary strategies to create a service excellence.
5. Recognise the challenges faced in services delivery as outlined in the services gap model

CO-PO MATRIX

CO	PO1	PO2	PO3	PO4	PO5	PO6
CO1	3	3	0	0	0	2
CO2	3	3	0	0	0	2
CO3	3	3	0	0	0	2
CO4	3	3	0	0	0	2
CO5	3	3	0	0	0	2
Average	3	3	0	0	0	2

BA5011   SERVICES MARKETING

UNIT – I   INTRODUCTION   9
Definition – Service Economy – Evolution and growth of service sector – Nature and Scope
of Services – Unique characteristics of services - Challenges and issues in Services Marketing.

UNIT – II   SERVICE MARKETING OPPORTUNITIES   9
Assessing service market potential - Classification of services – Expanded marketing mix
– Service marketing – Environment and trends – Service market segmentation, targeting
and positioning.

UNIT – III   SERVICE DESIGN AND DEVELOPMENT   9
Service Life Cycle – New service development – Service Blue Printing – GAP's model of
service quality – Measuring service quality – SERVQUAL – Service Quality function
development.

UNIT – IV   SERVICE DELIVERY AND PROMOTION   9
Positioning of services – Designing service delivery System, Service Channel – Pricing
of services, methods – Service marketing triangle - Integrated Service marketing
communication.

UNIT – V   SERVICE STRATEGIES   9
Service Marketing Strategies for health – Hospitality – Tourism – Financial –
Logistics - Educational – Entertainment & public utility Information technique Services –
case studies

TOTAL: 45 PERIODS

TEXT BOOKS

1.   Chiristropher H.Lovelock and Jochen Wirtz, Services Marketing, Pearson
         Education, New Delhi, 2004.
2.   Hoffman, Marketing of Services, Cengage Learning, 1st   Edition,
2008.

REFERNCES
1.   K. Douglas Hoffman et al, Essentials of Service Marketing : Concepts, Strategies
and Cases, Thomson Learning, 2nd Edition.
2.   Kenneth E Clow, et al, Services Marketing Operation Management and
         Strategy, Biztantra, 2nd Edition, New Delhi, 2004.
3.   Halen Woodroffe, Services Marketing, McMillan, 2003.
4.   Valarie Zeithaml et al, Services Marketing, 5th International Edition,
2007.
5.   Christian Gronroos, Services Management and Marketing a CRM Approach, John
Wiley,2001.

UNIT – 1

INTRODUCTION TO SERVICE MARKETING

UNIT – I   INTRODUCTION   9

Definition – Service Economy – Evolution and growth of service sector – Nature and Scope of Services – Unique characteristics of services - Challenges and issues in Services Marketing.

## Definition for service   – PHILIP KOTLER

Service is an act or performance offered by one party to another that essentially intangible and does not normally result in ownership of anything. Its product may or may not be tied the physical product.

E.g.: transportation, electricity.

DIFFERENCE BETWEEN GOODS AND SERVICES:

S.NO.	GOODS	SERVICES	IMPLICATION
1.	Tangible	Intangible	Services cannot be inventoried It cannot be patent It cannot readily displayed
2.	Standardized	Heterogeneous	Service delivery customer satisfaction depends on employee action Service quality depends on uncontrollable factors
3.	Production and consumption are separate	Simultaneous production and consumption	Customers participate in and affect transaction Customer affect each other.
4.	Non-perishable	Perishable	It is different to synchronize supply and demand of services Service cannot be returned or resold.

SPECTRUM OF SERVICES

Figure 1-1
Tangibility Spectrum
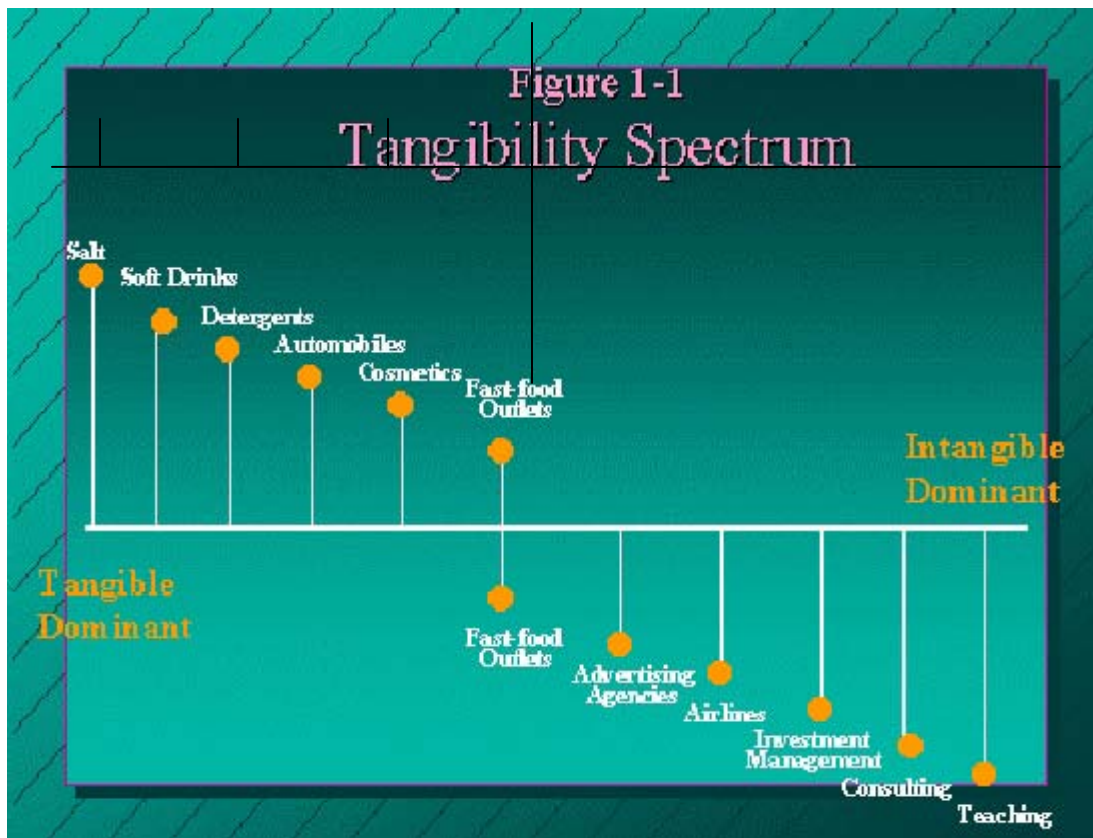
CHARACTERISTICS OF SERVICE MARKETING:

- **INTANGIBLE:** Services are performance or actions rather than objects. They cannot be seen, tasted or touched.

    E.g. Surgery, Examination

- **HETROGENITY:** Since services are performances produced by human Beings, no two services will be alike. (it differs from hour to hour, day to day) customers are not same

    E.g. Tax accountant may provide different service to two customers

- **SIMULTANEOUS PRODUCTION AND CONSUMPTION:** Services are sold first and then produced and consumed simultaneously

    E.g. In a restaurant the services are sold first and the dinner experience is produced and consumed at the same time

- **PERISHABILITY:** Services referred to the fact that it cannot be saved,

- Stored or returned
- E.g. A seat in an airplane

NATURE OF SERVICE:

WHAT IS	PEOPLE	POSSESSION
Nature of service	<u>People processing</u> – directed at people's bodies	<u>Possession processing</u> – directed at physical possession
Tangible actions	- Beauty saloon - Physical therapy - Funeral services	- Freight transportation - Repair services - Laundry services
Intangible actions	<u>Mental stimulus processing</u> – directed at people's mind ★ Advertising ★ Broad casting ★ Mgt consultancy education	<u>Information processing</u> – directed at intangible assets ★ Accounting ★ Insurance ★ Security investments

Diag: Understanding the nature of service act

SCOPE OF SERVICE MARKETING

A service business is one where the perceived value of the offering to the buyer is determined more by the service rendered than the product offered. In this way the nature and scope of services pose different challenges for managers in service businesses. Such businesses include those that provide an almost entirely intangible offering, such as legal services, health care and cleaning services and businesses that offer both services and products such as restaurants and retail outlets.

The definition and scope of the service concept is wide and can mean any or all the following:

Table 1.1: Scope of services

| Service activities	Service as a conept
Customer service	A service organization
Service-based activities	As a core product
Added value activities	As an augmented product
	As product support
	As an act

(a). Service as an organization: It is the entire business or not-for-profit structure that resides within the service sector. For example, a restaurant, an insurance company a charity.

(b). Service as core product: The commercial outputs of a service organization such as a bank account, an insurance policy or a holiday.

(c). Service as product augmentation: any peripherial activity designed to enhance the delivery of a core product. For example, provision of a courtesy car, complimentary coffee at the hairdresser.

(d). Service as product support: Any product or customer-oriented activity that takes place after the point of delivery. For example, monitoring activities, a repair service, up-dating facilities.

(e). Service as an act that is service as a mode of behavior such as helping out and giving advice.

However from a market or consumer point of view the relative importance of different components of the service offering can range vastly from one customer to another. So a service must be considered from the point of view of many types of customers. For example, two people may pay the same amount for a service but may be paying for different aspects of the service. A business person may dine regularly in an expensive, upmarket restaurant because of the convenience to their place of work and the perceived status of entertaining guests there. Other customers of the same restaurant may eat there regularly because of the excellent food, modern décor and menu choice.

The service sector includes a wide range of industries such as the hospitality industry, tourism industry, financial services, charities and public utilities. Some service sectors such as charities and the arts operate in non-profit-making operations, other services such as hospitality and financial services operate in competitive, profit making environments. Some example of larger international service companies include airlines, hotel chains, banking and telecommunications. Smaller operators in the service sector include independent restaruatns, b2b services, taxi services. Therefore, we conclude that service sector is a very diverse one with many companies operating within the context of very different agendas and sense of purpose.
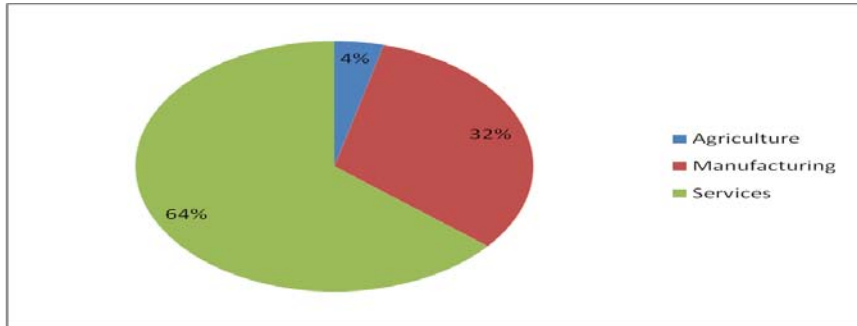
SERVICE ECONOMY

Fig 1: Changing structure of employment as economy develops. (Refer Christopher lovelock)
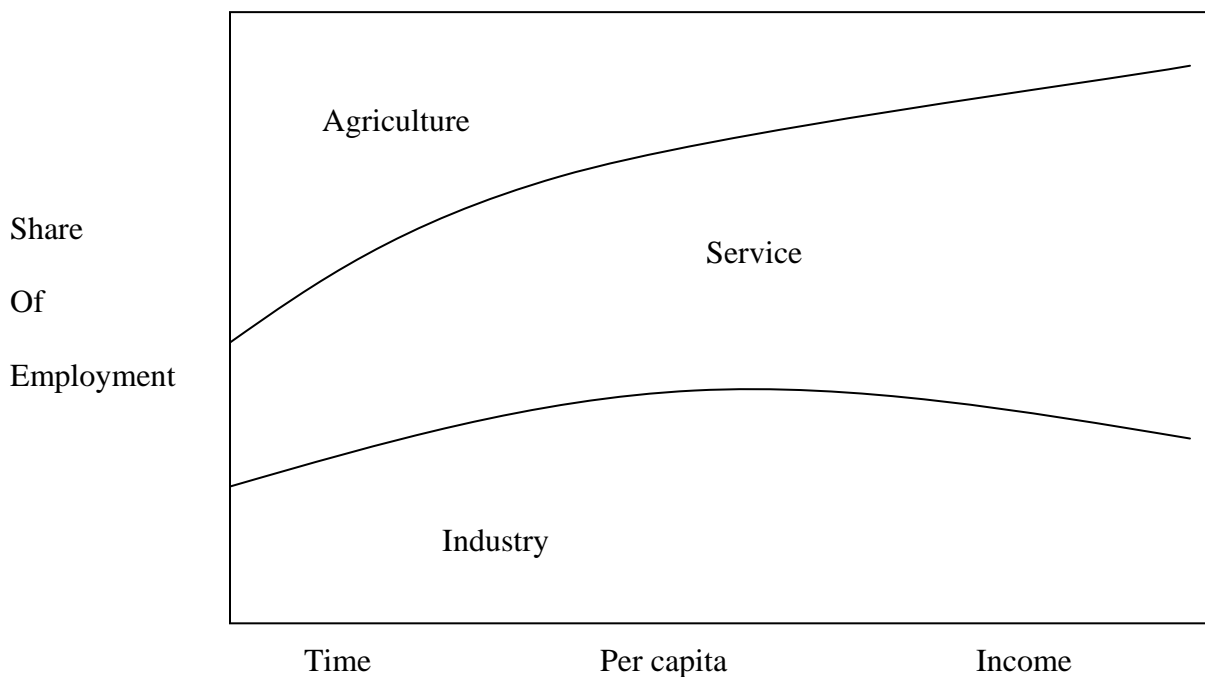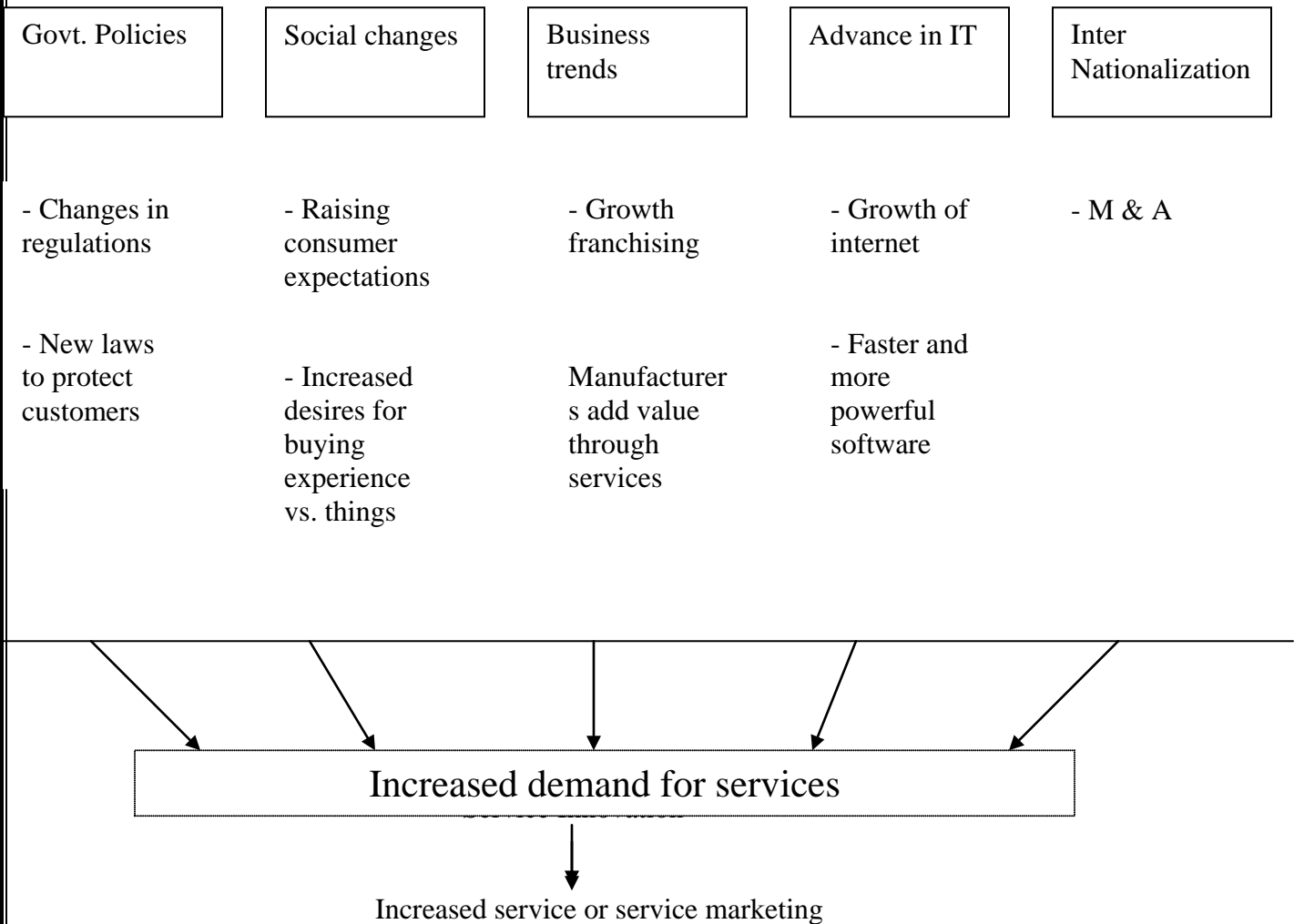

Meaning of service economy:

The size of the service sector is increasing in virtually all countries around the world. In emerging economies, the service output is growing rapidly and often represents at least half of the GDP. Thus, Service economy is growing. As a national economy develops, the relative share of employment between agriculture, industry (including manufacturing and mining).The

service economy in developing countries like India is mostly concentrated in financial services, health, and education.

FACTORS CONTRIBUTING TO THE GROWTH OF SERVICE SECTOR

Govt. Policies	Social changes	Business trends	Advance in IT	Inter Nationalization
- Changes in regulations	- Raising consumer expectations	- Growth franchising	- Growth of internet	- M & A
- New laws to protect customers	- Increased desires for buying experience vs. things	Manufacturers add value through services	- Faster and more powerful software	

Increased demand for services

Increased service or service marketing

FACTORS CONTRIBUTING TO THE GROWTH OF SERVICE SECTOR

1. GOVERNMENT POLICIES:

It is Govt. which makes mandatory for price levels, distribution strategies, defining procedure attributes.

Another important action taken by the Govt.'s of many countries has been privatization.

"Privatization" means the policy of transforming Govt. organization into investors owned companies.

The transformation of such operations like telecoms, airlines has led to restructuring cost cutting and more market focused.

PROS OF PRIVATIZATION:

a. Increase the efficiency

b. Increase in profits

New change will require services firm to change their marketing strategy, operational procedures, and HR policies.

2. SOCIAL CHANGES

Now a day there is a drastic change, two members are working, which requires to hire individuals to perform tasks that used to be performed by a house hold member.

E.g. Child care

Laundry

Food preparation

Combinations of changing life styles like

√ Higher income

√ Declining prices for many high technology products – made for people to by computers.

√ Mobile phone etc.

Increased imaginations into countries – U.S, Canada and Australia.

3. BUSINESS TRENDS

Many professional associations have been forced by Govt. to remove long-standing bars on adv and promotional activities.

Franchising has become wider spread in many service industries.

Licensing of independent entrepreneurs to produce and sell a branded service according to tightly specified procedures.

4. ADVANCES IN IT:

Changes come from the integration of computers and tele-communication
More powerful software enables firm to create databases that combine information about customers with details of all their transaction, so that they can be used to predict new trends, segment the market, new marketing opportunities.

The creation of wireless networks and transfer of electronic equipments such as cell phones to lap tops and scanners, to allow sales and customer service personnel to keep in touch.

5. INTERNATIONALISATION AND GLOBALIZATION:

A strategy of international expansion may be driven by a sector for new markets or by the need to respond to existing customers who are traveling abroad in greater numbers.

When companies set up operations in other countries they often prefer to deal with just a few international suppliers rather than numerous local firms.

The net effect is to increase competition and to encourage the transfer of innovation in both products and processes from country to country.

CHALLENGES AND ISSUES IN SERVICE MARKETING

(a). Tangibility

A product is tangible, which means the customer can touch and see the product before deciding to make a purchase. Items such as packaging and presentation may compel a customer to purchase a product. Services, on the other hand, are not tangible, which can make them more difficult to promote and sell than a product.

(b). Relationship and Value

Products tend to fill a customer's need or want, so companies can use this to sell a product. A service is more about selling a relationship and the value of the relationship between the buyer and seller of the service. For example, a car is something a buyer can touch and see as well as use. A service, such as lifestyle coaching, for example, is not tangible. A lifestyle coach may be able to assist clients in creating a life plan and implementing steps to transform his life into one

that the client wants to live, but it is not something tangible that the client can place in his home and look at every day. Therefore, the client needs to perceive the value of the service, which can be harder to get across.

(c). One Versus Many

Marketing products tends to involve multiple products that make up the line. For example, cleaning product manufacturers tend to market not just one cleaning product. Instead, they have a line of cleaning products to serve the various needs of their customers. Services, on the other hand, typically have a single option. It can be harder to promote and sell the reputation of one single service over the benefits of many different products.

(d). Comparing Quality

Measuring the quality of a product is easier than measuring that of a service. If a customer buys a cleaning product to clean the kitchen sink and it doesn't do the job, the customer knows the value of the product is zero. On the other hand, it is harder to measure the quality of a service.

(e). Return Factor

If a customer purchases a product and it doesn't work as it is supposed to, the customer can return the product for her money back or at least to receive a store credit. A service is consumed as it is offered, so it lacks the return factor that a product has. Some service providers overcome this by offering money-back guarantees.

MARKETING CHALLENGES OF SERVICES:

Managing, growing, and profiting with both product and service businesses are challenging tasks. But the challenges are different from one to the other. Listed below are some of the most common and difficult challenges of growing and .managing consulting, professional, or technology service businesses that don't necessary apply to product businesses.

 Clients can't see or touch services before they purchase them: This makes services difficult to conceptualize and evaluate from the client perspective, creating increased uncertainty and perception of risk. From the firm's perspective, service intangibility can make services difficult to promote, control quality, and set price.

(a). Services are often produced and consumed simultaneously: This creates special challenges in service quality management that product companies do not even consider. Products are tested before they go out the door. If a product has quality problems while in production the company can fix them and customers are none the wiser. Service

production happens with the customer present, creating a very different and challenging dynamic.

(b). <u>Trust is necessary:</u> Some level of trust in the service organization and its people must be established before clients will engage services. This is as important, sometimes more important, than the service offerings and their value proposition.

(c). <u>Competition is often not who you think:</u> Competition for product companies are other product companies. Competition for service companies are often the clients themselves: Sure, sometimes you find yourself in a competitive shootout (some firms more than others), but often the client is asking 'should we engage this service; at all' and 'if so, should we just do it in-house'.

(d). <u>Brand extends beyond marketing:</u> Brand in service businesses is about who you are as much as what you say about yourself. And internal brand management and communications can be equally as vital to marketing success as are external communication.

(e). <u>Proactive lead generation is difficult</u>: Many service companies have tried, and failed, at using lead generation tactics that work wonders for product companies. Implemented correctly, traditional product techniques, such as direct marketing and selling, can work for services, but the special dynamics of how clients buy services must be carefully woven into your strategy.

(f). <u>Service deliverers often do the selling :</u> Many product companies have dedicated sales forces. For services, the selling is often split between sales, marketing, professional, and management staff.

(g). <u>Marketing and sales lose momentum:</u> Most product companies have dedicated marketers and sellers. They market and sell continuously, regardless of the revenue levels they generate. In many services companies the marketers and sellers also must manage and deliver. This can often lead to the Services Revenue Rollercoaster-wide swings between revenue and work overflow, and revenue and work drought.

(h). <u>Passion is necessary yet elusive:</u> The more passion, spirit, hustle, and desire your staff brings to the organization every day, the more revenue and success you will have. The correlation between staff passion and financial success is direct and measurable

UNIT -2

UNIT – II   SERVICE MARKETING OPPORTUNITIES   9

Assessing service market potential - Classification of services – Expanded marketing mix – Service marketing – Environment and trends – Service market segmentation, targeting and positioning.

CONSUMER EXPECTATIONS OF SERVICES

Consumer Expectations:.

Consumer Expectations are pretrial beliefs a consumer has about the performance of a service that are used as the standard or reference against which service performance is judged.

Consumer Expectations consist of five levels: ideal service level, desired service level, adequate service level, predicted service level, and zone of tolerance.

a. Ideal Service Level: It is defined as the consumers "wished-for" level of service.

b. **Desired Service Level**: Level of performance customers want or hope to receive from a service.

c. **Adequate Service Level**: Minimum level of service a consumer will tolerate and accept without being dissatisfied.

d. **Zone of Tolerance**: Area between the adequate level of service and the desired level of service.

e. **Predicted Service Level**: Level of service consumers actually expect from the service firm.
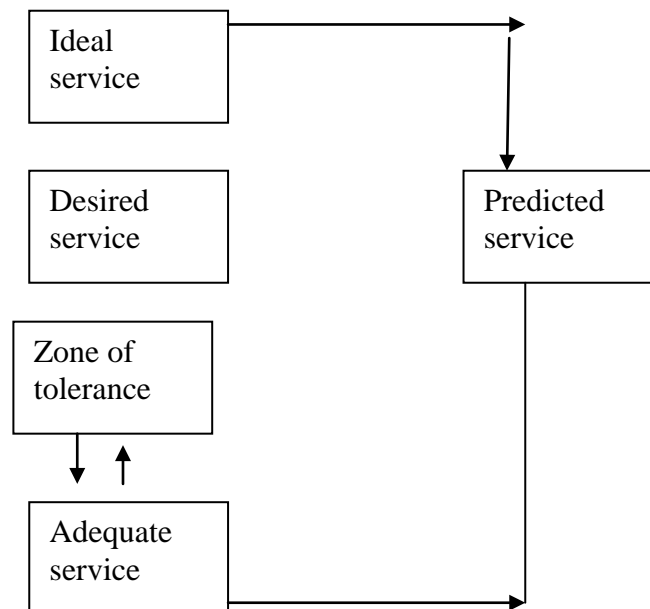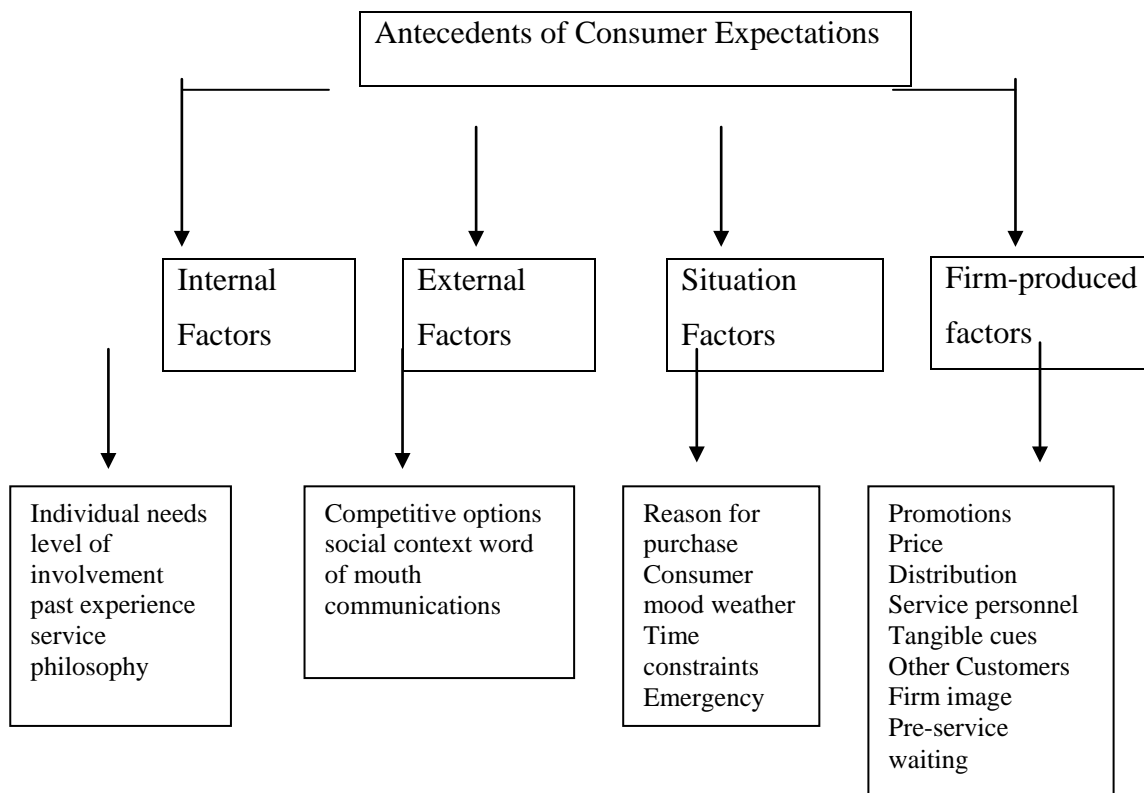
ANTECEDENTS OF CONSUMER EXPECTATIONS:

I INTERNAL FACTORS:

Internal Factors impacting a consumer's expectations of a service include the consumer's personal needs, level of involvement, past experience, and service philosophy.

a. Individual needs:

The personal needs of consumers are based on Maslow's hierarchy of Needs Model. According to Maslow, lower order needs must be fully, or at least partially, satisfied in a sequential order before higher-order needs will affect human behaviour.

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                    ┌──────────────────────────────────────┐
                    │ Antecedents of Consumer Expectations │
                    └──────────────────────────────────────┘
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Internal Factors	External Factors	Situation Factors	Firm-produced factors
Individual needs level of involvement past experience service philosophy	Competitive options social context word of mouth communications	Reason for purchase Consumer mood weather Time constraints Emergency	Promotions Price Distribution Service personnel Tangible cues Other Customers Firm image Pre-service waiting

Physiological Needs: Human need for food, shelter and clothing

Safety Needs: Human need for security, protection from physical Harm, and avoidance of the unexpected.

Social-belongingness needs: Desire to be accepted by members of family, groups and other individuals.

Self-esteem Needs: Desire for status, esteem, and to be respected by others.

Self-actualization: Attainment by an individual of all he or she can be.

b. LEVEL OF INVOLVEMENT:

The second personal factor affecting consumer expectations is the consumer's level of involvement with the service. Involvement has two effects on expectations. First as the level of involvement increases, the gap between the ideal level of service and the desired level of service narrows. Second, as the level of involvement increases, the zone of tolerance decreases. Consumers are less tolerant when service is less than ideal.

c. PAST EXPERIENCE:

The most important factor affecting consumer expectations of a service is a consumer's past experience. Past experience includes experience with a particular service vendor, experience with other vendors within the same industry, and experience with related services.

d. **SERVICE PHILOSOPHY:**

Consumer's expectations are also affected by his or her personal philosophy concerning the delivery of services. Some consumers, by nature, have high standards concerning the quality of service delivery and very little tolerance for deviation. Other consumers have lower standards and tend to be more tolerant of service deviations.

Individuals develop their personal service philosophy through a combination of two inputs: hereditary and past experience. A major part of how individuals look at services is inherited or what they expect from services is based on their personality and temperament. However, past experience molds and tempers the personality. In early childhood, individuals learn from observing others. Later in life, they learn from their own experiences.

II **EXTERNAL FACTORS:**

The three external factors that affect consumer expectations are competitive options, social context, and word-of-mouth communications.

a. Competitive Options:

The level of service consumers expect from a particular service vendor is impacted by the alternatives available to the consumer. In many cases, expectations of services will not only be affected by other vendors in the same industry but by what is available in other service industries.

b. Social Context:

A consumer's social situation can have an impact on his or her expectations of a service. People's desired level of expectations will often increase when they are with others who are important to them, while their zone of tolerance is normally reduced.

c. Word-of-mouth Communications:

The third external factor is word of mouth communications. It is the strongest source of information used by consumers in forming expectations Consumers will often seek the opinion of others before purchasing a service. Word of mouth communication can come from three sources: personal sources, expert sources, and derived sources and is used to solidify or establish the predicted level of service. For services with which consumers have little knowledge or experience, word of mouth communications can be used to establish the desired and ideal levels of service.

Personal sources include friends, relatives and work associates. Expert sources are sometimes sought out, especially for high-involvement purchases. Experts will often provide information that consumers can use in forming expectations about the technical nature of the service, while personal sources usually discuss only the way they were treated by the firm's personnel. Expert sources are especially valuable when consumers lack knowledge of the service and do not know the ideal or desired level of service they should expect. Derived sources are third party sources.

III **SITUATIONAL FACTORS:**

Consumer expectations of a service are affected by such situational factors as the reason for the purchase, the consumer's mood, the weather, time constraints, and whether the services an emergency. Situational factors are temporary changes in the normal state of things. These temporary changes impact what consumers expect from a service.

a. **Reason for purchase:** The reason the service is purchased can alter consumer expectations

b. Consumer Mood:

Consumer mood states will impact expectations. Individuals in good mood tend to be more tolerant of service personnel. Their zone of tolerance is greater and their expectation level of

adequate service is lower. Individuals in a bad mood demonstrate the reverse characteristics. The tolerance zone is reduced and the expectation level of adequate service is higher.

Realizing the importance of mood state on customer expectations, many service businesses have taken active steps to enhance a good mood, such as attractive decor, music, appealing smells, and friendly service personnel. A friendly host or hostess can be used effectively to interact with customers when they arrive at a business. Their tone of voice, their demeanor, and their appearance can convey to customers "This is a good business and you will enjoy being here." Music and pleasant odors can also be used to enhance customer moods. The purpose of all of these strategies is to make the customer feel good about being at the business. Customers in a good mood are more tolerant of service deviations. If they have to wait 15 minutes for their food or 20 minutes to get a table, they don't mind as much. Waiting times, which under normal circumstances would have been unacceptable, are now acceptable because the service firm has modified the tolerance zone through enhancing the customer's mood state.

c. **Weather**:

Weather also plays a role in consumer expectations. In normal weather, passengers expect airlines to arrive on time, but in bad weather, passengers realize there may be a delay. The desired level of service remains the same but the passenger's predicted level of service is reduced due to the inclement weather conditions.

d. **Time Constraints:**

It also impact customer expectations. Firms who use Manpower for temporary workers modify their expectations when faced with time constraints. If a firm needs help immediately, they will expect manpower to be able to meet the need, but they will normally lower their predicted expectations of the person's work ability. Their zone of tolerance would be wider since manpower would not have sufficient time to locate the best individual.

e. **Emergencies:** Emergencies and catastrophes have an impact on consumer expectations.

IV **FIRM PRODUCED FACTORS:**

Consumer expectations are affected by the 3 primary factors discussed in Promotions, pricing and distribution.

- Promotions - promises made in advertisements and sales promotions will be used by consumers in forming their predicted level of service for a particular firm. Advertising can also modify a consumer's desired level of service, adequate level of service, and zone of tolerance.

- Pricing - Consumer expectations are affected by the price of the service. The general rule is that the higher the price, the higher the consumer's expectations of a service and the narrower the zone of tolerance. Determination of a high or low price, however, is relative to the competition and to other service alternatives.

- Distribution - Distribution has an impact on service expectations. The availability and accessibility of a service to customers has an impact on their expectations. Many banks, such as Bank Boston, are now offering on-line computer banking services that include paying bills, monitoring daily account activities, and transferring funds.

a. **Service Personnel:** Conversations with service personnel also have an impact on expectations.

b. **Tangible Cues**:

It consists of such things as the appearance of the interior and exterior of the facility, the furniture, and the equipment used in the service, interior décor, cleanliness, point-of-purchase displays, and the appearance of the firm's personnel. For most services, the appearance of the service personnel is very important. Patients have certain expectations concerning the appearance of doctors, nurses, and receptionists.

c. **Other Customers**: Expectations of a service can be affected by other customers.

d. **Firm Image:**

The image consumers have of a firm will have an impact on their expectations of the service. If they have a high image of the firm, they will have high expectations. If the image is low, expectations will be low. The image a consumer has can also affect the zone of tolerance. Individuals will be more tolerant of service deviations if they have a high image of the firm than if they have a low image.

ROLE OF CONSUMERS EXPECTATIONS:

Consumer expectations are important during all three stages of the purchase process: the pre-purchase phase, the service encounter, and the post-purchase phase.

- **During Pre-Purchase phase** -Consumer expectations influence the decisions of individuals during the pre-purchase phase. The higher the expectations a consumer has for a specific company, the greater the probability that he or she will purchase from that firm. Price, location and past experience will also impact the purchase decision. Expectations of services during the pre-purchase process are relative to what is available.

- **During Post-purchase phase**-Even after service has been performed, consumer expectations can be altered. Consumer expectations are the basis for evaluating service quality. If expectations are met or exceeded, consumers are satisfied. If expectations are not met, consumers are dissatisfied. Overtime, the zone of tolerance and the predicted level of service will change depending on the level of service quality provided by a service firm.

If first time consumer expectations are exceeded, there may be very little change in expectations for the next purchase. However, if expectations are exceeded during additional purchases, the level of predicted expectations will increase. Normally the zone of tolerance will remain the same for a while. Only after a new level of predicted service has been firmly established will the adequate service level shift upward. Over time the service that has consistently exceeded consumer expectations will become the predicted level of service.

The more a customer uses a service vendor, the more concrete the predicted expectations will become. In addition, the tolerance zone between desired and adequate service will narrow over time. Consumers will tolerate fewer deviations from the expected after several similar experiences with the same firm.

If consumer expectations are not met by a service, it is unlikely the fir5m will be used again. But is the consumer does use the firm again, the predicted level of service will be lower and the acceptable service range usually becomes narrower.

MANAGING CONSUMER EXPECTATIONS:

The higher the expectations, the greater the probability of purchase. The lower the expectations, the lower the probability of purchase. That the higher the expectations, the greater the chances that the service firm will not be able to met consumer expectations and that the customer will be dissatisfied.

1. **During Pre-Purchase Phase**:Managing customer expectations during the pre-purchase phase consist of 3 steps. First, learn what customers expect. Second, tell customers what they can expect. Third, consistently provide the service that customer expect. Ameritech has three ways they can learn about customer expectations. First is through their sales calls made by sales personnel, during which they pick up information about what customers expect second is through service personnel when customers have problems service personnel here about the services that did not meet expectations third is throught market research such as conducting telephone or mail surveys of customers and non-customers are developing focus groups. The second strategy for managing customer expectations during the purchase phase is to tell customers what they can expect .advertising sales personnel service personnel tangible cues point of purchase displays and sales promotions are some of the methods that can be used. The third strategy consists of providing consistent service past experience and word of mouth are two critical variables used by consumers in making purchase decisions by providing consistent service, customers form conflict expectations and tend to continue patronizing the same firm. Buyers will also convey positive word of mouth communication to other potential customers.

2. **During the service encounter** three strategies can be used during the service encounter to manage customer expectations. First service personnel must communicate with the customer during the service encounter. Second, if possible service providers should modify the service to meet the customer's expectations. Third, if the service cannot be modified the service personnel should explain why the customer expectation cannot be met. The goal during this phase is to ensure the services are provided matches the consumer's expectation.

3. **During the post-purchase phase**: Service firms have 3 strategies. They can use after the service has been completed. First, Companies should communicate with customers immediately after the service is completed to see if the expectations were met. Second, firms can use a follower programme such as an evaluation survey sent to the customer through the mail or a phone call. Third, companies should have a procedure for dealing with dissatisfied customers that will assist in managing future expectations. The goal during this phase is twofold. The primary goal's to communicate with customers to see if expectations were met. The secondary goal is to modify future expectations to increase the chances of repeat purchases. If customer expectations have been met, the probability of the customer coming back is greatly increased. If customer expectations have not been met the service provider was below the adequate service level and outside of the tolerance zone. Future expectations of the firm and future patronage will depend upon how the firm handles dissatisfied customers. The goal of the service firm is to move the customers predicted level of service back into the zone of tolerance and has close to the desired level of service as possible.

THE PURCHASE PROCESS FOR SERVICES.

CONSUMPTION VALUES:

It is a perceived value or utility an individual believes a specific choice will provide. Consumers purchase goods and services because they satisfy certain needs or wants in their lives. Businesses purchase goods and services for the same basic reactions: to satisfy the needs and wants of themselves or their clients.

UNDERSTANDING CONSUMPTION VALUES:

FACTORS	DEFINITION	RESTAURANT	ATHLETIC SHOES	MOTORCYCLE.
Functional value	Is the perceived utility acquired when a functional benefits for the consumer?	"I like this restaurant because the buffet allows me to eat as much as I want"	"These shoes are great because they last so long. They never wear out."	"This motorcycle will save me a lot of money in gas."

Social value	Is the perceived utility acquired from making a purchase decision that is associated with a particular reference group?	"Since you like Chinese food, I knew this would be the right place to take you."	"I knew my mom would really like these shoes."	"My friends will be very impressed with this motorcycle, I am sure."
Emotional Value	Is the perceived utility from a purchase that stimulates feelings and emotions within the consumer	"Eating here always cheers me up. It is so bright and cheery and the waiter is always so nice."	"I love these shoes, because they are just like my dad's"	"Riding this motorcycle will make me feel like I am free and wild."
Epistemic value	Is the perceived utility from a purchase that is based on a desire for knowledge, novelty or curiosity?	"This is such a unique restaurant. There's none like it anywhere in the world."	"These shoes are supposed to help me to play better. I'm curious if they will."	"I've always wanted to know what it was like to ride across the country on a motorcycle. Now I will know."
Conditional value	Is the perceived utility provided when an alternative is chosen because of a temporary change in the consumer's situation	"I normally wouldn't eat here, but it's Heather's favorite place, so that's why we came."	"I would never buy these shoes. They aren't me. But, since my dad is paying for them, what can I say?"	"Paying for college is tough so I thought this motorcycle would be cheaper than a car."

FUNCTIONAL VALUE:

Perceived utility acquired when a particular choice provides utilitarian or functional benefits for the consumer.

SOCIAL VALUE:

Perceived utility acquired from making a purchase decision that is associated with a particular referent group. This group could be friends or it could be based on demographics such as age, sex, ethnic origin, or religion. Cultural factors such as a concern for the environment may also impact purchase decisions. The desirability of a particular service category or vendor to a consumer may be dependent upon the reference group with which it is associated.

EMOTIONAL VALUE:

It is obtained when the choice stimulates feelings and emotions within the consumer. For many services, especially entertainment services, perceived emotional utility is an important motivating factor in the purchase decision.

EPISTEMIC VALUE:

It is acquired when a purchase decision is perceived to satisfy a desire for knowledge, provide novelty, or arouse curiosity. Epistemic value is often the motivation behind a senior citizen going back to college or a homemaker taking a painting or art course. Most museums, historical sites, zoos, and botanical gardens are visited because of the epistemic value provided.

CONDITIONAL VALUE:

It is the perceived utility provided when an alternative is chosen because of temporary situational factors that will enhance one of the other consumption values. Finances may be a temporary situational factor that would alter a purchase decision.

Example: Assume it is one day before payday and you want to eat at a restaurant. Yu would like to go to the new seafood restaurant but since you don't have much money and it is moderately expensive, you will instead go to a fast-food outlet. Other temporary situational factors that may alter purchase decisions are the weather, time constraints, gift-giving occasions, and special holidays. Conditional values always alter the perceived importance of functional, social, emotional or epistemic values.

A PURCHASE MODEL FOR SERVICES:

The purchase model for services has three distinct phases. The first phase is called the pre-purchase phase, which is when purchase options are contemplated and decisions are actually

made. During this phase, consumers weigh the alternatives available to them and the benefits of each alternative. Consumers make purchase decisions based on input from internal factors, external factors, firm-produced factors, and perceived risk.

After making a purchase decision, consumers at some point will move into the second phase of the purchase process model—the service encounter. The service encounter is the actual interaction point between the customer and the service provider. The service is performed or provided to the customer at this stage.

The last phase of the purchase process is the post-purchase phase, which bring upon completion of the service. During this phase, consumers make evaluations concerning the quality of service, their level of satisfaction or dissatisfaction, and future purchase intentions.

PRE-PURCHASE PHASE:

The pre-purchase phase occurs before the consumer decides to purchase the service and usually involves a decision-making process that is influenced by four different factors: internal factors, external factors, firm-produced factors, and perceived risk.

INTERNAL FACTORS:

Four internal factors impact a consumer's decision during the pre-purchase phase. These factors are individual needs and wants of consumers, past experience, expectations, and level of involvement. In every purchase decision, the most important factor is the particular needs and wants of the individual. Not only do these needs and wants vary from one person to another but they also vary for each individual consumer.

If one's past experience with a particular service firm has been positive, the likelihood one will purchase the service again from the same firm is greatly increased. If one's past experience was negative, it is highly probable that one will choose a new firm for the next purchase or even a different service category.

The expectations consumers have of a service firm is another factor affecting the purchase decision. These expectations are based on such things as past experience, words-of-mouth communications, and promotional materials. Consumers form expectations of service firms, and that these expectations are used in their evaluations of both the service and the choice of a provider. As expectations of a service firm increase, the likelihood of patronizing that firm will also increase. Of course, the reverse is also true: the lower the expectations a consumer has of a particular service firm, the less likely he or she will be to patronize the firm.

The last factor impacting the purchase decision in the pre-purchase phase is the level of involvement or the level of mental and physical effort exerted by a consumer in selecting a good or service. In high-involvement purchase decisions, consumers spend more time in the information search, both internal and external. They are also inclined to spend more time in deliberating and weighting the alternatives In contrast, low-involvement purchase decisions tend to become habitual in nature, with minimal research and deliberation.

The level of involvement is affected by three factors: the knowledge and experience the consumer has with a service category, the financial risk involved, and the social visibility of the service.

UNDERSTANDING THE PRE-PURCHASE PHASE—INTERNAL FACTORS

INTERNAL FACTOR	DEFINITION	CINDY	ALEX	HIGHWAY AUTO REPAIR
Individual needs and wants	Needs and wants of the individual or business at the time of purchase evaluation	"I want a perm that wil last and make me look really great"	"I want a tennis instructor that knows how to explain it so I can understand."	"I don't have time to do the accounting anymore. I need someone who isn't too expensive, but does a good job."
Past experience	Previous experience with particular firms as well as the service industry	"mary's styling salon did not do a good job last time so I need to find someone else."	"I've never taken tennis lessons before, but when I was younger I took swimming lessons at the YMCA. It was fun and I learned how to swim."	"while I have never used an accounting service before, the company that did my taxes seemed to know what they were doing, but they seemed a little too expensive."
Expectations	The quality of service a consumer or business expects	"my friend, Alisha, used the beauty stop for her perm and it really looked	"the people at the YMCA seem competent so if they have	"I think the service I used for my taxes could do a good job, but I don't think it would be worth the money they would want to

	a service to provide	great. I bet they could do a good job with my hair too."	someone who gives tennis lessons, I am sure they would take the time to explain stuff to me and not just expect me to get it."	charge."
Involvement level	The level of mental and physical effort exerted by a consumer or business in selecting a service	"since I a m going on a date with this guy I really like, I want to make sure my hair looks groovy so I may ask a couple more of my friends where they went."	"while I want tennis lessons, I could learn on my own. It's not worth spending a lot of time looking for the right instructor."	"I'm not good with numbers, so its important to get an accountant that can do a good job for me and that understands my business. I think because I can't afford a lot, may have to spend more time looking for the right firm."

EXTERNAL FACTORS:

Three external factors influence the purchase decision during the pre-purchase phase: the competitive options available to the consumer, the social context of the purchase, and word-of-mouth communications. The selection of a service is influenced by the social context of the purchase. Example: The hotel one selects for a business trip will probably differ from that chosen for a vacation.

Word-of-mouth communications have a very significant impact on purchase decisions. In selecting a service vendor, consumers often ask other people for their recommendations or their evaluations of specific vendors. Most consumers believe word-of-mouth communications are more reliable than company sponsored communications.

UNDERSTANDING THE PRE-PURCHASE PHASE—EXTERNAL FACTORS.

External factor	Definition	Cindy	Alex	Highway 17 Auto Repair
Competitive options	The array of firms that offer the service desired	"without even looking in the yellow Pages, I can think of five or six beauty salons."	"Except for the YMCA, I don't even know who else offers tennis lessons. I will ask around."	"Except for the firm that5 did my taxes and an accountant who brings her car in here to fix, I will have to check for other firms."
Social Context	The social setting of the purchase	"No way I'm going to that place on Third Street. All I see there are old ladies."	"May be I should get Aaron to take lessons with me. We could then practice together."	"May be I should talk to the accountant who brings here car in here. She seems very competent."
Word-of-mouth communications.	Information received from other consumers	"My aunt told me that the Campus Hair Salon does a really good job."	"Keri told me that she took lessons from one of the tennis players at the college and that she was okay, but not very patient."	"I should ask the owner of the café down the street who he uses. I know he just hired an accountant a few months ago to handle his books."

FIRM-PRODUCED FACTORS:

Promotions, pricing and the distribution system are firm-produced factors that impact the purchase decision. Promotions include advertising, personal selling, and sales promotions, such as coupons, premiums, sweepstakes and contests. All of these promotional efforts are designed to persuade consumers to purchase particular services from a specific service provider.

Pricing is another important element of the pre-purchase evaluation proves. Consumers often compare the prices of several vendors when d4eciding which service provider to use. Pricing is usually considered in the context of several other elements of the service offering to determining the best overall value for the consumer.

In the service industry, distribution is defined as theavailability and accessibility of a service to consumers. It would include such things as physical location, hours of operation, and access availability. For example, a bank has a main office but it may also operate branches and place automated teller machines (ATM's) at various locations. Although actual bank hours are limited, customers have 24 hour-a-day access to their accounts through ATMs.

UNDERSTANDING THE PRE-PURCHASE PHASE—FIRM PRODUCED FACTORS

Factors	Definition	Cindy	Alex	Highway 17 Auto Repair
Promotions	Paid communications by a firm directed toward current and potential consumer and business customers.	"I have a coupon for the Campus Hair Salon so it would not cost me as much to go there."	"I found information about this fitness gym on the Internet and they do give tennis lessons. From What I read, it looked good."	"On the way to lunch, I noticed this billboard for a CPA service. It might be worth checking out."
Price	Cost of a service	"The campus Hair Salon is cheaper than some of the	"Based on the price per lesson, I am sure they are	"I found one accounting service, but their prices were quite a bit lower than the rest. It made me wonder."

		other places. I wonder if they will do as good."	good."	
Distribution	The availability and accessibility of a service to consumers.	"The nice thing about the Campus Hair Salon is that I can stop after class."	"I'd still like someone at the YMCA do it, but no one is available when I am."	"I would really like an accountant that is close by it would make it easier for me."

PERCEIVED RISK:

Risk is the exposure of the consumer to the chance of injury, loss or damage resulting from the purchase decision. Consumers seek means to reduce this risk through the use of the internal factors, the external factors, and the firm-produced factors discussed above. Risk has two components: uncertainty and consequences. Uncertainty is the probability that a particular outcome or consequence will occur. Consequences are the degree importance and danger of the outcome itself.

When purchasing a service, there are seven types of risk that are potentially involved in the consumer's decision-making process. These are performance risk, financial risk, time loss risk, opportunity risk, psychological risk, social risk and physical risk.

PERFORMANCE RISK:

It is the chance that the service will not perform or provide the benefit for which it was purchased.

FINANCIAL RISK:

It is the amount of monetary loss incurred by the consumer if the service fails. Purchasing services involves a higher degree of financial risk than purchasing goods because fewer service firms have money back guarantees or warranties of any kind.

UNDERSTANDING PRE-PURCHASE PHASE—PERCEIVED RISK:

Factors	Definition	Cindy	Alex	Highway 17 Auto Repair
Performance	The chance the service will not perform or provide the benefit expected.	"what if the Campus Hair Salon does not make my hair look like I want it."	"What if this instructor from the fitness gym is not patient and I don't learn how to do things."	"I'm worried this accountant may not be competent because he is not a CPA."
Financial	The amount of monetary loss incurred if the service fails	"If I'm not satisfies, I will have wasted $45."	"It's $20 a lesson and I have to pay for five lessons in advance. That's a lot of money to risk."	"If this accountant isn't competent, then I'm stuck with them for a year since I have to sign a contract."
Time loss	The amount of time loss due to a service failure.	"If I'm not happy, I would have to take time to go someplace else and get it all done again."	"If he doesn't do a good job, I will have wasted all the time I spent practicing as well as the time during the lessons too."	"I've spent a lot of time looking for the right accountant. If this person doesn't work out. I will have to take more time to find someone else."
Opportunity	Risk of losing other choices when one choice is selected	"The Beauty stop has only one opening so if I don't take it, I'll have to go somewhere else."	"I can't afford someone else if this guy doesn't work out. I just won't be able to take lessons."	"It's too bad I have to sign a year's contract. It means I can't switch for a year, unless of course I want to break the contract."

Psychological	The chance the service will not fit the individual's self-concept	"The Beauty Stop just seems too high class for me."	"I'm not good enough to take lessons from a pro."	"This one accountant just started two years ago and is a small business, just like me."
Social	The chance the service will not meet the approval of others	"Alisha will not be happy with me if I go to the Campus Hair Salon."	"My friends do not think anyone at the YMCA would be competent to give lessons."	"Both my brother and my dad think that Ace Accounting would be a good firm to hire."
Physical	The chance the service will actually cause physical harm.	"Alisha told me she will never go to the place on Third Street because they actually damaged her hair when they did the perm."	"What if I pull a muscle trying to learn tennis. I'm not sure I can do it the way the instructor wants me to without hurting myself."	"Luckily, there is not any chance of physical harm, unless, of course I fall down walking up the steps to the business."

TIME LOSS RISK:

It refers to the amount of time lost by the consumer as a result of the failure of the service. A consumer who takes his or her automobile into a repair shop for servicing because it is running poorly will experience time loss if the vehicle is left there for six hours and the service performed does not correct the problem.

OPPORTUNITY RISK:

Risk involved when consumers must choose one service over another.

PSYCHOLOGICAL RISK:

Chance that the purchase of a service will not fit into the individual's self concept.

SOCIAL RISK:

Probability that a service will not meet with approval from others who are significant to the consumer making the purchase.

PHYSICAL RISK:

Chance that a service will actually cause physical harm to the customer.

RISK REDUCTION STRATEGIES USED BY CONSUMERS:

How do consumers and businesses reduce the risk of a purchase? First, they examine their own personal experiences. Consumers tend to continue to patronize the same firm if they have not received bad service from that firm in the past. This is especially true if one has patronized a particular firm regularly. Going to a new service firm has a much higher element of the unknown, thus is a higher risk. As a result, there tends to be higher loyalty toward service firms than toward sellers of tangible goods.

A second strategy used by consumers to reduce risk is to seek the opinion of others such as friends, relative4s, business associates, local opinion leaders, or experts in the field. Because of the experiential nature of the services and the fact that a service usually cannot be evaluated until after it is performed, consumers tend to rely more on personal sources of information than company-produced sources.

The third source of information would be service-produced sources of information. The primary source of information is advertising, promotions, and the Internet. Some companies provide a phone number for consumers to call with questions or concerns. McDonald's offers a toll-free number(1-800-244-6227) that customers can call for nutritional information. Information may also be obtained through direct inquiry to either sales personnel or service providers within the service firm.

STRATEGIES TO REDUCE PERCEIVED PURCHASE RISK:

Type of Risk	Reducing Uncertainty	Reducing Consequences
Performance	Certification Branding Communication	Quality control standards and procedures Warranties
Financial	Trial purchases Sampling Promotional incentives Price reductions	Financial guarantees
Time loss	Branding	Compensation offers
Opportunity	Branding	Quality control standards and procedures
Psychological	Branding Communications	Quality control standards and procedures
Social	Branding Communications	Quality control standards and procedures
Physical	Instruction Communications Certification	Quality control standards and procedures Safety standards Certification

THE SERVICE ENCOUNTER:

The second stage of the purchase process model is the service encounter, which is the actual interaction point between the customer and the service provider.

ROLE THEORY:

In the purchasing of services, consumers and service providers play certain roles in the transaction process, a concept referred to as role theory. Role Theory is similar to what occurs in Hollywood with the production of a movie. Individuals are hired to play a certain role. For example, Julia Roberts was hired to play a secretary in her Oscar award winning performance in Erin Brockovich.

The quality of service encounter and the ensuing evaluation of satisfaction with the service are highly dependent upon the quality of interaction between the customer and the service provider. Both the customer and service provider must perform their roles properly. If not, what is known as role ambiguity or confusion may result.

BENEFITS:

Understanding the script expected of customers allows firms to flowchart their operation. From this flowchart, operational flaws can be detected. In addition, scripts provide information for standardization of operations and enhancement of productivity.

CONSEQUENCES:

Altering scripts can also be frustrating to service personnel. Management must be sure all service personnel understand the new script and the benefits it provides. If the employee does not understand and recognize the benefits of the script change, it is doubtful it will be successful and accomplish the desired results.

THE SERVICE ENVIRONMENT:

The third component that affects the service encounter is the environment is which the service is performed. Tangible elements of the facility, the firm's atmosphere, and other customers present are part of this environment. These elements will impact the customer's expectations during the service as well as their evaluation after the service is completed. For example: Tangible elements include the equipment and tools being used to perform the service, other equipment in the facility, and the furniture.

SERVICE PERSONNEL:

In service encounters where service personnel and customers have face-to-face interaction, the most critical element of the experience becomes the conduct of the service personnel. Customers expect the service personnel to perform specific roles and follow certain scripts. Management must hire individuals qualified for the service jobs. Once hired, training should include scripts, role expectations, and guidelines for customer interaction. Incentives and compensation systems should encourage employees to provide high-quality service.

SUPPORT SERVICES:

Support services include all of the activities and materials service personnel need to perform their work properly. A primary responsibility of support services is to provide the equipment and supplies needed to perform the service. Example, for a dentist, the support services are the dental hygienist, chair-side assistant, and the receptionist.

POST PURCHASE PHASE:

The third stage of the purchase process is the post purchase phase. During the post purchase phase, customers make an evaluation of the service quality they received and their overall level

of satisfaction or dissatisfaction. For satisfied customers, post purchase actions include repeat purchases, customer loyalty, and positive word of mouth communications. For dissatisfied customers, these actions include switching vendors and negative word of mouth communications.

Evaluation of Service Quality:

Compare what you perceive you received to what you expected to receive. If your expectations were met or exceeded, you will believe you received high quality service. If your expectations were not met, you will feel the quality of service was poor.

CUSTOMER SATISFACTION:

Service quality is a global evaluation of all past service experiences. Research has found that customers' perceived evaluations of service quality have an impact on their level of satisfaction "Therefore, service quality evaluation is an antecedent to customer satisfaction.

ATTRIBUTION THEORY:

The process of deciding the cause of a service failure is called attribution theory. Idea in which a customer uses a process to analyze the level and cause of dissatisfaction with a service.

For Example, if the airline traveler feels the canceled or delayed flight was due to conditions beyond the control of USAir, then the level of dissatisfaction will below. If, however, the airline passenger feels the delay or canceled flight was due to controllable factors that could have been prevented, then they will experience a high level of dissatisfaction with USAir.

FACTORS CONTRIBUTING TO CUSTOMER SATISFACTION

   1. PRODUCT AND SERVICE FEATURES:

It is influenced by evaluation of product or service. Ex: In hotel features like restaurants, room comfort, privacy, helpfulness and courtesy, room price etc., are evaluated.

   2. Consumer emotions:

It may also affect the perception of satisfaction with product/services. Emotions can be stable; good mood etc.,

When you are in good mood, you will have a positive frame mind towards the services you experience.

Positive emotions like happiness, pleasure, elation, sense of warm-heartedness enhanced customer satisfaction.

Negative emotions such as sadness, sorrow, regret, and anger led to diminished customer satisfaction.

3. Attributions for service success/failure:

When the service firm have been surprised by an customer (either by performing better/worse), consumer tend to look for reasons.

Ex: If a customer of a weight-loss organization fails to lose the weight, he tend to search for the causes.

4. Perceptions for Equity/fairness:

Customer is also influenced by the perceptions of equity and fairness. They ask themselves.

Ex: Did other customers get better treatment?

Have I been treated fairly compared to other customers.

5. Other consumers, family members and co-workers:

Customer satisfaction is influenced by other people.

Ex: In a business setting, satisfaction with a new service; a new customer relationship management software service will be influenced by individual's personal experience with the software itself.

6. National customer satisfaction indexes:

It measures and tracks customer satisfaction at Macro Level. This focus on quality of output. The first measure was founded in the year 1989 called Swedish Customer satisfaction Barometer.

In 1990's similar indexes were introduced in Germany- Deutsche undenbarometer

U.S. – American customer satisfaction index (ASCI)Switzerland – Swiss index of customer satisfaction.

Outcome of Customer satisfaction:

1. It is not only tracking the economic efficiency and pricing statistics but also indicates the quality of life.

2. Customer satisfaction is correlated with other measures of economic health Corporate earnings; Stock Value.

3. Increasing level of customer satisfaction linked to customer loyalty and profits.

4. There is a relationship between dissatisfaction / disloyalty.

SERVICE ENCOUNTER:

When the customer interacts with the service firm, it is called moments of truth. Every service encounter is an opportunity to build satisfaction.

The importance of encounters:

a. If a customer is interacting with a firm for the first time, the initial encounter will create a first impression of the organization.

b. Even when the customer has had multiple interactions with a firm, each individual encounter is important in creating a image of high quality.

c. A combination of positive and negative interactions will leave the customer confused towards the firms quality.

d. Not all encounters are important. There are certain key areas where it is important to concentrate.

Ex: In hotel-early encounter to visitors.

In hospitals encounters with nurse is important.

Types of service encounters:

1. **Remote counter**:

It can happen without any direct human contact.

Ex: ATM, Internet website, Billing statement.

Although there is no direct human contact, each represents an opportunity for the firm to reinforce/establish quality perceptions in the customer. Here, tangible evidence, quality of technical processes will determine the quality.

2. **Phone encounter**:

This will occur between and customer and the firm. Organisations such as insurance, telecom department will use this.

Ex: Enquiry

Here tone of voice, employee knowledge, effectiveness/efficiency in handling customer will judge the quality.

3. Face-face-encounter:

Determining and understanding service quality issues in face-face to contexts is most complex of all verbal and nonverbal behaviours are important determinants of quality.

EX: In a b2b setting direct encounter between the business customer and sales people will determine the quality.

Sources of pleasurable and displeasure in service encounter:

1. **Recovery –** employee response to service delivery system failure:

There has been a failure in service delivery system and an employee is required to handle customer complaints/ disappointments.

2. **Adaptability-** Employee response to customer needs and requests:

Here how the service firm is able to adapt its delivery system when the needs are not met. Here the customers judge service

3. **Spontaneity** – unprompted and unsolicited employee action:

Employee spontaneity in delivering memorably good or poor service is the remembered by the customers.

Ex: Being treated like royalty.; Rudeness, Stealing, discrimination, ignoring the customers.

4. **Coping-** Employee response to problem customers

In some cases, customers were basically uncooperative provider. In such cases how the service provider copes with the situation is a challenging.

STRATEGIES FOR INFLUENCING CUSTOMER PERCEPTION:

1. Measure and manage customer satisfaction service quality:

Track the trends, diagnose problems, and link to other customer focused strategies.

2. Aim for customer quality and satisfaction in every service encounter.

Every service encounter is critical to customer retention. Thus many firms aim for zero defects or 100% satisfaction.

Clear documentation of all the points of contact between the organsiation and its customers.Development of understanding of customer expectation by developing appropriate strategy.

3. Plan for effective recovery

When service customers have been disappointed on the first try doing right the 2nd time is essential to maintain customer loyalty. This implies a need for service process and system analysis to determine the root cause of failure and redesign the service system.

4. Facilitate adaptability and flexibility:

The existence of this encounter theme suggested the need to know when and how the system can flexed, and when and how to explain to customers why a particular request can't be granted.

5. Encourage spontaneity:

Recruitment and selection procedures can be used to hire employees with strong service orientation whose natural tendency is to be service minded. Strong service culture, employee empowerment, effective supervision and monitoring should be done.

6. Help employees cope with problem customers:

Employees need appropriate training and tools to deal with problem customers. Training the customers is essential so that they know what to expect and know the appropriate behavior in the situations.

7. Manage the dimensions of quality at the encounter level:

Whenever the customer is encountering the service, the service firm should take measures to maintain the dimensions of service of service quality.

CLASSIFICATION OF SERVICES

I) CLASSIFICATION BASED ON ULTIMATE USER:

A) CONSUMER:

Services which are directly provided to the consumer.

B) BUSINESS TO BUSINESS:

Services are provided to business operations.

E.g. Ad agency

C) INDUSTRIAL:

Services are provided to the industries.

E.g. Repair services, Maintenance

II) CLASSIFICATION BASED ON LEVELS OF TANGIBILITY:

A) Highly tangible – Car rentals

B) Services linked to tangible goods

   E.g. Domestic appliances, radio, T.V.

C) Highly intangible – Consultancy, Legal service

D) Major Service link with minor tangibles

   E.g. Air lines

III)   CLASSIFICATION BASED ON SERVICE OPERARTION

A) PEOPLE BASED SERVICES:

   High contact with people – Bank, Restaurant, Education.

   Equipment based low contact – ATM, Cinema.

IV)CLASSIFICATION BASED ON SPECIALIZATION:

A) PROFESSIONAL SERVICES

   E.g. Medical services, Legal services.

B) NON PROFESSIONAL SERVICES

   E.g. Baby sittings

V) CLASSIFICATION BASED ON PROFIT ORIENTATION

A) Banks, Hotel and catering services

B) Based on Non Profit – Church, Temples

VI)CLASSIFICATION BASED ON EXTERNAL – INTERNAL SERVICES:

A) EXTERNAL SERVICES

   E.g. A/c repairs, computer installation.

B) INTERNAL SERVICES

   E.g. Recruitment, internal office cleanliness

VII)CLASSIFICATION BASED ON CUSTOMER EMPLOYEE PRESENCE:

A) Self service – Only customer presence is required

   E.g. ATM

B) Inter Personal service – Presence of both customer and employee.

E.g. Educational institutions

C) Remote services – Presence of only Employees

E.g. Insurance Companies

EXPANDED MARKETING MIX OF SERVICES (7 P'S):

1) Price

2) Product

3) Place

4) Promotion

5) Physical evidence

6) Process

7) People

1. PRICE: By deciding the price of the services, time, and unwanted mental and physical effort, exposure to negative sensory experiences should be considered.

2. PRODUCT: In services both core product and bundle of supplementary service segments should be considered. The benefits desired by customers and how well the competing products are performed should be analyzed.

3. PLACE: Here decisions are to be taken on the methods and channels used. Delivery made through physical or electronic distribution channel or both depending on nature of service

Firms may deliver services directly to customers or to intermediaries like retail outlets.

Speed of delivery, convenience of delivery is important.

4. PROMOTION: This involves providing needed information and advice, persuading the target customers and encouraging the customers take action at specific times.

Therefore, communication can be delivered by individual's media and press.

Their promotional activities may influence brand choice.

5. PHYSICAL EVIDENCE: The appearance of buildings, interior furnishing, equipment, staff members is which provides tangible evidence of firm's service quality.

6. PROCESS: It is a method and sequence of action in service performance.

Poor process makes it difficult for frontline staff to do their jobs well, resulting in low productivity and increased service failure.

7. PEOPLE: They are the intermediary between customers and the firm. Service quality is often assessed based on customers' interaction with frontline staff.

Services Markets Segmentation

Market segmentation is the process of aggregating customers with similar wants, needs, preferences, or buying behaviour. Market targeting involves evaluating the attractiveness of the segments and selecting ones the firm will serve. In other words, segmentation is the analysis conducted about customers and targeting is the managerial decision about whom to serve. Both of these are required for effective market positioning, which involves establishing he competitive position for the service in the mind of the customer and creating or adapting the service mix to fit the position.

Market segmentation is especially important for services in the current competitive marketplace. Service industries are suffering from increasing competition both in the number of competitors and in the proliferation of service offerings. Market segmentation helps prevent the waste of valuable resources by directing effort into those areas that will help achieve success.

Service products are frequently not clearly differentiated. Market segmentation offers the opportunity of gaining competitive advantage, in a highly contested market, through differentiation. The market segmentation approach involves identification of the benefits which different homogeneous groups seek, allowing relevant features and requirements to be determined and used as a source of service differentiation.

Different customers have different needs. A hotel which aims to satisfy the prestige executive market needs to consider the specific requirements of this segment. These might include full secretarial and office facilities, conference amentities, twenty-four hour catering, a fitness facility and late check-out options. Successful marketing identifies specific needs and preferences for services, and then develops strategies to satisfy these preferences.

A single service or product cannot meet the needs of all customers, but it can meet the needs of a specific group of customers. A service business should be positioned to serve particular segments of the attractive parts of the market so that it can serve them effectively and produce the greatest profit.

The segmentation process, shown in the following figure is concerned to divide a heterogeneous follows four broad steps:

- The definition of the market to be addressed.
- The identification of alternative bases for segmentation.
- An examination of these bases and the choice of the best base or bases for segmentation.
- The identification of individual market segments, an assessment of their attractiveness and the selection of specific target segments.

Once the market segment has been selected, the process of target marketing involves developing a positioning for the target segments selected and then developing a marketing mix for each target market.
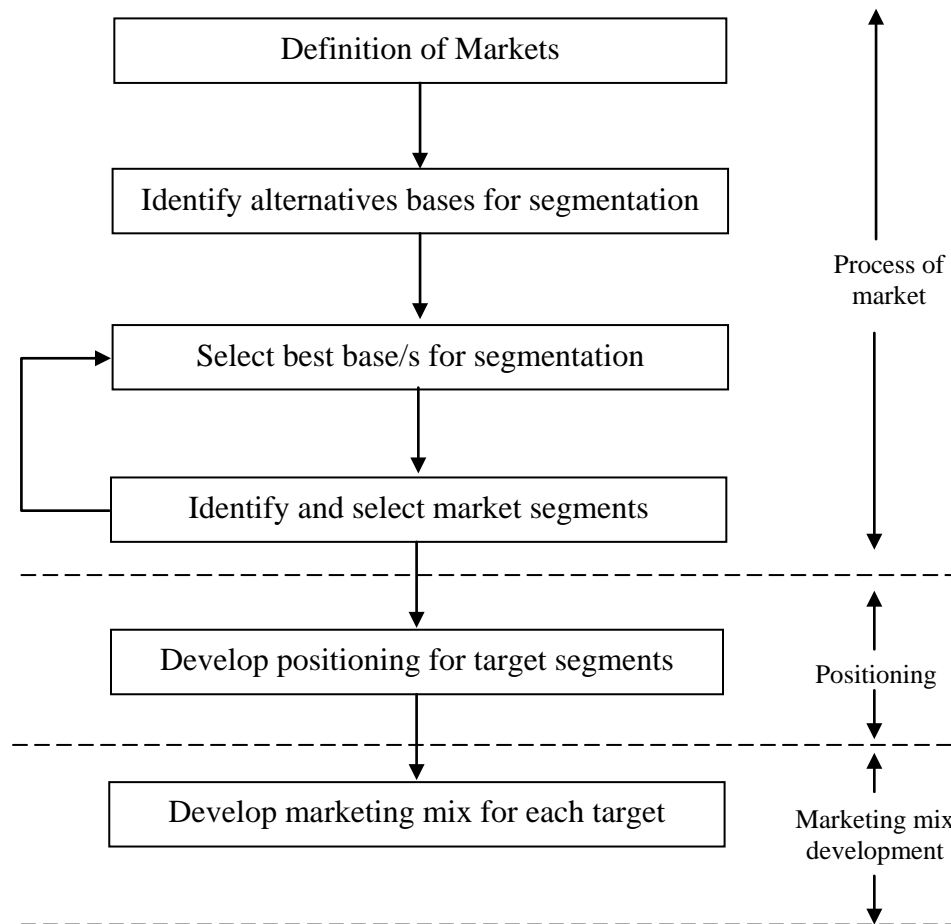
Fig. 5.1 Services market segmentation

Definition of Relevant Market

The definition of the relevant market to be addressed involves specifying the customer group to which the company is seeking to market its services. This can be a broad group such as retail

customers for a supermarket in a given geographic region, or a much more specific group which can be further segmented.

Successful market segmentation means satisfying the needs of existing and potential customers in a clearly defined market. This involves understanding customer attitudes, and customer preferences, as well as the benefits which are sought. Definition of the target market and its requirements is the first essential step in the segmentation process.

Bases of Segmentations

Market segments are formed by grouping customers who share common characteristics that are in some way meaningful to the design, delivery, promotion, or pricing of the service. Common segmentation bases for customer markets are demographic segmentation, geographic segmentation, psychographic segmentation and behavioural segmentation. Segments may be identified on the basis of one of these characteristics or a combination.
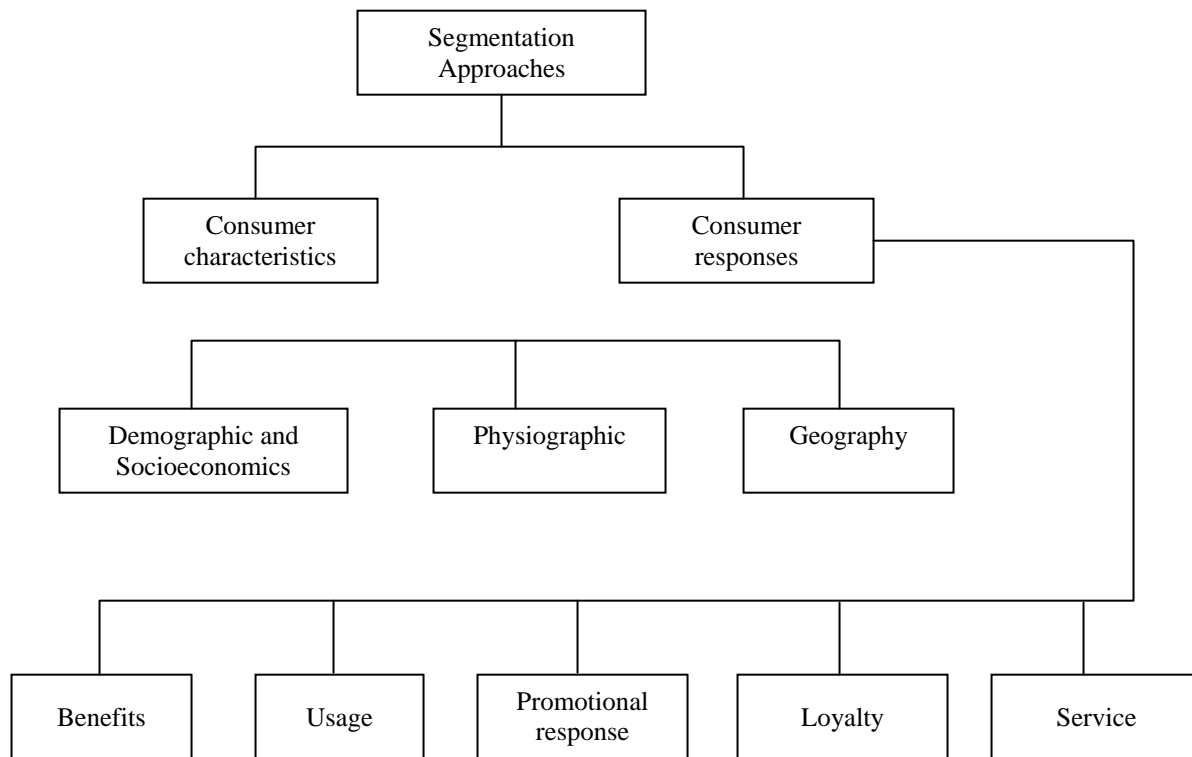
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                          ┌─────────────────┐
                          │  Segmentation   │
                          │   Approaches    │
                          └─────────────────┘
                     ┌──────────────┴──────────────┐
            ┌─────────────────┐           ┌─────────────────┐
            │    Consumer     │           │    Consumer     │
            │ characteristics │           │    responses    │
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        │ Demographic and │ │ Physiographic│ │  Geography   │
        │ Socioeconomics  │ │              │ │              │
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   ┌──────────┐ ┌──────────┐ ┌──────────────┐ ┌──────────┐ ┌──────────┐
   │ Benefits │ │  Usage   │ │  Promotional │ │ Loyalty  │ │ Service  │
   │          │ │          │ │   response   │ │          │ │          │
   └──────────┘ └──────────┘ └──────────────┘ └──────────┘ └──────────┘
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Fig 5.2

Demographics and socio-economic segmentation

Demographic segmentation includes a number of factors including sex, age, family size etc. Socio-economic variables may also be considered here, including income education, social class and ethnic origins. Many retail stores target different customer group.

An interesting example of market segmentation is seen in the banking patterns of consumers based on the lifecycle of the household. Whilst other factors such as socio economic level are also important, the age and family composition of the lifecycle concept are particularly valuable predictors of a household's propensity to either save or borrow.

An analysis of the stages within the customer lifecycle determines what kinds of banking relationships are needed to meet the demands of the household. These need change significantly from a bachelor who wants easy credit facilities and convenient transactions, young married requiring higher levels of credit facilities, through to older families at the peak of their earning and spending potential, and then older people without children at home who have a higher propensity to save. A financial institution can therefore direct various service offering to individuals based on their stage within the lifecycle model.

Psychographic segmentation

This form of segmentation cannot be explained in clearly defined quantitative measures it is concerned with people's behaviour and ways of living. Psychographic segmentation is concerned with analyzing lifestyle characteristics, attitudes and personality. Often these elements are examined in conjunction with demographic variables. Service companies are increasingly starting to look at psychographic segmentation.

Geographic segmentation

Geographic segmentation divides customers according to where they live or work and correlates this with other variables. This is appropriate where customer needs vary it different areas, or where local and regional trends favour particular types of service offerings.

A geographic analysis is a relatively simple means of segmenting a market, it is frequently one of the first segmentation variables to be considered by a service firm Geographic segmentation dimensions are typically grouped into market scope factor and geographic market measures.

1. Market scope factors include a consideration of where the markets to be served are located: this maybe local, national, regional or global. To be a major player in some service business requires a regional or global presence: airlines wishing to be significant

players are recognizing this. Many airlines are seeking increased scale of operations through mergers and strategic alliances.

2. Geographic market measures include examination of population density, climate-related factors, and standardized market areas. Geographic measures are especially important in the selection of specialized mass communications media. Most mass circulation media profile geographic coverage of standardized market areas in detail as well as providing media circulation by type of reader and other variables. Geographic market measures are used to determine relative sales potential in different geographic areas.

Benefit segmentation

The segmentation variables listed above focus on the personal attributes of the customer. Segmentation can also be carried out on the basis of the customer's response.

Benefit segmentation assumes that the benefits that people are seeking from a given product or services are the basic reasons why they buy the product. This differs from psychographic segmentation which focuses on who will buy a product. Identifying a segment seeking a common benefit permits the service provider to develop a relevant offering. For example, various benefits are sought within the retail banking market. One segment seeks large, well known banks which offer a full range of service for varying needs. Another segments looks for advantageous loans with borrowing easily available at low interest. A third segment may seek high savings interest with quick service and a personal banking relationship. A fourth segment might seek a one-stop bank with a wide variety of services, convenient hours and quick service. A bank can direct its service to satisfying one or more of these segments and gain a reputation for offering a distinct package.

Benefit segmentation is applicable to almost all services as it focuses on the clearlying reasons for purchasing them. For example, within the education market consumers can be analyzed based on the primary benefits they seek from the education experience. An example of benefit segments used for categorizing prospective MBAs can be identified from a survey of candidates.

Usage segmentation

Usage segmentation focuses on the type and extent of usage patterns. Consumers are typically divided into heavy users, medium users, occasional users or non-users of the service being considered. Many services marketers are concerned with focusing on the heavy user segment, who may consumer many times more of the service than the occasional user. This is the basis of

many fast food restaurants who cater for high volume usage by providing speedy, low-cost food.Banks and building societies are concerned with heavy, medium, light and non-users of their services. They wish to understand the nature, behaviour and identity of heavy users and attract them to their bank.

Promotional response segmentation

Promotional response segmentation considers how customers respond to a particular form of promotional activity. This may include response to advertising, sales promotions, in-store displays and exhibitions. Users of mail order catalogues tend to be good users of credit cards and will have a higher response rate to other direct mail offerings. This information can be used by service companies to ensure that this segment receives frequent communication by direct mail, thus building a relationship with the customer as well as obtaining a high response rate to promotions.

With loyalty segmentation customers are categorized according to the extent of the loyalty they exhibit to the particular product or service being offered. Customers can be characterized according to their degree of loyalty in the channels of distribution on outlets.

Some customers are very loyal to the services organisation they are currently with, even if they are not happy with the service they are receiving. Customers are sometimes divided into four categories according to consumer loyalty patterns, 'hard-core loyals' (consumers who buy their brand all the time); 'soft-core loyals' (who are loyal to two or three brands); 'shifting loyals' (who shift from favouring one brand to another); and 'switchers' (who show little sustainable loyalty to one brand). The underlying reasons for these different behaviour patterns need further analysis.

Segmentation by service

One area which has received relatively little attention is the consideration of how customers respond to varying service offerings. This may be considered a subset of benefit segmentation, but it is of sufficient importance to be addressed separately. The various elements of customer service that can be offered, and possible differentiation in terms of service levels within these elements, represent a considerable opportunity to design service package appropriate to different market segments.

Segmenting markets by service involves addressing the following issues:

- Can groupings of customers be identified with similar service requirements?

- Can we differentiate our service offering?
- Do all our products require the same level of service?

The types of segmentation outlined above are illustrative of the main forms of segmentation used by services companies. they are, however, by no means exhaustive. To a large extent the identification of segmentation bases involves and element of creativity. Those marketing services should constantly be considering alternative ways of segmenting the market and seeking ways in which they can create differential advantage over their competitors. This stage of the segmentation process should result in the selection of the best base(s) for segmentation.

The segmentation process should result in one of four basic decisions being reached:

1. The service firm may be decide to target one segment of the market.
2. The service firm may decide to target several segments and so will develop different marketing mix plans for each segment.
3. Management may decide not to segment the market bout to offer the service to he mass market. This may be appropriate if the market is very small and single portion would not be profitable. It also may be the case that the service company dominates the market so that targeting a few segments would not increase volume or profit.
4. Analysis may show that there is no viable market niche for the service offering.

The relevance of market segmentation if now being increasingly recognized in the services sector. A number of studies have pointed to the importance of market segmentation. One study ranked 'problems in recognizing, defining, understanding and segmenting markets' as the most important problem facing the senior executives surveyed. Another survey ranked segmentation as the third most important marketing tool out of eighteen surveyed. However, despite the recognition of the importance of market segmentation, and the developments that have been made in market segmentation methodology, some service firms are still basing their marketing strategies and tactics on either abroad approach to the market, or a relatively unsophisticated approach to segmentation. May service firms need to be more disciplined in their focus on their marketplace.

Segmentation is at the heart of marketing strategy and is concerned with the development of a market position that minimizes competition's strengths and maximizes the strength of the service providers. Segmentation and the associated steps of positioning provide the opportunity to tailor the service offered to better meet the needs of specific segments.

Positioning and Differentiation of Services

Services firms are not identifying their key market segments and then determining how they wish consumers to perceive both their company and its products and services. Positioning is of particular significant in the services sector as it places an intangible service within a more tangible frame of reference. Thus the concept of positioning stems from a consideration of how an organisation wishes its target customer to view its products and services in relationship to those of its competitors and their actual, or perceived, needs.

Positioning can be defined as follows:

"Positioning is concerned with the identification, development and communication of a differentiated advantage which makes the organization's products and services perceived as superior and distinctive to those of its competitors in the mind of its target customers."

Positioning offers the opportunity to differentiate any service. Each service firm and its goods and services has a position or image in the consumer's mind and this influences purchase decisions. Positions can be implicit and unplanned and evolve over a period of time or can be planned as part of the marketing strategy and then communicated to the target market. The purpose of planned positioning is to create a differentiation in the customer's mind which distinguished the company's services from other competitive services. It is important to establish a position of value for the product or service in the minds of the target market, i.e. it must be distinguishable by an attribute, or attributes, which are important to the customer. These attributes should be factors which are critical in the customer's purchase decision.

There is therefore no such thing as a commodity or 'standard' service. Every service offered has the potential to be perceived as different by a customer. Buyers have different needs and are therefore attracted to different offers. It is therefore important to select distinguishing characteristics which satisfy the following criteria:

- Importance – the difference is highly valued to a sufficiently large market
- Distinctiveness – the difference is distinctly superior to other offering which are available.
- Communicability – it is possible to communicate the difference in a simple and strong way.
- Superiority – the difference is not easily copied by competitors.

- Affordability – the target customers will be able and willing to pay for the difference. Any additional cost of the distinguishing characteristic(s) will be perceived as sufficiently valuable to compensate for any additional cost.
- Profitability- the company will achieve additional profits as a result of introducing the difference

Each product or service has a set of attributes which can be compared to competitive offerings. Some of these attributes will be real, others will be perceived as real. A company wishing to position itself should determine how many attributes and differences to promote to target customers. Some marketers advocate promoting one benefit and establishing recognition as being the leader for that particular attribute. Others suggests that promoting more than one benefit will help in carving out a special niche which is less easily contested by competitors. The selection of the differentiating attribute(s) is most successful if it confirms fact which is already in the mind of the target market. Denying or fighting customers' perceptions of different offerings in the market is unlikely to be successful. A successful positioning strategy takes into account customers' existing perceptions of market offerings. It determines needs which customers value and which are not being met by competitors' services. It identifies which unsatisfied needs could be satisfied. The positioning strategy seeks to integrate all elements of the service, to ensure that the perceived position of the service is strongly reinforced.

Services have a number of distinguishing characteristics which have special implications for the positioning and selection of which attributes to emphasize. Three of the key characteristics of services, make positioning strategies of particular importance in marketing a service. These are the intangibility, the degree of variability or heterogeneity in quality of a given service, and inseparability – the fact that the performance of a service will often occur in presence of a customer.

Positioning can permit an intangible service bendfit to be represented tangibly. It can help the customer see an intangible benefit – cleanliness; and this view can be reinforced by plastic covered glasses in rooms and a paper cover over the lid of a lavatory stating 'sanitized for your protection'. This helps the customer to associate cleanliness with the service offering, reinforcing the position that the hotel wishes to portray. Service companies often promote their reputations in an attempt to ad tangibility.

Services are also highly variable and rely to a great extent on input from company employees for their production. For example, in a restaurant the waiter is the main point of contact with the customer and his service performance will be a major factor in the say the establishment will be judged. His performance will vary at different times, and there will also be variance between his service and that of another waiter or waitress in the restaurant, as a result, the quality of the delivered service can vary widely.

Further, the quality of small elements of a total service offering may affect the received quality of the service as a whole. For instance, a poor check-out procedure from a hotel, may greatly affect the perceived quality of the overall experience of staying on it. The customer's perception of the quality of the service is therefore greatly affected by the quality of the overall experience of staying in it. The customer's perception of the quality of he service is therefore greatly affected by the quality of the staff who are responsible for delivery. An advantage can be gained by providing better trained and more highly responsive people. A positioning strategy may therefore include the distinctive characteristic of employing 'better people".
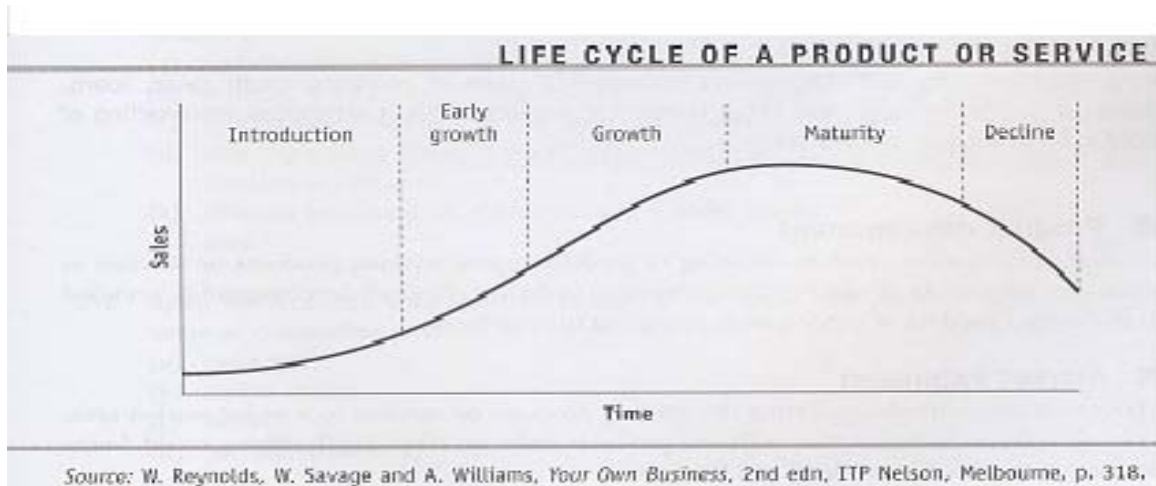
UNIT – III   SERVICE DESIGN AND DEVELOPMENT   9

Service Life Cycle – New service development – Service Blue Printing – GAP's model of service quality – Measuring service quality – SERVQUAL – Service Quality function development.

SERVICE LIFE CYCLE:

Source: W. Reynolds, W. Savage and A. Williams, Your Own Business, 2nd edn, ITP Nelson, Melbourne, p. 318.

SERVICE LIFE CYCLE

The service life cycle consists of the same four stages at the product life cycle: introduction, growth, maturity and decline. The characteristics of each stage are the same. The only difference lies in the strategies that can be used.

I-INTRODUCTORY STAGE

A new service or a new form of a current service is said to be in the introductory stage when it is first offered. As with goods, many new services never obtain acceptance by customers and never get past the first stage of the service life cycle. An advantage that services have over goods is that many new services can be introduced on a small scale and expanded if acceptance grows. This small scale introduction reduces the financial risk associated with the introduction, making failure less costly.

During the introductory stage most new services face few or no direct competitors. Because it is difficult to copyright or patent a service innovation, duplication of service offerings by competitors occurs rapidly. Therefore, the introductory stage for a new service is normally short.

Successful introductions quickly move into the growth stage of the service life cycle while unsuccessful introductions fade away.

One successful strategy to ensure new services are accepted by consumers is to have users of a current service participate in the design of the new service. This strategy was used by oracle in the design of their digital network. Oracle asked their most important customers what benefits they wanted. The result was the release of E-Business Suite 11i, which offered the first integrated package of ERP, supply chain management and database software.

The prototype makes it easier for a firm to identify the early adopters of a new service. During the introductory stage, a good strategy is to build industry demand. To encourage acceptance of a new service, firms can use introductory promotional offers to get consumers to try the new service. The offers may be a 25% off coupon, a special introductory price offer, or a free trial usage period. The type of introductory offer used will vary depending upon the type of new service.

II- GROWTH STAGE

During the growth stage, the industry is growing rapidly. Most firms offering the new service are seeing a positive cash flow. Because the industry is expanding and demand is high, firms offering the service can normally increase their prices, resulting in higher margins and greater profits. However, because of the increased potential for profit, more firms enter the market. As competition increases, distinct market segments begin to emerge. Because the industry is growing rapidly and competition is increasing, providers will need to develop a sustainable competitive advantage.

For eg: a patient can learn about the incubation period for chicken pox by either talking to a nurse or dialing into a vast library of prerecorded tapes. Second, patients can seek advice about routine illnesses such as congestion or abdominal pain.

III MATURITY STAGE

During the maturity stage, industry sales level off. Competition becomes very intense since the only way a firm can gain the market share or increase sales is to take them away from a competitor. The result of this increased competition is a decrease in overall industry profits. Weaker firms will be shaken out of the industry. At this stage in the service life cycle, consumers see very few distinguishable characteristics among the various firms in a service industry.

IV DECLINE STAGE

During the decline stage, industry sales decline. This sales drop is often due to a new technology that has been developed. For eg, typewriter repair services declined bcoz typewriters were largely replaced by computers which resulted in a need for a computer service technicians and computer programmers. Bcoz demand is decreasing; many companies delete the service from their portfolio, thus reducing competition. Cash flow and profit for companies throughout the industry have declined.

Companies with services in the decline part of the life cycle have five options: divest, harvest, prune, retrench, or rejuvenate.

a. When using the **divestment** option, timing is a critical decision. The highest price can be obtained if the divestment decision is made early in the decline stage or even in the latter part of the maturity stage.

b. A second strategy available to firms is to harvest the service. A **harvesting** strategy implies the firm wants to reduce expenditures as far as possible to extract as much profit from the service as possible. Recognizing demand will continue to fall allows a firm to reap the maximum profit possible before the service is discontinued or sold. Due to labour intensive nature of services, this strategy is seldom used.

c. A third strategy is pruning. **Pruning** involves reducing the number of services offered by a firm. The most unprofitable services are discontinued while the most profitable services are kept. Pruning is a common strategy for service operations.

d. Retrenchment is a fourth strategy and it involves selling off or closing the unprofitable accounts while keeping or expanding the profitable ones. This strategy is good for large firms with multiple outlets and for the business-to-business service sector.

e. The final strategy is rejuvenation. **Rejuvenation** is the process of finding a new way of offering the service that will appeal to the firm's target market or another target market. Rejuvenation is the most risky approach bcoz it involves an initial outlay of cash very similar to that required for the introductory stage. The goal of rejuvenation is to push the life cycle back into the maturity stage.

Developing Brand new services:

New Service Characteristics:

Since services are intangible, it has to have 4 basic characteristics:

1. It must be objective, not subjective
2. It must be precise, not vague.
3. It must be fact driven, not opinion driven.
4. It must be methodological, not philosophical.

NEW SERVICE DEVELOPMENT PROCESS/ STAGES:

I Front End Planning:

a. Business Strategy Development:

> The first Step is to review the vision and mission of the company.

b. New Service Strategy Development:

The product portfolio strategy and a defined organizational structure for new product / service development are critical for the foundation of success. (Possibility in terms of markets, types of services, time horizon, profit criteria)

OFFERINGS	MARKETS	
	Current customers	New customers
Existing services	Share Building	Market development
New Services	Service Development	Diversification

The framework allows an organization to identify possible directions for growth.

Offerings are some of the most common approaches.

➢ There should be formal mechanism for ensuring an ongoing stream of new service possibilities.

➢ The mechanism may include a formal new service development department with responsibility for generating new ideas, suggestion boxes for employees, customers, new service development teams to identify new services.

c. Idea Generation

Formal brainstorming, solicitation of ideas from employees and customers, lead-users researchers and learning about competitors.

d. Service Concept development and evaluation

- ❖ After clear definition of the concept, it is important to produce a description of the service that represents its specific features and then to determine initial customer and employee responses to the concept
- ❖ The service design document would describe the problem addressed by the service, discuss the reasons for offering the new service, itemize the service process and its benefits, and provide a rationale for purchasing the service roles of customers and employees in the delivery process would be described.

e. Business Analysis:

- ❖ Assuming the service concept is favourably evaluated by customers and employees at the concept development stage, the next step is to determine its feasibility and potential profit implications.
- ❖ This stage will involve preliminary assumptions about the costs of hiring and training personnel delivery system enhancements, facility changes.
- ❖ The organization will pass the results of the business analysis through its profitability and feasibility screen to determine whether the new service idea meets the minimum requirements.

II IMPLEMENTATION:

f. Service development and testing:

It involves construction of product prototype and testing for consumer acceptance.

During this phase, the concept is refined to the point where a detailed service blueprint representing the implementation plan for the service can be produced.

All the parties involved in any aspect of the new service must work together at this stage.

g. Market testing:

The new service may be offered to employees of the organization and their families for a time to assess their responses to variations in marketing mix.

At this stage, pilot study has to be done for the service, to be sure that the operational details are functioning smoothly.

h. Commercialization:

At this stage, the service goes live and introduced to the market place.

- The first is to build and maintain acceptance of the new service among large numbers of service delivery personnel who will be responsibility day-to-day for service quality.
- To monitor all aspects of the service during introduction and through the complete service cycle.

i. Post introduction evaluation:

At this stage, the information gathered during commercialization of the service can be viewed and changes made to the delivery process, staffing or marketing –mix variables on the basis of actual offering to the market response.

SERVICE BLUE PRINTING:

MEANING:

- ❖ A service blueprint is a picture or map that accurately portrays the service system so that the different people can understand.
- ❖ It is useful at the design and redesign stages of service development.
- ❖ It visually displays the service by simultaneously depicting the process of service delivery, the points of customer contact, the roles of customers and employees.

BLUEPRINTING COMPONENTS:

Line of interaction:

It represents direct interactions between the customer and the organization.

Ex: Initial interview, intermediate meetings.

Line of visibility:

This line separates all service activities that are visible to the customer from those that are not visible.

Line of internal interaction:

It separates contact employee activities from those of other service support activities and people.

Ex: Blueprint for express mail delivery services.

BUILDING A BLUEPRINT:

STEP -1:

Blueprints can be developed at a variety of levels and there needs to be agreement on the starting point. Identifying the process to be mapped will be determined by the underlying purpose of building the blueprint.

STEP-2:

A common rationale for market segmentation is that each segments needs are different and therefore will require variations in the service features once any level of detail is reached, separates blueprints should be developed to avoid confusion and maximize their usefulness.

STEP-3:

This step involves charting the choices and actions that the customer performs / experiences in purchasing, consuming and evaluating the service.

STEP-4:

In case of technology-delivered services, the required actions of the technology interface will be mapped above the line of visibility.If no employees are involved in the service at all, then the area can be relabeled "onstage technology actions". If both human and technology interactions, those activities "onstage contact employee actions"

STEP-5:

Here the line of internal interaction can then be drawn and linkages from contact activities to internal support function can be identified.

STEP-6:

Finally, the evidence of service can be added to the blueprint to illustrate what it is that the customer sees and receives as tangible evidence of the service at each step in the customer experience.

BENEFITS OF SERVICE BLUEPRINTING:

1. It provides an overview of the service
2. It provides a basis for identifying and assessing cost, revenue and capital invested in each element of the service.
3. It facilitates top-down, bottom-up approach to quality improvement.

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SERVICE QUALITY

Service quality is the assessment of quality is done during the service delivery processes.

Service Quality:

It is an attitude formed by a long-term overall evaluation of a firm's performance.

Quality:

"The quality of service is the degree of conformance of all the relevant features and characteristics of service to all the aspects of customer needs limited by the price and delivery he/she will accept."

Quality may be judged from the following:

1) Design reflected through the relevant feature and characteristics of service.
2) Satisfaction of customer needs
3) Production and delivery of service

PRINCIPLES OF SERVICE QUALITY:

❖ S.Q is more difficult for the consumer to evaluate than the quality of goods.

❖ It is based on consumer perception.

❖ Service quality perception result from a comparison of what the customer expected prior to the service and the perceived level of service received.

UNDERSTANDING SERVICE AND GOODS QUALITY CHARACTERISTICS:

Quality	Definition	Examples	
		Consumer	Business
Search quality	Evaluated prior purchase	Shoes, jeans	Tools, components
Experience quality	Evaluated during/after service	Catering services	Repair services
Credence quality	Evaluation is difficult even after consumption	Education	Consultancy services

DIMENSIONS OF SERVICE QUALITY

Word of mouth	Personal Needs	Past Experience

Dimensions of S.Q

Reliability
Responsiveness
Assurance
Empathy
Tangibles

Expected services

Perceived services

Perceived S.Q

1. ES < PS (Quality Surprise)

2. ES = PS (Satisfactory Quality)

3. ES > PS (Unacceptable quality
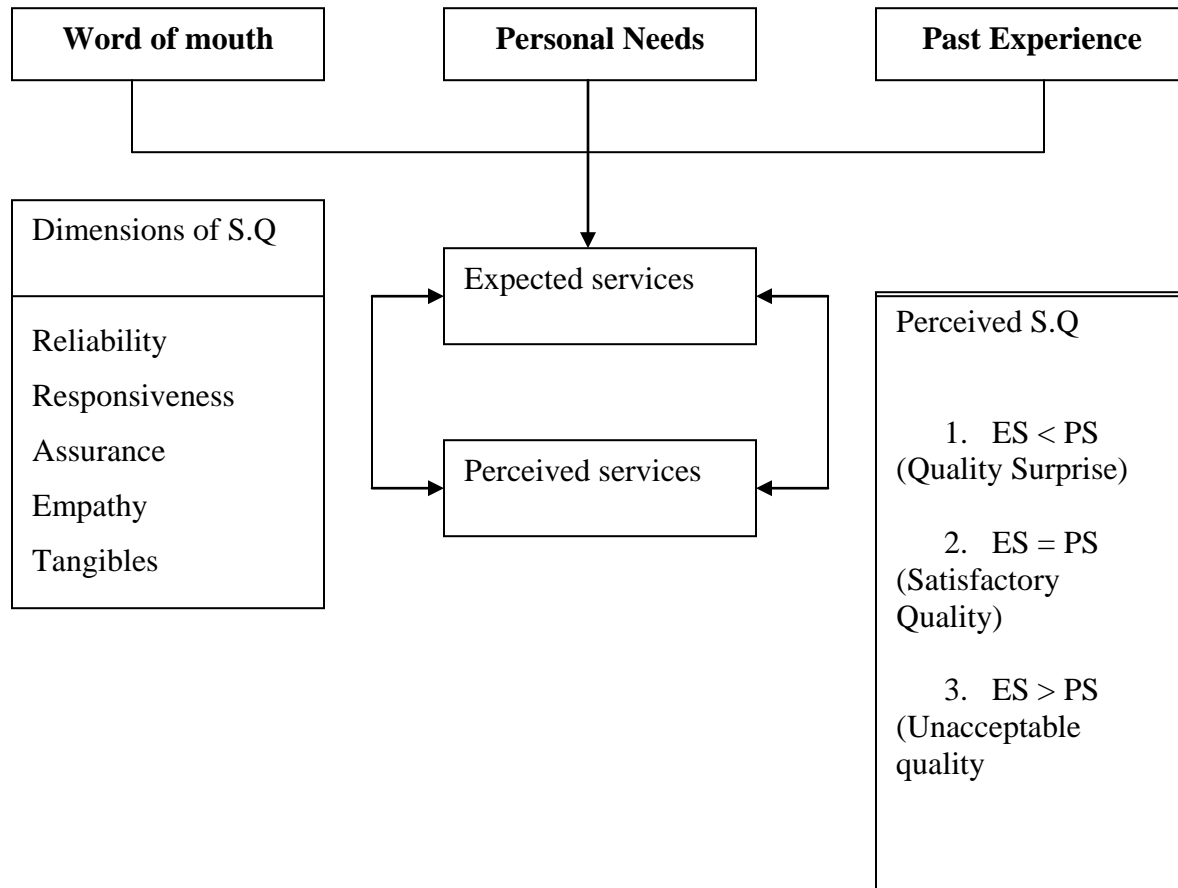
DIMENSIONS OF SERVICE QUALITY:

1. **TANGIBLES**: This includes the service provider's physical facilities, their equipments and the appearance of employees.

E.g. park Sheraton, interior design, menu card, staff appearance

2. **RELIABILITY**: It is the ability of the service firm to perform the service promised dependably and accurately.

E.g. catering services

3. **ASSURANCE**: It refers to the knowledge and courtesy of the employees of companies and their ability to inspire trust and confidence in the customer mind.

E.g. BPO service

4. **EMPATHY**: It is the caring individualized attention the service firm providers to each customer.

E.g. Medical service

5. **RESPONSIVENESS:** It is the willingness of the firm's staff to help customers and to provide them prompt service.

E.g. Airline service, Enquiry desk

<u>PERSPECTIVES OF SERVICE QUALITY</u>:

1. Transcendent View – Quality judged

   E.g. Medical service experience

2. Product based View – Quality depends on each service

   E.g. Saloon ingredients

3. User based View – Quality lies in the eyes of the user

   E.g. Education

4. Manufacturing View – Quality based productivity

   E.g. BPO services

5. Value based View – Service quality is judged in terms of value and prices

   E.g. Transport services

<u>SERVQUAL</u>

It means service quality. It is the instrument which is used to measure service quality. The instrument was based on the promise that service quality is the difference between customer expectations and their evaluation of the service they received.

It is a test instrument which consists of various questions. The first part of the questionnaire asks the customer to indicate the level of service they would expect from a firm in a particular industry.

The second part of the questionnaire asks the customer to evaluate the service performed by a specific service firm. Service quality is equal perceived service score – customer expectation. This method of determining service quality is called GAP theory.

MEASURING AND IMPROVING SERVICE QUALITY

    1. **SOFT MEASURE:**

    They can't be easily observed and must be collected by talking to customers, employees:

    SERVQUAL can be used to measure

        a. On going surveys

        b. Employee surveys

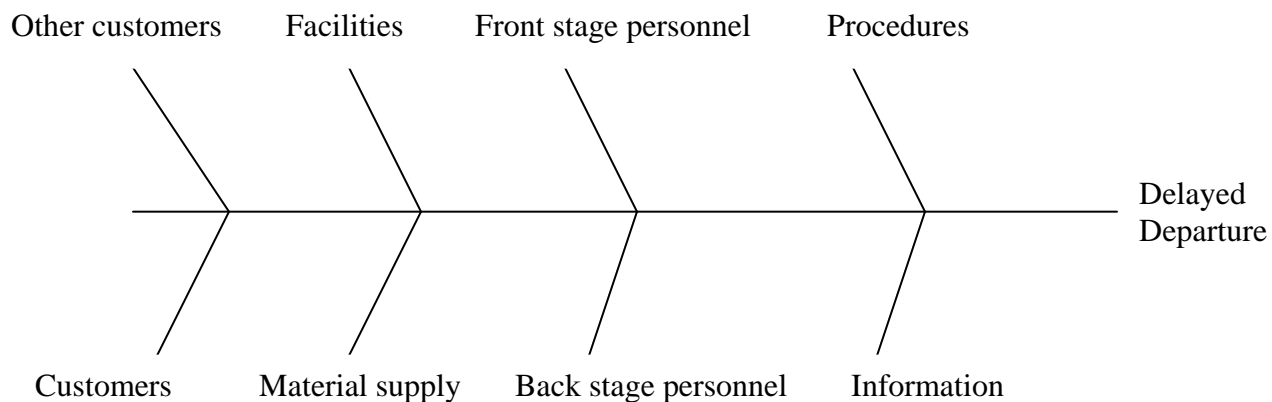   c. Mystery shopping

        d. Focus group discussion

    2. **HARD MEASURE:**

    They refer to operational procedures and include data as service response time, failures

    rates and delivery costs

    E.g. how many minutes a customers had to wait in line to get the service?

TOOLS FOR ANALYSING THE SERVICE QUALITY PROBLEM

    1. **ROOT CAUSE ANALYSIS. THE FISH BONE DIAGRAM**

Diag1: cause and effect chart for flight departure delays.

    1. Late food service, Late fuel – materials

    2. Back stage personnel – Late cabin cleaners

    3. Information – Poor announcement of departures

    4. Procedures – Delayed check in procedures, acceptance of late passengers

5. Front stage personnel – Too few agents, agents arrive late agents under trained.

6. Facilities – Air craft late to gate.

7. Customers – arrive late

8. Others – weather air traffic

2. **THE PARETO ANALYSIS: 80% of quality is maintained by monitory 20% of** the activities.

   E.g. Customer enquiry

3. **BLUE PRINTING**

   It enables us to visualize the process of service delivery by depicting the sequence of front stage enter actions that customer's experience.

11.7%

8.7%

11.3%

15%
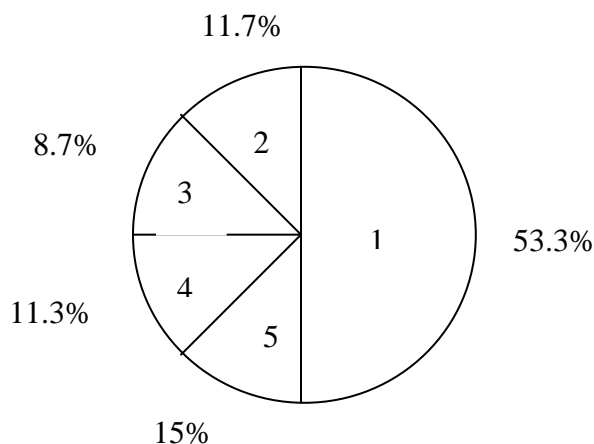
1. Late passengers.

2. Waiting for push back

53.3%

3. Waiting for fuel

4. Late cabin cleaning

5. Aircraft late.

Thus blue printing helps us to understand how failures at one point may have multiple effects in the process of service. An effective tool to design fail points can be done by using POKA – YOKE

4. RETURN ON QUALITY – RETURN ON INVESTMENT

   A) Assess costs and benefits of quality initiatives.

   B) Determine the optimum level of reliability

5. CONTROL CHART:

   The quality of service is indicated by the performance indicator

6. X chart: Monitor the average level of performance.
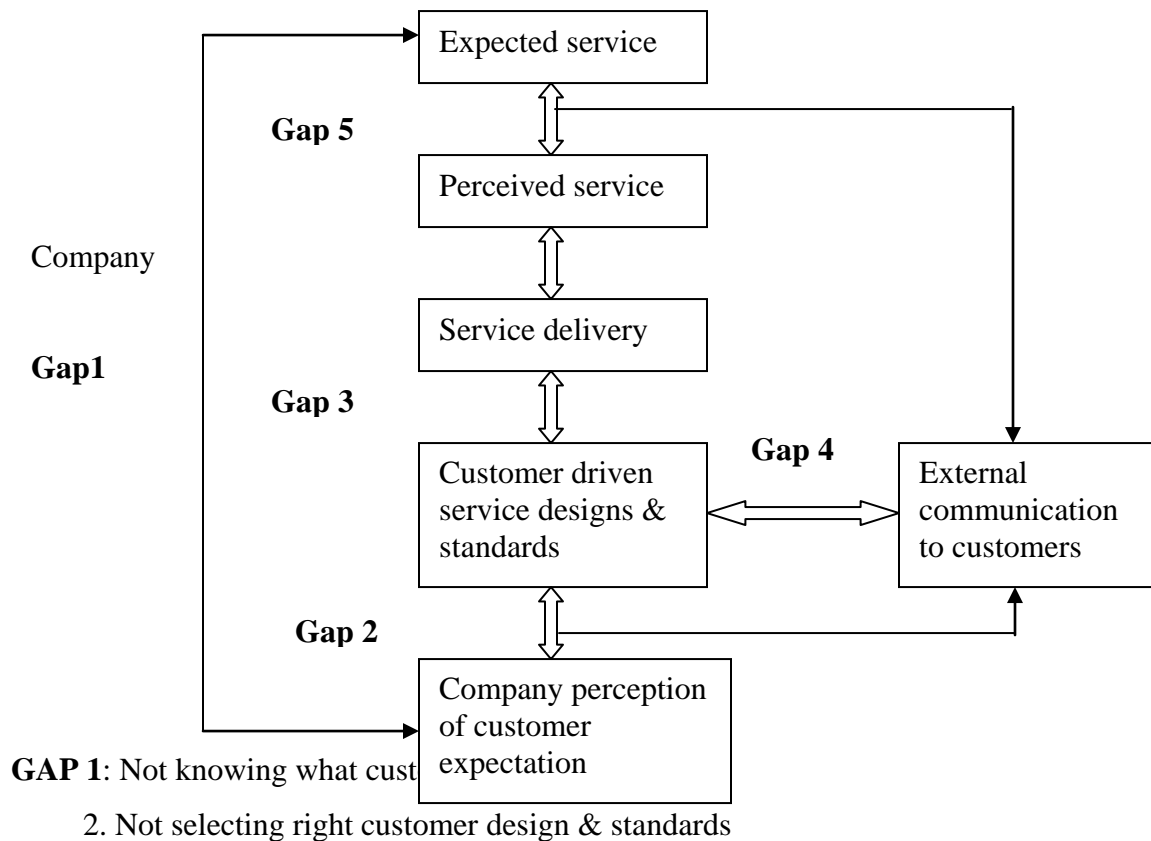
7. R chart: Monitor the variability

8. P chart: It is used when the result of service of each customer can be either acceptable or not.

9. C chart: It is where the quality is indicated by no. of defects.

<u>Diagram 1: Control chart for services.</u>

P
E
R
F
O
R
M
A
N
C
E

UCL

CL

LCL

TIME

<u>INTERGRATED GAP MODEL</u>

Expected service

Gap 5

Perceived service

Company

Service delivery

Gap1

Gap 3

Customer driven service designs & standards

Gap 4

External communication to customers

Gap 2

Company perception of customer expectation

GAP 1: Not knowing what cust

2. Not selecting right customer design & standards
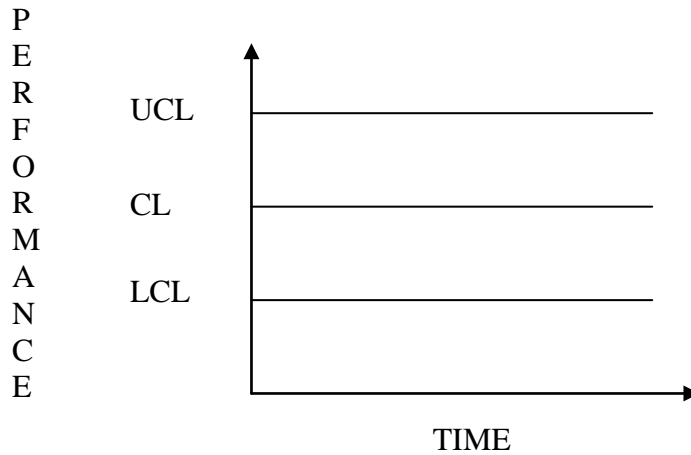
3. Not delivering the service standards

4. Not matching performance with promises.

FACTORS LEADING PROVIDER GAP 1:

Co. perception of customer expectation

a) Inadequate Marketing Research Orientation

- ➢ Insufficient marketing research
- ➢ Research not focused service quality
- ➢ Inadequate use of market research

b) Lack of upward communication:

- ➢ Lack of interaction between management and customers
- ➢ Insufficient communication between contact employees and managers
- ➢ Too many layers between contact personnel and top management

c) Insufficient relationship focus:

- ➢ Lack of market segmentation
- ➢ Focuses on transaction rather than relationships
- ➢ Focuses on new customers rather than existing customers

d) Inadequate service recovery:

STRATEGIES TO REDUCE GAP1:

The emphasis on acquiring new customers should be changed in order to retain the old customers.

GAP 2:

Three factors leading to provider gap 2

Customer driven service design and standards.

a) Poor service design:

- ➔ Unsystematic new service development process
- ➔ Undefined service design
- ➔ Failure to connect service design to service positioning

b) Absence of customer defined standards:

- ➔ Absence of process management to focus on customer requirement
- ➔ Absence of formal process for getting service quality goals.

c) Inappropriate physical evidence and service scale:

➔ Management perception of customer expectation

HOW TO REDUCE GAP 2:

1. Design clearly without over simplification, incompleteness and subjectivity.

2. Develop effective strategies for new service and use service ability as an implication tool.

3. Develop customer defined service standards

4. Design physical evidence to meet customer expectation.

PROVIDER GAP 3:

This is the discrepancy between development of customer driven standards and actual service performance by company employees.

REASONS LEADING TO PROVIDER GAP 3:

a) Deficiency in HR policies:

★ Ambiguity and role conflicts

★ Inappropriate evaluation and compensation system

★ Lack of empowerment perceived control and team work

b) Failure to match supply and demand:

★ Inappropriate customer mix

★ Over lies on price

★ Failures to smooth peaks and barriers

c) Customers are not fulfilling:

★ Customer's ignorance of responsibilities

★ Customers negatively affect each other

★ Problems with service intermediaries

★ Channel conflict

★ Difficulty in controlling quality and consistency

★ Tension between empowerment and control

STRATEGIES TO REDUCE GAP 3:

Ensure that all the resources is needed to achieve standards are in place

PROVIDER GAP 4:

This is the difference between service delivery and service provider's external communication

REASONS: service delivery

a) Lack of integrated service marketing communication:

- √ Not including interactive marketing plans
- √ Absence of strong marketing program
- √ Tendency to view each external communication as independent

b) Ineffective management of customer expectation:

- √ Not managing the customer expectation in communication

c) Over promising through advertisements

d) Inadequate horizontal communication:

- √ Differences in policies and procedures across the branches
- √ Insufficient communication between advertising and operation

UNIT – IV   SERVICE DELIVERY AND PROMOTION

Positioning of services – Designing service delivery System, Service Channel – Pricing of services, methods – Service marketing triangle - Integrated Service marketing communication.

Process of Positioning

Product positioning involves a number of steps including the following:

Determining levels of positioning

Identification of key attributes of importance to selected segments

Location of attributes on a positioning map

Evaluating positioning options

Implementing positioning.

Determining levels of positioning

The first step in positioning is to determine which level(s) – service level, product sector level, corporate level – are to receive explicit positioning attention. Some examples will illustrate the choices that are made by some service organizations. The level or levels of positioning to be undertaken are usually fairly clear out, although some organisation, have placed different emphasis on these levels at different points in time.

Identification of attributes Once the level of positioning has been determined it is necessary to identify the specific attributes that are important to the chosen market segments. In particular, the way in which purchasing decisions are made should be considered. Individuals use different criteria fro making a purchase decision of a service.

Location of attributes on positioning map

The positioning process involves the identification of the most important attribute and location of various companies' services, for these attributes, on a positioning map. Where a range of attributes are identified, statistical procedures exist for combining these attributes into aggregate dimensions. Such dimensions are referred to by various names such as principal components, multi-dimensional scales, factors etc. depending upon how the data were elicited and which statistical procedures were used. Usually two dimensions are used on positioning maps and these often account for a large proportion of the 'explanation' of the customer's preferences.

Products or services are typically plotted on a two dimensional positioning man such as show in the following figure. The positioning map can be used to identify the position of competitors' services in relation to the selected attributes. The analysis can be further developed by drawing separate positioning maps for each market segment. Customers in each market segment may

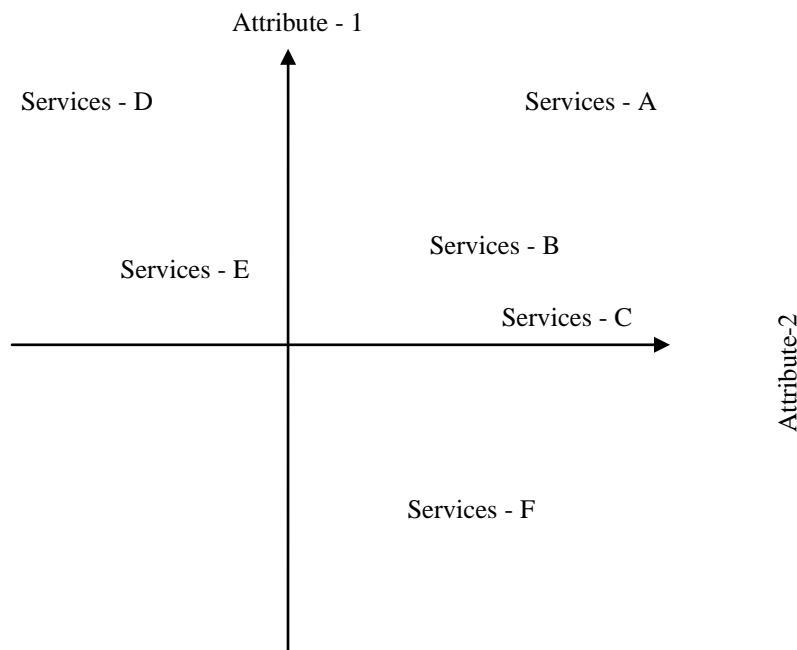perceive the service and its benefits differently and different map will show these different positions.

Attribute - 1

Services - D   Services - A

                    Services - B

Services - E

                    Services - C   Attribute-2

Services - F

Fig. 6.1 Illustrative positioning man

Positioning maps can be based on either objective attributes or subjective attributes Maps can also use a combination of objective and subjective attributes.

Evaluation positioning options

- Strengthening current position against competitors to avoid head-on attack.
- Identifying an unoccupied market position that was not filled by a competitor
- Repositioning the competition.

Once a company had identified where it is positioned at present, it then needs to determine how to enhance or sustain its position relative to its competitors.

Criteria for good positioning

- The positioning should be meaningful.
- The positioning must be believable.
- The positioning must be unique.

Implementing positioning and the marketing mix

How a company and service is positioned needs to be communicated throughout all of its implicit and explicit interactions with customers. This suggests that all elements of the company, its staff, policies and image, need to reflect a similar image which together conveys the desires position to the market place. This means that a company must establish a strategic positioning direction, which is followed through in all of its tactical marketing and sales activities.

A successful positioning strategy should make the service clearly distinguishable by features which are desirable and important to the target customer segment. This means that the positioning strategy should be examined from time to time to ensure that it does not become outdated and that it is still relevant to the target market segment.

The marketing mix is the key to implementing a positioning strategy. The design of the marketing mix to implement the positioning must be based on the key salient attributes relevant to the target segment. These attributes should be identified in the context of analysis of competitors, whose positions should be assessed to discover their vulnerability. All the elements of the marketing mix can be utilized to influence the customer's perception and hence the positioning of the product or organisatoin concerned. The marketing mix can be used to develop a coherent totality that creates the positioning in the customer's mind.

Importance of Positioning

Positioning involves both launching new brands into the marketplace (new brand positioning), and repositioning old brands. It is concerned with the differentiation of products and services and ensuring that they do not degenerate into a commodity. To maximize its potential a company should position itself in its core market segments, where it is objectively or subjectively differentiated in a positive way over competing offerings.

Positioning is particularly import for services in the market. As a result of competitive pressure the consumer is becoming increasingly confused by the huge offering of services within each market sector. These offering are communicated by a vast number of advertising messages promoting different features of the services. The key to a successful positioning strategy is to promote the feature which the company is best and which exactly matches the needs of the customer.

Because of intangibility and other features associated with services, consumers find that differentiation of services can be more difficult and complex. Successful positioning makes it

easier for the customer to see a company's services as being different from others and exactly what is wanted.

Positioning is a strategic marketing tool which allows managers to determine what their position is now, what they wish it to be and what actions are needed to attain it. The permits market opportunities to be identified, by considering positions which are not met by competitors' products. It therefore helps influence both product development and the redesign of existing products. It also allows consideration of competitor's possible moves and responses so that appropriate action can be taken. The concept is often considered at the product level although it is also relevant at the product sector and organizational level. Positioning involves giving the target market segment the reason for buying your services and thus underpins the whole marketing strategy. It also offers guidelines for development of a marketing mix with each element of he it being consistent with the positioning.

Positioning services in competitive markets

Service represent

       a. Speed with which service is delivered to the quality of interaction between customers and service personnel.

       b. Convenience – service delivered at convenient location, available at convenient times.

Postioning strategy: It is concerned with creating and maintaining distinctive differences that will be noticed and valued by those customers with whom the firm would most like to develop long-term relationship.

It requires to understand

   a. Target customers preferences
   b. Characteristics of their competitors offerings.
   I.   Focus underlies the search for competitive analysis:

As competition intensifies in the service sector, it's becoming ever more important for service organizations to differentiate their products in ways that are meaningful to customers. It is not realistic for a firm to try to appeal to all potential buyers in a market because

(i)   The customers vary in their needs purchasing behaviour, consumption pattern and geographically wide spread.

Important Vs. Determinant attributes:

Determinant attributes:

These are the attributes that determine buyer's choice among competing alternatives that are important to purchases, which customers see significant differences among competing alternatives.

Ex: Airlines –   Convenience of departure

                   Convenience of arrival time

                  Availability of frequent flyer

                 Case of making reservations.

Important Atrributes

- Price which is quantitative and can be measured.

Positioning distinguishes a brand from its competitors:

Competitive positioning strategy is based on establishing and maintaining a distinctive place in the market for an organisation / individual product offerings.

1. A company must establish a position in the minds of its targeted customers.
2. The position should be singular, providing one simple and consistent message.
3. The position must set a company apart from its competitors.
4. A company cannot be all things to all people; it must focus its efforts.

"Positioning needs to keep competitors out not draw them it."

==

Copy positioning Vs. Product positioning

Copy positioning:

People make decisions based on their perceptions of reality rather than on an expert's definition of reality.

Marketers associate positioning primarily with the communication elements of the marketing mix, advtg, promotions and public relations which creates good image and associations so as to give them a special distinction in the customers mind.

Product positioning

To improve a product's appeal to a specific target segment, it is necessary to change its performance on certain attributes.

- Reduce its price
- Alter the times and locations when it is available.
- Performance, price, availability

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Positioning role in marketing strategy:

➢ It plays important role because it links market analysis and competitive analysis to internal corporate analysis. [Refer pg. 66 Table 3-1 of zeithmal]

➢ Because services are intangible, explicit positioning strategy is valuable in helping prospective customers to get a mental fix on a product.

➢ The organization is pushed into a positive where it faces head on competition from stronger competitors.

➢ The organization is pushed into a position that nobody else wants, because there is little customer demand.

➢ The organization's product's position is so blurred that nobody knows what it's distinctive competence is.

➢ The organization has no position at all in the market place because nobody has ever heard of it.

➢ **CUSTOMER POSITIONING OF SERVICES**

Consumer positioning of a service involves two concepts. First, it means the position the firm or organization occupies in the minds of consumers. What a company thinks is their position in the market place does not matter. Rather, it is what the consumers think that is important. Second, positioning is always relative to the competition. In choosing a service firm, consumers will compare its service offerings to other firms within the industry.

METHODS OF POSITIONING

Services can be positioned in 6 different ways. They can be positioned by service attributes, use of application, price/ quality relationship, service class, service user, or competitor.

METHODS OF POSITIONING	CONSUMER EXAMPLE	BUSINESS EXAMPLE
Service attributes	Sprint offers the clearest and Best transmission for long distance telephone calls.	J.B.Hunt offers the best on-time delivery rate for long haul shipments by truck.
Use or application	Bullet Resistant Systems Provides bulletproofing for Residences who want protection frombullets.	Imagination provides full multidisplinary communication services for business who want more than advertising development.
Price/ quality Relationship	Taco Bell offers fast food customers a cheap, quality meal.	Ernest & young offers a high quality accounting service.
Service Class	Hilton is the best alternative In the down town, business convention market.	Access Health Marketing is a new firm in the medical telephone counseling industry.
Service User	Viacom's WLTW of Newyork is the radio station of choice for 25 to 54 years old females.	Midwest Express offersthe highest level of service quality For business airline travelers.
Competitor	Avis provides an excellent alternative to hertz.	Eurostar provides travelers an excellent alternative transportation method from Paris to London.

Service attributes involve positioning the service in terms of what it does best. For instance, Federal Express tries to position itself as the best firm for "overnight delivery" while UPS tries to position itself as the best firm for "package delivery".

Use or application can be used for positioning. Fitness centres are often positioned inthis way. Some fitness centres will cater to individuals who want to reduce weight, while others position themselves for individuals who want to exercise or on weight lifting or conditioning. Each position targets a different market segment and requires a unique combination of equipment and physical facility design.

Price- Quality relationship can also be used for positioning a firm.

The fourth means of consumer positioning is by **service class**. Pizza Hut wants to be positioned as a 'dine-in restaurant', not a fast-food restaurant. Their advertisements often state they are " the best dine-in restaurant in the pizza industry".

Some services are positioned according to **service users**. Service providers can also position themselves relative to a **competitor**.

POSITIONING MAPS

Position mapping involves graphically mapping a firm and its competitors relative to the two major purchase criteria. To be of benefit, the axis of the graph needs to be the two most important criteria consumers use in choosing a vendor from within an industry. For trucking firms, the most important criteria may be on-time delivery rate and cost. For a professional service such as surgery, the most important criteria may be competence and availability.

The position map allows a company to see what position they occupy in the mind of consumers relative to their competition. For a potential new entrant into the market, the position map will show possible gaps that are not currently being served by anyone. The map may also suggest a new position for a firm currently in the market.

Steps in positioning:

STEP -1: DETERMINE THE CORRECT POSITION:

The first step in determining the correct position for a service is to identify the firm's competitors. It is important to look at competition from a consumer's view point. In making a purchase decision, what vendors do consumers consider? The list of vendors generated is the competing firms.

STEP-2: ASSESS CONSUMER PERCEPTION:

The second step in the process is to assess consumers' perceptions of each firm in the industry. Consumer perceptions are crucial in positioning. The position a firm believes they occupy or the position they would like to occupy is irrelevant at this point.

STEP-3: DETERMINE THE POSITION OF EACH FIRM:

Based on information gained from consumers, the third step is to determine the position of each firm within the industry. Using the position map is an excellent method of doing this. The map will allow firms to see where they are relative to their competition.

STEP-4: ANALYSING CONSUMER PREFERENCES:

The fourth step in determining the correct consumer position is to analyze consumer preferences. This information is difficult to obtain but is important in making a positioning decision. Analyzing consumer preferences involves determining why consumers prefer one firm over another.

STEP-5 MAKING CONSUMER POSITION DECISION:

Based on the information gained, a firm is ready for the fifth step; making a consumer position decision. The decision may be to remain positioned where it is. However, if a firm is unhappy with the position it occupies in consumers' minds, it may want to reposition itself. In choosing a new position, firms must be very careful. Changing the position of a firm in consumers' minds is very difficult since positions become ver entrenched. Consumers have to be convinced that what they believe about a firm in reference to its competition is wrong or that it must be modified.

STEP-6: DEVELOP A STRATEGY:

The final step in the process is to develop a strategy to implement the new position or to reinforce the current position.

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Conduct internal market and competitor analyses:

Market analysis:

It addresses the overall level and trend of demand and the geographic location of the demand. Research may be needed to gain a better understanding of not only customer needs and preferences within each of the different segments but also how each segment perceives the competition.

Internal corporate analysis:

It focuses on identifying the organizations resources [financial, human labor, physical assets] any limitations, it's goals [profitability, growth, professional preferences] and how it's value shape the way it does business.

From the analysis, we can select a limited no. of target market segmentation that can be served with either new/existing services.

Competitive analysis

It emphasis on the strength, weakness, may suggest opportunities for differentiation, the company can determine it's opportunities to achieve differentiation.

Position statement:

It is the outcome of integrating these 3 forms of analysis. This describes the described position of the organization in the market place.

[Refer Pg. 67 fig 3-3.]

Anticipating competitive response:

The best way to anticipating competitive response is to identify all current and potential competitors and to put oneself in their own management's shoes by conducting an internal corporate analysis for each of the firms.

Stimulate models can be done to analyse the impact of alternative competitive moves.

* How would a price cut affect demand

* How long would it take before customers responded to a new advtg campaign designed to change perceptions?
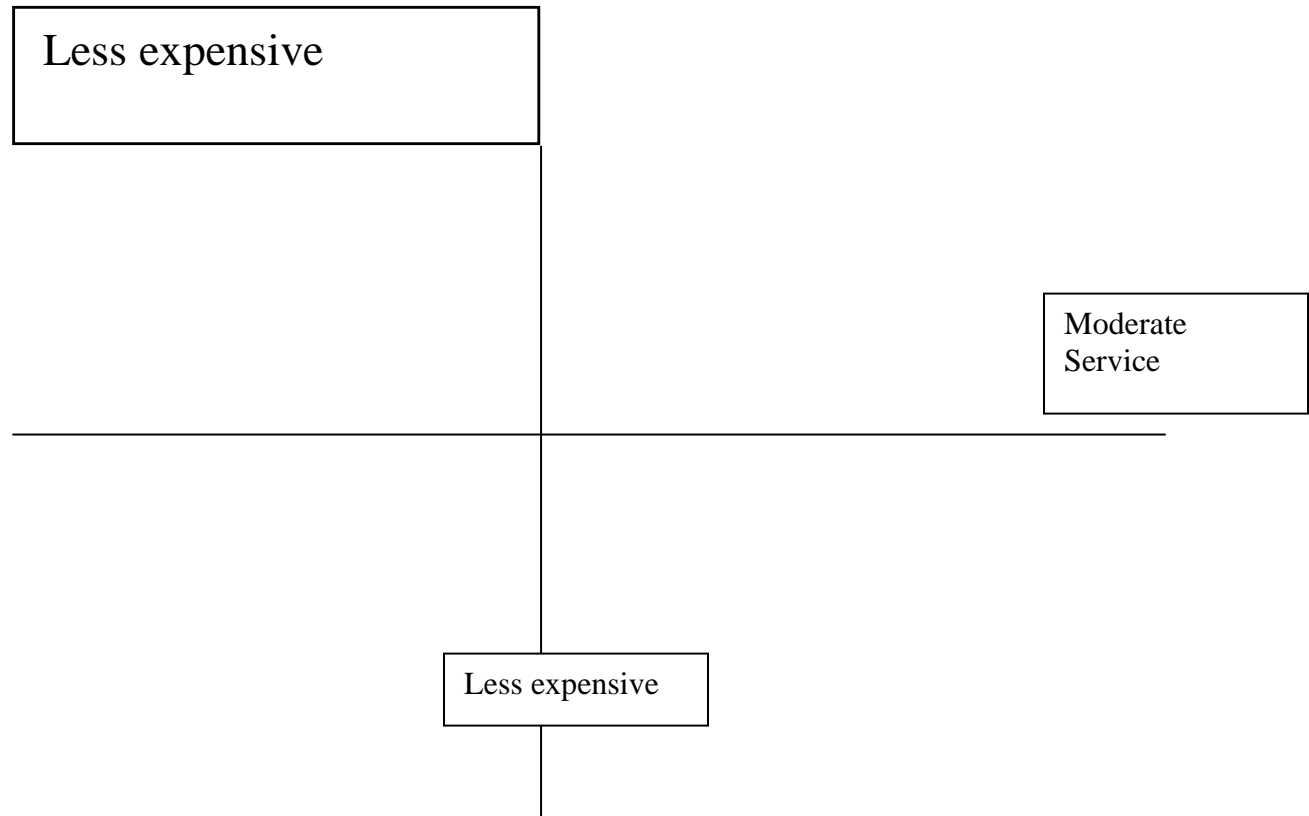
Evolutionary positioning:

It is responding to changing market structures, technology, competitive activity. Some business lend themselves to evolutionary repositioning by adding/deleting services and target segments. [offering extended hrs. of service, added banking services]

Use positioning maps to plot competitive strategy:

It is a perceptual mapping.

It is a useful way of representing customers perceptions of alternative products graphically.

```
┌─────────────────────┐
│  Less expensive     │
│                     │
└─────────────────────┘
        │
        │                              ┌──────────────┐
        │                              │ Moderate     │
        │                              │ Service      │
        │                              └──────────────┘
────────┼──────────────────────────────────────
        │
        │       ┌──────────────────┐
        │       │ Less expensive   │
        │       └──────────────────┘
        │
        │
```

Competitive positioning :

Firms may have to undertake significant change in an existing position. Such a strategy is known as repositioning – means revising service characteristics/ redefining target market segments]

Change perceptions through advertising:

Improving negative brand perceptions may require extensive redesign of the core product/supplementary services.

Weaknesses are perceptual rather than real.

Innovation is positioning:

One way to compete is to introduce new dimensions into the positioning equation that other firms can't immediately match.

SERVICE MARKETING TRIANGLE

Company

Internal marketing
"Enabling

External marketing
"Making Promises"

Provider

Customers

Interactive marketing
"Keeping Promises"
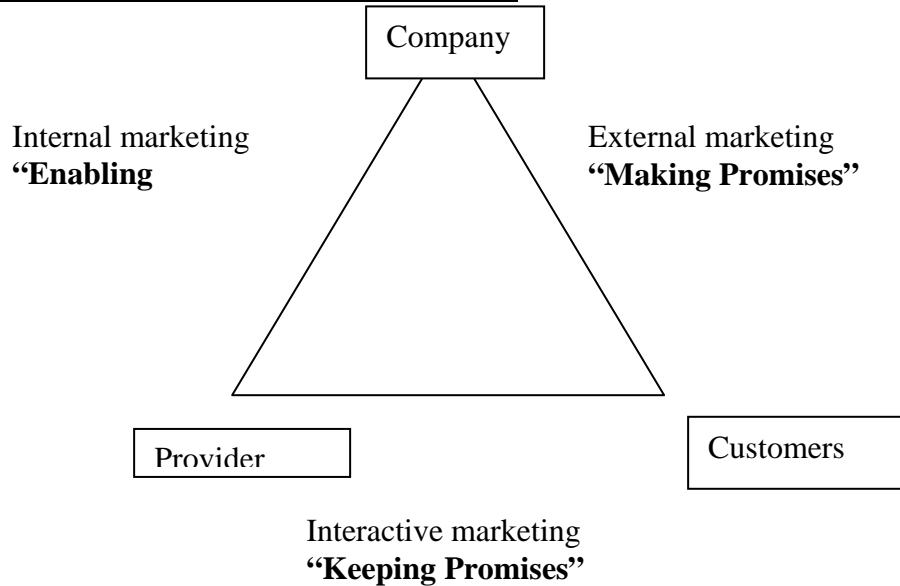
EXTERNAL MARKETING:

➤ The Company makes promises towards customers regarding what they can expect and how it will be delivered.

➤ Here consistent and realistic promises should be set.

INTERACTIVE MARKETING:

➤ Promises which are made by external marketing must be kept.

➤ Service promises are kept or broke by the employees of the firm.

INTERNAL MARKETING

➤ In order for providers and service system to deliver on the promises made they must have skills, abilities and motivate to deliver.

➤ Promises are easy to make unless providers are recruited, trained, they can opt keep up promise.

PRICING

Approaches to pricing services

I COST BASED PRICING:- PROBLEMS

1. Small firms may charge too little to be viable.
2. Prices may not reflect customer value.
3. Heterogenity limits comparability

II COMPETITOR BASED PRICING: - PROBLEMS

1. Costs are difficult to trace.
2. Labor is more difficult to price than materials.
3. Costs may not equal value.

III DEMAND BASED PRICING: - PROBLEMS

1. Information on service costs is less available to customers, hence price may not be a central factor.
2. Monetary price must be adjusted to reflect the value of nonmonetary costs.

===

WHAT IS REVENUE MANAGEMENT:

It means setting prices according to predicted demand levels among various market segments.

The least price sensitive segment is allocated capacity first at the highest price, followed by the next segment at a lower price.

Ex: Travelers often reserve airline seats, hotel rooms.

A good revenue management is able to predict with reasonable accuracy how many customers will want to use a service for a given slot at each of service price levels and to block the relevant amount of capacity at each level. (Price Bucket).

Effects of Competitors pricing on Because of Revenue management:

Revenue management system monitor booking pace, competitor pricing is indirectly picked up.

If a firm prices too low, it will experience a higher booking pace and its cheaper seats will fill up quickly.

A SUSTAINABLE COMPETITIVE ADVANTAGE

This concept of providing a service that consumers feel is superior to the competition and sustainable over time is called a sustainable competitive advantage (SCA).

THE CONCEPT OF A SUSTAINABLE COMPETITVE ADVANTAGE

To qualify as a sustainable competitive advantage, the perceived advantage must meet four requirements.

1) The consumer must value the concept. An advantage that is not valued by customers will not result in additional sales.

2) The second condition for an SCA is that it be non substitutable. Substitutability can occur when a competitor can use a similar advantage to gain access to another firm's customers. For example, a firm may develop a strong competitive advantage due to its large number of outlets. Another firm, unable to duplicate the large number of outlets. Another firm, unable to duplicate the large number of outlets, may develop Internet, fax, or telephone access that allows customers the same relative access. Thus, the large number of outlets may no longer be a strong advantage if customers do not need to go to the facility to conduct business. Banks and financial services are now facing this situation with the increased popularity of computerized on-line banking services and internet financial services.

3) The third requirement for an SCA is that the service firms have the resources and capability of delivering the SCA to its customers. Although a particular advantage may be a goal for the firm, it cannot be developed into sustainable competitive advantage unless the firm first has the capabilities. A firm may want to be the low-price provider of a service, but unless it has the size to provide economies of scale, it will be unable to obtain that position.

4) The last requirement for an SCA is that it be sustainable, which implies it cannot be easily copied by competitors. Some type of barrier to imitation must exist. The barrier can be economies of scale, capital costs, service offerings differentiation, buyer switching costs, access to distribution channels, or experience effects.

UNDERSTANDING SUSTAINABLE COMPETITIVE ADVANTAGE

1) Must be valued by customers.
2) Cannot be easily substitutable.
3) Must have resources and capability of delivering the sustainable competitive advantage to its customers.
4) Must be sustainable and not easily copied by competitors.

SOURCES OF COMPETITIVE ADVANTAGE

A sustainable competitive advantage is built on a firm providing either superior resources or distinctive skills. Superior resources allow a firm to develop unique or different to imitate. Distinctive skills allow a firm's personnel to offer a service in a unique or different way. When the two are combined in a single SCA, the competitive advantage becomes even more sustainable. Sustainable competitive advantages can be achieved through a

- ❖ unique or different operational position
- ❖ scale effects, cost and demand synergy
- ❖ brand or firm equity
- ❖ customer relationships
- ❖ service package, or information technology.

MARKET DEFENDER STRATEGIES

Understanding the successful strategies used during each stage of the service life cycle is only half of the key to success. The other half is for a firm to defend its current market share from its competitors and from new firms entering the market.

A) BLOCKING STRATEGIES

The best defense strategy against competitors is to stop new firms from entering the market. Entry can be blocked by increasing the cost of success or reducing the anticipated rewards. Companies enter new markets bcoz they believe they can make a profit. If the cost of entering a new market becomes too high or the anticipated return is too low, the desire to enter is lessened. Blocking strategies available to service firms include performance guarantees, intensive advertising, controlling location or access, high switching costs, and satisfied customers.

A performance guarantee does two things. First, it says to customers that their current service provider will stand behind their promises. Second, it forces any new entrant into the market to immediately meet the same standard of performance.

Another method of blocking new entrants is an intensive advertising campaign that promotes brand name, brand awareness, and brand equity. Large service firms have the money to fund large scale promotions. Bcoz of the experiential nature of services, many consumers will choose a firm with which they are familiar. Customers are leery of unknown service firms. Building the brand awareness necessary to capture a significant portion of a market may be seen as too costly for some prospective entrants.

Controlling location or access is another method of blocking entry. It is the spatial preemptive competitive advantage discussed earlier. Firms that are first to get the prime retail locations will create a barrier to other firms desiring to enter that market. Firms that sign contractual agreements with their clients or customers make it harder for a new firm to enter. Any method a firm can use that will make it more difficult for a new competitor to have access to customers will discourage a new firm's entry.

Increasing switching costs will make a market less attractive bcoz as customer switching costs go up, customers become less willing to try a new company.

The best blocking strategy, however is to provide the service customers want and expect. Satisfied customers are reluctant to try a new service. This reluctance is especially true for services operating in the service quality and customization operational position.

B) RETALIATION STRATEGIES

It is not always possible to prevent new firms from entering a market, especially during the growth stage of the service life cycle. Once they have entered the market, then firms who are already in the market will have to switch to retaliation strategies. The goal of these strategies is to deny the new entrant the opportunity to make their anticipated or desired profit level. If profits are too low or the market potential does not appear to be attractive, the new firm will withdraw from the market. Retaliation strategies include reducing service trial, fighting aggressively to maintain market share and developing a reputation for being aggressive.

One retaliation strategy is to discourage customers from trying the new service company. Manufacturers of goods can do this by offering special promotions that encourage customers to

stock up on their merchandise. Because services are perishable, this strategy is not as readily available to services. Instead, service firms must look for ways to develop long term contracts with their customers. Formal contracts are the best, but are not always possible.

Another strategy is to reduce a new entrant's profits with aggressive retaliation. Aggressive retaliation forces the new entrant to spend more time and money, which makes the market less attractive to the new entrant. Having a reputation of being aggressive may cause some companies to discontinue their market entry plans or be content with a smaller share of the market. Citibank demonstrated aggressive retaliation when AT&T launched their universal card. Citibank cancelled its AT&T long distance service, added price protection, and tried to block other nonbank entities from entering the credit card industry. Although Citibank's retaliation did not stop AT&T from entering the market, it did lengthen the pay back period AT&T had anticipated when they entered the market. It was two full years before AT&T realized any profit and even then the profit earned was lower than anticipated.

C) ADAPTATION STRATEGIES

Adaptation strategies are used when a firm must accept that attempts to block or force out the new entrant have failed and the new firm is in the market to stay. Citibank was forced to use adaptation strategies when AT&T universal card penetrated the market. Among the adaptation strategies used to keep the new entrant from eroding a firm's market share, three strategies should be used. First, the firm can match the new entrant's offers and attempt to beat them on their own turf. This strategy may require adding new services or modifying current services to ensure that at every level they have equivalent offerings. As new firms try to develop a competitive advantage, incumbents can work to prevent the competitive advantage from being established.

A second strategy is to expand the service package to discourage customers from switching to the new entrant. By offering the customer everything, the need to switch is decreased. The danger with this approach is that in offering multiple services, the quality and expertise may be diminished. Firms that are more specialized may be able to offer a higher level of service quality and take away market share.

SERVICE CHANNEL

Issues related to distribution

Distribution-meaning:

It is the availability of and accessibility of a service to consumers.

Two service marketers are involved in delivering service through intermediaries.

2. The service principal/originator - it is the entity that creates the service concept.

3. The service deliverer/intermediary – it is the entity that interacts with the customer in the actual execution of the service.

The focus in service distribution is on identifying ways to bring the customer and principal and representatives together. The options available are

1. Franchisees

2. Agents

3. Brokers

4. Electronic channels.

Direct channel/Company owned channel

There are some services which are distributed directly from provider to customer.

Ex: Doctors, Hairstylists.

Pros:

1. Complete control over the outlets.

2. Consistency can be maintained

3. Standards can be established and monitored

4. Company can own customer relationships.

Cons:

1. It has to undergo financial risk

2. They may not be aware of the business not the markets.

Common issues involving intermediaries

a. Channel conflict over objectives and performance:

The conflict occurs because the service principal and its intermediaries are too dependent on each other.

b.   The conflict may occur between the service provider and service intermediary in the types of channels.

c.   Channel conflict over costs and rewards:

d.   The conflict may arise in monetary arrangement between those who create the service and those who deliver the service.

e.   Difficulty controlling quality and consistency across outlets:

f.   It results in inconsistency and lack of uniform quality that results when multiple outlets deliver services, here the service provider suffers because the entire brand and reputation are jeopardized.

g.   Tension between empowerment and control:

h.   If the services are to be delivered by the franchisees, their independent ideas must be integrated according to the standards.

i.   Channel ambugity:

j.   Who will undertake market research to identify customer requirement the company or intermediary?

k.   Who determines the standards for service delivery, the franchiser or the franchisee.

l.

m.   Electronic channels in action/innovative application of the web, internet and other electronic channels.

n.   Interactive television:

o.   It is an electronic channels that has been developed in many different forms, but essentially consists of television where the viewer participates actively rather than passively receiving the information.While a customer watches TV, a small icon will appear in the corner of the screen on various channels. When the customer clicks the remote a menu of information will show.

p.   Super ATMS:

q.   These are the ATMs that show movie clips and commercials while you wait for money.This will allow you to book flights and print tickets for airlines.

r.   ON-LINE TRAVEL:

s.   Prices are more competitive than offline price.No inventory cost. Advertising revenue.

t.   Ex: Travelocity.com it sells airline tickets, hotel rooms directly to consumers avoiding agents.

u.   d. Investing online

PEOPLE

Here we focus on service employees and human resource practices that facilitate delivery of quality services.

The failure to deliver services as designed and specified can result from a no. of employees and human performance factors

a. Ineffective recruitment of service

b. Role ambiguity

c. Role conflict among contact employees.

d. Poor employee-technology fit.

e. Inappropriate evaluation and compensation systems.

f. Lack of empowerment

g. Perceived team work

h. Team work

a. Employees are the service:

Investing in the employee to improve the service parallels making a direct investment in the improvement of a manufactured product/service.

Ex: hair cutting, child care

b. Employees are the brand:

Even off-duty employees, such as flight attendants/restaurant employees on a break, reflect on the organization they represent.

c. Employees are the marketers:

Contact employees represent the organization and can directly influence customer satisfaction, they perform the role of marketers.

Ex: Bank Tellers

d. Employees are the organization in the customer's eyes:

Even if the contact employee doesn't perform the service entirely, he/she may still represent the firm in the customers' eye.

Service Profit Chain:

Internal

Service →   Employee   Employee retention

Quality   Satisfaction ——— Employee productivity
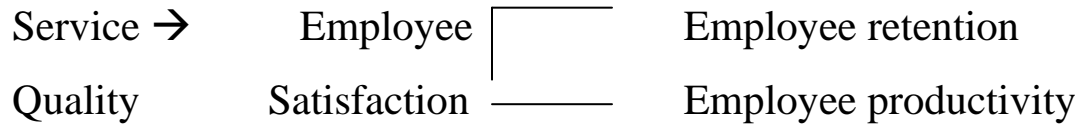
The five dimensions of service quality is delivered by people.

a. **Reliability**:

Delivering the service as promised is totally within the control of front-line employees.

b. Responsiveness:

Employees directly influence customer perceptions of responsiveness through their personal willingness to help and their promptness in selling customers.

c. Assurance:

Communicate about the service credibility and to inspire trust and confidence. This dimension is highly dependent on the employees ability. It reflects the reputation of the organization.

d. Empathy:

Here employees will pay attention, listen, adapt and be flexible in delivery what individual customer needs.

e. Tangibles:

The service facility, brochures are the tangibles available for the service provider to deliver the service.

Emotional labor:

This was coined by Arlie Hoch child. It refers to the labor that goes beyond the physical and mental skills needed to deliver quality service.

- Delivering smiles
- Making eye contact
- Showing sincere interest
- Engaging in friendly conversation with people

Therefore, friendliness, courtesy, empathy and responsiveness directed toward customers all require huge amount of emotional labor from front-line employees.

<u>Reducing stress of excessive emotional labor:</u>

1. Providing good physical working condition
2. Scheduled break
3. job rotating

<u>Sources of conflict</u>

Front-line employees often face interpersonal and inter organizational conflicts on the job.

   a. <u>Person/role conflict:</u>

In some situations, boundary spanners feel conflicts between what they are asked to do and their own personalities, values.

It arises when employees are required to wear specific clothing to confirm job requirements.

   b. <u>Organisation/client conflict:</u>

Here conflict arises when employees have 2 bosses, organization and the individual customer.

When a customer makes excessive demands, the employee has to choose whether to follow the rules or satisfy the demands.

The conflict is greatest when the employee believes the organization is wrong in its policies and must decide whether to accommodate the client/losing the job.

   c. <u>Inter-client conflict:</u>

This occurs when there are incompatible expectations and requirements from 2 or more customers.

Ex: Teachers

- Providers may satisfy one customer by spending additional time.
- Customizing service
- Bring very flexible in meeting customers needs
- The waiting customers are becoming dissatisfied, b'z they are not met on a timely way.

UNIT – 5

Service Marketing Strategies for health – Hospitality – Tourism – Financial – Logistics - Educational – Entertainment & public utility Information technique Services – case studies

Tourism and Travel Marketing

Tourism is a major industry throughout the world today. It embraces activities ranging form the smallest sea-side hotel, for example, to airlines, multinational hotel chains and major international tour operators.

The concept of tourism marketing comprises of:

- Identifying and anticipating consumer demand (and desire) for tourism products and services

- Developing a means of providing products and services to fulfill these needs

- Communicating this to the consumer, thereby motivating sales, consequently satisfying both the consumer, and the organization's objectives.

Krippendorf says, "Marketing in tourism is to be understood as the systematic and coordinated execution of business policy by tourist undertakings whether private or state, owned at local, regional, national and international levels to achieve the optional satisfaction of the needs of identifiable consumer groups and in doing so achieves an appropriate return".

Burkart and Medlick opine, "Tourism marketing activities are systematic and coordinated efforts extended by National Tourism Organisation and / or tourist enterprises at international, national and local levels to optimize the satisfaction of tourist groups and individuals in view of sustained tourism growth."

In view of the above, the following points emerge regarding tourism marketing:

- Tourism marketing is a process of creating a product or providing a service.

- Tourism marketing comprises fact finding, data gathering, analyzing (marketing research), communication to inform and promote (Promotion), ensuring and facilitating sales, selection of marketing planning (distribution), coordination, control and evaluation (marketing planning and auditing), developing professionally sound personnel (people).

- Tourism marketing is an integral effort to satisfy tourism and more so, it is a device to transform the potential tourism into the actual tourism.
- Tourism marketing is the safest way to generate demand, expand market and increase the market share.
- Tourism marketing is a managerial process to promote business.

Through market planning, segmentation and marking research, a tourism marketing mix can be developed to achieve the tourism organization's goals through strategic marketing.

Market segmentation

In tourism marketing segments may be categorized according to age, frequency of travel, education, occupation or income. Other bases for segmentation of tourism and travel markets include –

- Purpose (of trips – business, vacation, convention, social/family);
- Psychographic (where behavioral aspects of motivation are used); and
- Benefits (where the benefits being sought by the consumer are the key variable).

The tourism marketing mix

The marketing mix refers to the blend of ideas, concepts and features which marketing management put together to best appeal to their target market segments. Each target segment will have a separate marketing mix, tailored to meet the specific needs of consumers in the individual segment.

Product Mix

The tourism product is a non-material intangible thing. The following service are included in the product mix for the tourism industry:

- Attraction
- Accommodation: one star to Five star, Cottages.
- Transportation: Airways, Railways, Roads, Sea-ways
- Recreation: Theatre, Club, Park, Music
- Restaurant: Western, Chinese, Indian, Others.
- Shopping: Artistic, Handicrafts, Handloom, Books, Garments, Jewellery.

Branding plays a very important role in tourism marketing. Car rental firms, hotel chains and airlines, in particular employ tremendous efforts to ensure that their name is widely recognized and synonymous with quality, value or some other characteristic. Travel agents and tour

operators depend on reputation to a large extent, and so it is imperative that they have a strong, recognizable identity. The main reason to build brand loyalty is to encourage repeat business.

Price Mix

In the tourism industry, the pricing decisions are found critical and challenging since it is a multi-segment industry. When a tourist proposes to visit a particular place, the total cost on his/her travelling includes the expenses incurred on transportation, accommodation, communication or so.

In the pricing decisions, the product or the service mist of the tourist organizations is found important. This makes it essential that the tourist organizations set prices in line with the quality of services to be made available to the customers.

Pricing policy decisions will be directed by strategic objectives. If the objective is market penetration then prices must be set very competitively to appeal to the largest possible number of potential consumers. If, on the other hand, a firm is pursuing a niche strategy, catering for the luxury market in high value, exclusive tourism services, then prices should reflect this promotion and advertising can be used to differentiate the product on an exclusively basis and premium prices may be charged.

The tourist professionals while making the pricing decisions are required to think in favour of discounting price. The different forms of discount, such as discounting for cash payment, price reduction for quality, trade discounts, trade allowances, seasonal discount, distressed stock and similar discount tactics are the options.

Place Mix

Distribution management is concerned with two things – availability and accessibility. If tourism marketing management is to be certain that their products and services are both available and accessible to the target market, they must design a channel strategy that will be effective.

Some tourist organizations deal directly with the consumers; some other organizations utilize more than one method of distribution. The middlemen are the four operators and the transport operators who buy services like hotel rooms, seats in the aircrafts, railways, arrange chartered flights and sell the same either to the travel agents or even directly to the tourists. Airlines, for example, sell tickets through travel agents, and sell seats on flights to tour operators, whilst also operating direct marketing by offering travellers the opportunity to make reservations through their own banking offices.

Promotional Mix

The tourist organizations take up the responsibility of informing, sensing and persuading the potential tourists. The marketers need to use the various components of promotin to increase the number of users.

The advertisement helps in providing important information to the actual and potential tourists. Its coverage is so wide. It essentially follows the AIDA principle of attracting the *attention,* arouse *interest,* create *desire,* and stimulate *actions.* Advertising is aimed to create the awareness of the travel offers available on a resort and its attractions to influence their business decisions.

Another dimension of the promotion mix is publicity which focuses attention on strengthening the public relations by developing a rapport with the media people and getting their personalized support in publicizing the business.

Sales promotion through brochures, point of sale displays and even video cassettes plays a very important role as advertising. In a tourism industry a travel company offers to their clients compliments such as flight bags, wallets for tickets and foreign exchange and covers and passport. The hotels offer a number of facilities like shoe shine clothes, first aid sewing kits and shampoo. Further, the clients also get fruits and flowers in their rooms. There is not doubt that almost all the promotional measures generate goodwill and add values to the product.

Personal selling: The travel and hotel business depend considerably on the personal selling. The development of travel and tourism has been possible due to well educated and trained sales personal.

People: The tourism industry depends substantially on the management of human resources. The travel agents and travel guides play an important role and therefore the management of people helps in developing their credentials to deliver goods to the tourist organizations.

Hotel Marketing

Marketing hotel services include in its purview everything and almost all the dimensions directly or indirectly helping in promoting the business. This necessitates formulation of a sound marketing mix, such as an aggregation of different sub-mixes such as product, promotion, pricing, place, people and process.

Market Segmentation for Hotel

The hotel professionals segment the market in such a way to identify the changing needs and requirements of different segments to make the marketing decisions effective.

The main bases for hotel segments are geographic, psychographic and socio-economic. The geographic bases include hotel companies located at different places and psychographic bases include life cycle, buying motives and knowledge of prospects regarding the services. The social-economic bases include women segment, weak-end segment and instant market segment. To be more specific, the life-style segment is found to be more important.

Marketing Mix for Hotel Industry

The term marketing mix is the combination of what market offers and identifying the actual point where marketing actions can be taken to improve the acceptability of hotel product and stimulate demand. The combination of core and peripheral services, the creative promotional decisions, the pricing strategies helping hotels in maintaining the commercial viability, the efficient hotel personnel are important decision making areas which gravitate attention on the formulation of a sound mix for the hotel industry. It is against this background, the different sub-mixes of the marketing mix are discussed.

Product Mix

The product mix for the hotel services include catering management, restaurant and cafeteria management, management of bedrooms, management of convention halls etc. The boarding services are considered to be an important part of product mix. In addition, the lodging services also become significant.

Product Mix of Hotel Services

Here it is essential that facilities like light, water, electricity, ventilation, entertainment, sanitation arrangement of bed etc. are also equally important. While formulating the product mix, the hotel organisations are required to make possible a fair mix of all the above services.

Promotion Mix

It is not only sufficient to provide quality services, but it is equally important to promote the business in such a way that the prospects come to know about the quality to be offered to them. There are number of components for promoting the business such as, advertisement, publicity, sales promotion, personal selling and word of mouth.
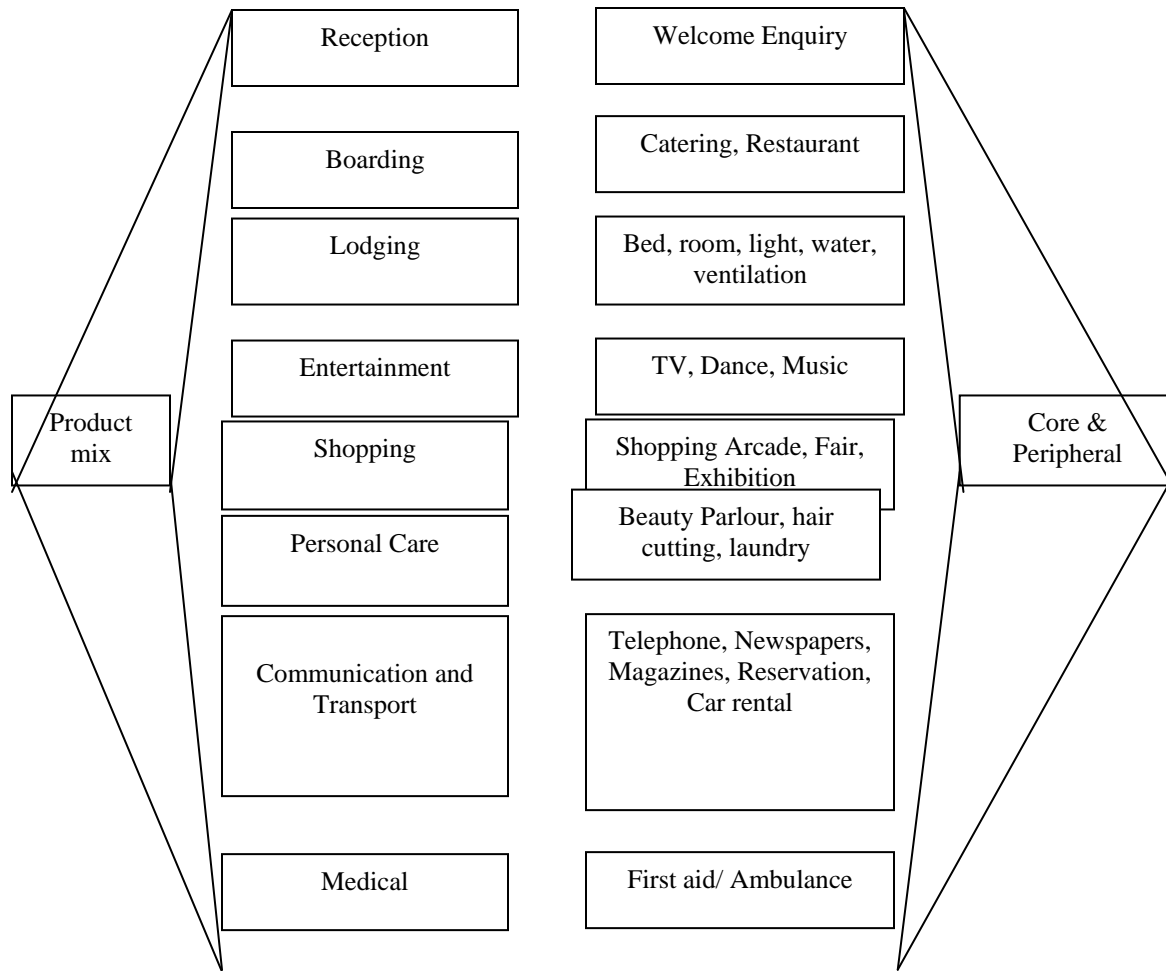
Product mix	Reception	Welcome Enquiry	Core & Peripheral
	Boarding	Catering, Restaurant	
	Lodging	Bed, room, light, water, ventilation	
	Entertainment	TV, Dance, Music	
	Shopping	Shopping Arcade, Fair, Exhibition	
	Personal Care	Beauty Parlour, hair cutting, laundry	
	Communication and Transport	Telephone, Newspapers, Magazines, Reservation, Car rental	
	Medical	First aid/ Ambulance	

Fig. 11.1

Advertising

The hotel professionals make productive use of print media, broadcast media and telecast media for advertisement. There are significant developments in the print media and due to sophistication in the printing technologies, it is possible to attract the attention of prospectus by displaying attractive scenes, events, comforts etc. While selecting the media, it should be kept in mind the magazines and newspapers preferred by target audience. The professionals have to select a suitable time for transmission in broadcast media, when a majority of the target audience are supposed to be close to the radio set. Similarly, in telecast media, while advertising due

weightage to be given in selecting sensitive hours, when a majority of viewers are found before their T.V. sets. The scenes of hotel location, the swimming pool, the shopping complex, the personal car centres, the arranged bed rooms, the restaurants and convention hall, the aesthetic management are required to be telecast in such a way that attracts the target users.

Publicity

In the hotel industry, public relations activities play an important role in informating the clients regarding the merits of different services offered. The specialties of hotel are presented in such a way that the prospects are motivated to avail of the facilities offered by a particular hotel.

In the hotel business, there are number of events which should be transmitted to the local press, such as menus for certain functions held at hotel, particulars or certain important conferences or exhibitions to be held, menus for special days of the year, photographs of staff dressed up for special days and well-known people staying in the hotel. Sponsored fashion-designing events, entertainment programmes, beauty contest etc. can also be effective publicity tools.

Sales Promotion

Like other organizations, the hotels also offer incentives to the users vis-à-vis to the personnel and organizations evencing interest in promoting the business.

Tools of sales promotion

- Directed at Hotel Staff: Travel, concessional accommodation for close relations, use of wedding halls for staff, contests, gift.
- Directed at Tour Operators and Travel Agents: Compliments (Pen, ashtrays, diaries, calendars, brochure, trade exhibition, lunch, direct mail – letters, circulars) concessional accommodation, contest.
- Directed at Guests: Off-reason discount, point of sale, sales, literature, compliments (Pen, ashtrays, diaries, calendars, gifts, contest, joint promotion with travel companies, direct mail).

Word of mouth

The word of mouth promotion is very much instrumental in sensitizing the prospects. In the hotel industry it is much more significant. The word of mouth promoters are those who are satisfied with the service of hotels, who inturn motivate the prospects. The hotel professionals bear the responsibility of identifying opinion leaders who can successfully act as a publicist. Persons with

high communicative ability, having a reputation in the society are found suitable for publicizing the services of hotels.

Personal selling

The hotel business is substantially influenced by personal selling. The sales personnel are required to be friendly in dealings and expression. They are required to be helpful and patient and work towards generating more satisfaction to customers. For selling successfully, it is essential that sales forces are professionally sound. A fair combination of personal and social skill is found essential for the sales force to be engaged.

Price mix

Pricing decisions are found critical and challenging. The hotel professionals need to be intelligent while fixing the hotel traffics since the service are of perishable in nature. In addition, the seasonal fluctuation in demand and increasing intensity of competition also complicate the task. So they need intelligence while making strategical and tactical pricing decisions.

Tactical pricing is found instrumental in promoting the hotel business. There are number of ways for practicing this tool:

- Seasonal Discounts: To charge lower prices, especially during off-season.
- Trade Discounts: This is offered to tour operators and travel agents
- Special Discounts: Special function room rates for overnight conventions.

Place Mix

In the hotel industry the distribution of services is mainly related to the transmission of information by the related persons to the ultimate users. As and when the bookings are made of a bed-room or a function room or of a restaurant, the confirmation is found essential. A number of factors are found influencing the distribution process, such as location, point of sale, the cost of distribution, effectiveness of marketing resources, image of hotels, tactical strategy and the motivational schemes.

The choice of location is the most important business decision, specially for proprietor owned restaurants, guest houses and small tourist attractions. With the introduction of computers and increasing user of information technologies, a radical change has come in the distribution system.

The middleman are wholesalers buying hotel rooms in bulk and then selling the same to the retailers, known as the travel agents. The tour operators are called the producers of services. The

travel agents buy the services at the request of their clients and provide a convenient network of sales outlets which caters to the needs of the catchment area.

The strategic choice between internal and external selling, domestic and international selling, direct and indirect selling occupy a place of significance. The hotel professionals are supposed to make the decision sound, so that the process of distribution is made cost effective.

People

The people working in the organisation are quite important for the success of the business. In hotel industry, the receptionists, the porters, the house-keepers, the waiters and waitresses play an incremental role in promoting the business. The marketing managers take up the responsibility of managing the frontline personnel in such a way that the promised services reach to the ultimate users. If the hotel personnel in such a way that the promised services reach to the ultimate users. If the hotel personnel prove to be high performers, personally committed, professionally sound, value oriented, aware of the behavioral management, familiar with the aesthetic management, they can satisfy the users.

Consultancy Marketing

The Institute of Management Consultancy UK consider consultancy services as the services provided by an independent and qualified person or persons in identifying the investigating the problems concerned with policy, organisatoin, procedures and methods; recommending appropriate action and helping to implement these recommendations.

The aforesaid views make it clear that in the consultancy services, an expert of the related field or discipline or group of experts identify and investigate the problems and on the basis of their expertise, make available suitable suggestions and also help in the implementation of recommendations. As for example, person or persons having and outstanding excellence in the concerned areas like legal, medical, management, technical or so make available specialized services to a person or persons in the shape or knowledge and information. They make an indepth study of the problems and offer to them appropriate suggestions to combat the problem. For the services rendered, they may or may not charge fee or commission.

The application of marketing concept in the consultancy services is a recent phenomenon. A number of consultants have been found engaged in the process and they have been found selling their views or expertise. This made ways for conceptualizing marketing in the consultancy services. The growing significance of innovative ideas, expertise mainly to excel competition

paved avenues or practicing marketing. An individual or an institution started the process of marketing the consultancy services on national and international levels for making profits which made the business conditions competitive. Since then, the marketing concept has gained importance. Thus by consultancy marketing. The emphasis is one marketing of expertise by an individual or an institution where they formulate the marketing mix and keep on moving the process of innovating the decisions to establish their edge on the competitors.

Market segmentation

Clients possess some uniqueness which complicate the task of a marketer, while assessing their needs and identifying the level of their expectations. In the consultancy services, there are a number of factors influencing the needs and requirements of the prospects. In the consultancy services and organisation needs to segment the market on the basis of region, sector and geographical conditions.

Market segmented on the basis of zones helps the consultancy organisatoins in studying the needs and requirements of different zones and the development of marketing resources are thus made optimal to the users representing a particular zone. Segmentation on the basis of sector helps the consultants and the consultancy organisatoins in understanding the expectations of different categories of users in a different way.

Marketing mix for the consultancy organisatoins

The formulation of marketing mix is an important decision making area which requires professional excellence. An individual or a group of individuals engaged in the consultancy services is required to formulate a sound marketing mix that makes possible an optimal development of marketing resources. It is the quality and quantity of different submixes that play a significant role in determining the quality of marketing decisions. This makes it essential that the marketers while formulating product mix, place mix, promotion mix, price mix and people keep in their mind the intensity of competition in addition to the level of expectations of clients.

Product mix

In the consultancy services, the important products are technical services, legal services, medical services and the managerial services. The providers and the clients may be an individual or even an institution.

The formulation of product mix requires a number of care and precautions. The innovative ideas, sophisticated technologies, intensive research need due care while formulating the product mix.

The formulation of a sound product mix makes it essential that the consultancy organizations make efforts to design a sound product portfolio in which different types of services are included. The medical consultants need to be aware of the latest devices of treatment and to offer the patients the best medical aids. The technical consultants also need to innovate their product mix in the face of technological sophistication from the product mix. The legal consultants need to be aware of the latest developments, such as amendments in laws, rules and regulations and to formulate the service mix accordingly. Thus the elimination and inclusion processes need to be adopted even in consultancy services. These facts make it clear that like other organizations, the consultancy organizations also need to make possible innovating in the face of multi-dimensional developments in the business.

The formulation of sound package is also found important in the product mix of the consultancy organisatoins. Here the emphasis is on the blending of different types of services keeping in view the needs and requirements of different segments availing the services. The packages become a point of attraction if the marketers show their professional excellence in the blending process.

In view of the above, it is right to mention that the formulation of a sound product mix is considered essential and the marketing professional serving the consultancy organisatoins need to make it possible. This is easier when they are well aware of the changing needs and requirements and the increasing level of expectations of the clients / customers.

Promotion mix

Like other services, the consultancy services are also required to be promoted. With the help of sound mix of promotion which is a fair blending of the different constituents, such as advertising, publicity, sales promotion, word-of-mouth promotion and personal selling, the consultancy services can be effectively promoted.

Advertising

While advertising, the consultancy organisatoins need to draw their attention to some of the important problems mentioned below:

- Composing slogans having creativity.
- Selecting suitable vehicles for traveling the messages
- Injecting sensitivity to the messages, themes and appeals.
- Making the advertisements measures cost effective.
- Increasing the life-span of advertisement slogans

- Testing the advertising slogans before their final launching
- Testing the advertising effectiveness.

With the increasing sophistication in print technology, the print media is an effective instrument in informing, sensing and persuading the clients. The newspapers, magazines, posters, brouchers, leaflets are effective print media.

Now, the telecast media has established its edge over the print and broadcast media. This is due to the fact that televisions have the outstanding merit of audio-visual exposure. The marketing and advertising professionals bear the responsibility of making the advertisement slogans creative provide adequate budget to make advertisement effective and purposeful.

Publicity

Like other organisatoins even the consultancy organisatoin are required to use this component of promotion. The ultimate object of publicity is to transmit the news and information to the masses. In the consultancy services, the publicity measures are required to be innovative. This requires support of academics and professionals in the field of creative literature and getting them published in the important newspapers, magazines and journals preferred by the target clients. The services to be offered by a consultancy organisation would be published in a reputed media having wider circulation. The technical, medical, legal's management journal, and the important newspapers and magazines preferred by the prospects require due attention of marketing professionals.

The marketing professionals serving the consultancy organisatoin need to develop rapport with the media people to publish the developments. Organizing press conferences, displaying and visualizing positive contributions, quality of services, benefits to the users are some of the important aspects requiring due attention of marketing professionals in general and the public relations officers in particular.

Sales promotion

This component of promotion bears the efficacy of touching the target with the help of incentives offered to the middlemen and the clients. It is a temporary incentive instrumental in promoting the consultancy business.

The consultancy organizations are required to influence the personnel supposed to offer the services to the clients by small gifts. In addition, the sales promotion measures are also offered

for the users or clients. This may be in different forms, such as concessional services for a particular period, offering of small gifts to the customers, organisatoin of sales contests for the clients and users, package benefits to the customers for a particular period. While offering incentives, the consultancy organizations also need to turn their eyes on the strategies adopted by the competitors so that they are in a position to offer the innovative measures.

Personal selling

Sales people are supposed to perceive power, value and decision making system in the client's organisatoins. It is also essential that they develop personal relationship with clients. The success of personal selling substantially depends on the personality and excellence of an individual. Physical attractions are assigned due weightage in the very context. If they behave well, act well, move well, communicate well and receive well; the task of consultancy organizations becomes simple.

Personal promotion helps the consultancy organizations in creating impulse buying. A consultant salesman is required to device new ways to move market into action so that impulse buying is generated in a right direction. The excellence of a consultative salesman occupies a place of outstanding significance. If the clients remain satisfied with the communicative ability of the consulting sales people, the task of consultants and the consultancy organizations is simplified considerably. It is pertinent to mention that it is not only the consultants who generate the business but virtually it is the result of a joint endevour of the consultative sales people and the consultants that simplify the process of promoting the business. The consultative sales people are required to create awareness and interest, reinforce to overcome cognitive dissonance, facilitate and cause the purchase to take place and ensure that the clients are satisfied with the service of consultants. It is against this background that personal selling occupies a place of outstanding significance in the promotion of consultancy services.

Word-of-mouth promotion

By word-of-mouth communication the emphasis is on promoting the services by the hidden sales force. It is pertinent to mention that the satisfied group of customers communicate to their close friends and relatives the outstanding properties of he services availed by them. For instance, if you are satisfied with the services of a medical consultant you talk to your friends and relatives regarding the same. In fact, you act as a hidden sales force. In future your friends and relatives prefer to use the services of the same doctor. Like this, if a legal consultant helps you in

protecting the property, you talk to you friends and relatives the same. They prefer to user the services of the same legal consultants as and when they need. These facts are a mute testimony to this proposition that quality goods or services are promoted even by the satisfied group of customers or users. It is in the context the we talk about the instrumentality of word-of-mouth promotion in promoting the consultancy services.

It is important that in this context the marketing professionals also need to sue the services of opinion leaders or vocal persons. They identify such persons, offer to them concessional services in addition to small gifts and expect from them a strong advocacy in favour of their services.

Price mix

In the consultancy services the price mix refers to fee or commission charged by the consultants or the consultancy organisatoins for making the services available to the clients. The pricing objectives may be either price-competitor or non-price-competitor. In the price-competitor objective, the consultancy organizations offer lower price since the pricing decisions are required to be motivational. In the non-price-competitor objective, stable pricing is followed. The other objectives are profit-generating, market stability, market share etc.

It is important that the consultants and the consultancy organizations explore possibilities for a rational pricing policy which helps in maintaining the commercial viability besides serving the social interests.

Place Mix

An individual consultant offers the services directly to the ultimate users. But the consultancy organisatoins offer the services to the clients with the help of branch offices. To be more specific when the head office located for off, it is essential that the consultancy organizations make suitable arrangements for the offering of service at different places through its branches. The opening of branch offices simplify the task of head office which also helps in improving the quality of services.

People Mix

In almost all the consultancy organizations, the instrumentality of people in implementing the policies and programmes in an effective way. The consultancy organizations also need the services of quality people serving as consultants, consultant sales people, working in the branch offices. A fair synchronization of sophisticated technologies and quality employees makes the ways for quality upgradition. If the employees serving the branch offices are satisfied with the

incentives offered to them, the promised services reach to the clients or the ultimate users. This makes it essential that the consultancy organisatoins make possible employee-orientation by offering to the employees incentives in different forms. Thus while managing people, the marketing professionals need due weightage to the incentive plans for employees which would pave avenues for performance – orientation.

Courier Services

With the increasing pressure of work and decreasing efficiency, the Department of Posts failed in managing the mailing services which made it essential that an alternative system emerges to cater to the changing needs of trade as well as the domestic sectors. The courier services thus came into existence. A number of formal and informal organisatoins started offering the services at regional, national and international levels. The different categories of users have no option but to depend on the private sector who, of course offer quality but of expensive nature. It is against this background that we talk about the marketing of courier services.

Courier Marketing – A Conceptual Framework

Marketing the courier services focuses our attention on the application of modern marketing principles in the business process. Courier marketing is a managerial process that make possible a planed development of services. It is an organized efforts to make the services commercially viable to the courier organizations vis-à-vis affordable to the users who make use of their multi-dimensional services. The marketing concept makes it essential that the organizations formulate a sound service mix in which we find a fair synchronization of different types of services. The courier marketing practices thus make possible formulation of different submixes of the marketing mix, such as the product mix, the promotion mix, the price mix, the place mix and the people mix. In addition, the development of sound marketing inputs becomes a focal point which makes the ways for the development of quality outputs.

Conceptualizing courier marketing makes the ways for satisfying the users which happens to be the most important thing for increasing the market share and the level of profits. The courier organizations thus can maintain commercial viability. By formulating and innovating the marketing mix, the courier organisations can be successful in developing and perceiving a new perception of quality which makes possible qualitative improvements in the process. Generation of profits and satisfaction to the users are the two important dimensions which pave avenues for multi-dimensional quantitative-cum-qualitative improvements in the process. The organizations

by making the services competitive can be successful in excelling competition. Since the marketing focuses on professional excellence, the courier organizations can also be successful in projecting a fair image. These facts make it clear that the application of marketing principles is to benefit the courier organizations in many ways. It is against this background that the leading courier organisatoins are found practicing innovative marketing.
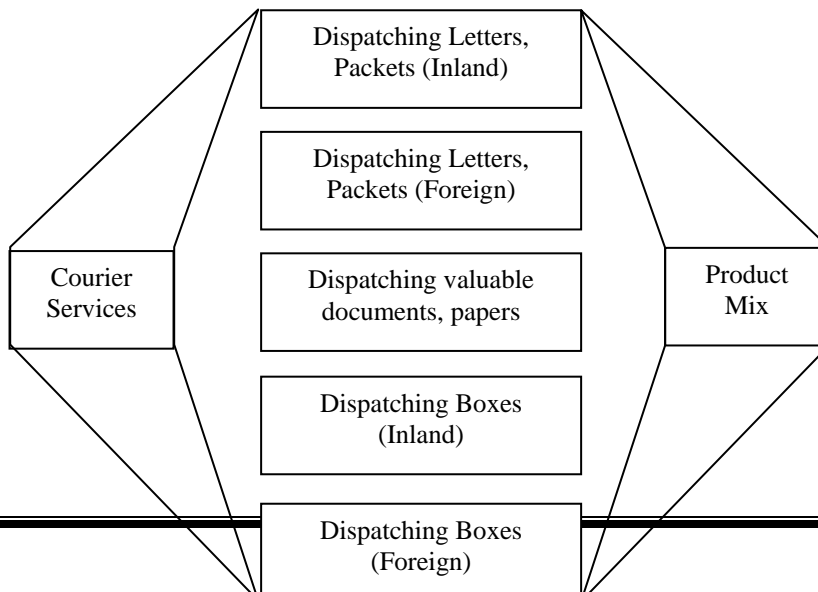
Marketing Mix for Courier Organizations

The courier organizations are required to formulate a sound marketing mix for improving the quality of services. The courier services are required to be made competitive and this makes it essential that the courier organizations conceptualize marketing in such a way that the processes of qualitative-cum-quantitative transformation are activated in the face of emerging business conditions. It is against this background that the marketing professionals are supposed to make creative marketing decisions. This focuses our attention on the formulation of different submixes.

Product Mix

Mounting intensity of competition makes it essential that the courier organizations formulate a sound product mix. By formulating a sound product mix, they would be in a position to understand the changing needs and requirements of different segments of users on prospects and the service profile would be made user-friendly.

Inclusion of innovative services in the service mix would enrich the service profile and would also be instrumental in sensitizing the prospects. The stimulation of demand makes it essential that the customer get the services which are not to be made available by the Department of Posts. This draws our attention on the formulation of a sound product mix for the courier organizations. The professionals are supposed to wok with the service motive. They need to make it sure that the promised services reach to the users without making any distortion in the process.

Courier Services	Dispatching Letters, Packets (Inland)	Product Mix
	Dispatching Letters, Packets (Foreign)	
	Dispatching valuable documents, papers	
	Dispatching Boxes (Inland)	
	Dispatching Boxes (Foreign)	

While formulating the product mix, they are required to make it sure that the service portfolio includes both the high-profit-generating services as well as the low-profit-generating services.

Promotion Mix

Advertising

The first constituent of promotion, i.e. advertising plays an effective role in promoting the business. To be more specific in the present age of sophisticated technologies, we find advertisement instrumental in promoting the business of courier organizations. In this context, they need to advertise through print media, broadcast media and the telecast media. The courier organizations find print media ore effective because the sophistication in the development of print technology has opened doors for creativity. The availability of quality materials is found injecting additional attractions while advertising through the print media. The advertising professionals need to select the media preferred by the target prospects. The newspapers, magazines in big circulation may be effective since the services are used by almost all the segments of the market. In addition, the courier organizations also get an opportunity of making descriptive advertisements to courier organizations also get an opportunity of making descriptive advertisements to inform in detail the target prospects. Further we have been found more effective. The marketing professionals and to be more specific the advertising professionals bear the responsibility of composing creative slogans so that messages, themes and appeals are found instrumental in sensitizing the prospects. There is no doubt that due to audio-visual exposure we find telecast media very much effective in stimulating the demand. The large-sized courier organizations are found using all the three media.

Publicity

Being an unpaid form of persuasive communication, the publicity makes it essential that the professional attempt to develop a rapport with the media people and organize a get-together and offer to them lunch, dinner and the small gifts to influence them to write articles and news items in favour. If the media people are found satisfied with the quality of services offered by them, they may give suitable coverage as a news item which would considerably be instrumental in sensitizing the prospects. The publicity measures are found more effective since the prospects at

large feel that the media people are presenting right things regarding the services of courier organisatoins. Thus the courier organisatoins may also use this component of the promotion mix.

Personal selling

It is right to mention that for promoting the business of courier organisation, we find personal selling very much effective. The courier organisatoins may be successful in promoting the business in a right fashion, if the sales people have high communication ability. To be more specific the large sized courier organizations may engage agents, trade representatives for developing contract with the target prospects. If the sales personnel have high communicative ability, attractive personality and commitment to profession, the dialogues can be transformed into a deal. We can't deny the fact that the courier organisatoins need to recruit and train quality sales people for that very purpose. The instrumentalities of messengers acting as courier have been accepted by all. If the courier, agents, representative narrate to the prospects right things in a right fashion, we find enough scope for stimulation.

Word-of-mouth promotion

If the courier organizations offer world class services to the prospects or users; it is natural that they remain satisfied and communicate to their friends and relatives the plus and negative points. They in a true sense act as a hidden salesforce. If we come to know about the outstanding quality of courier services from our friends and relatives, we prefer to use the services of that very organisation as and when the circumstances necessitate so. The courier organizations may also take the support of opinion leaders for this purposes.

Sales promotion

Sales promotion happens to be an important component of the promotion mix. The courier organisatoin need to think about the innovative promotional tools for the sales personnel, marketing personnel and more so for the users of the services. in these context, they need to offer gifts, offer an attractive package, concessional services to the habitual users or so. The main thing in the process is to make the tools innovative because almost all the courier organizations are found offering small or big gifts.

Price Mix

The pricing decisions of courier services become critical because the organizations are supposed to make rational decision which on the one hand maintain their commercial viability while on the other also subserve the interests of those segments of the society who find it difficult to pay the

high tariff. Like other organizations, the courier organisatoins are also required to keep into consideration the fact that even the weaker sections of the society find it convenient to user their services. It is against this background that we go through the price mix of the courier organizations.

The courier organizations buy the supporting services from the different categories of organisatoins which substantially influence their tariff structure. It is right to mention that whatever they charge as tariff from the users remains the only source of financing the business and therefore it is difficult for them to subserve the social interests by offering concessional or subsidized services. However the courier organization need to explore avenues for the same.

The courier organizations are required to make the pricing decisions more scientific and progressive. This draws our attention on charging high structure from the users dispatching valuable documents and papers, charging low structure from the habitual users, charging very low structure from the habitual large-sized users. The motive is to increase the market share and therefore in no case the tariff structure should cross the structure charged by the Department of Posts. If they improve the quality of services and make the structure competitive, the market share would automatically be increased.

Place Mix

The place mix draws attention on the two important issues, first the services are processed in a right way in order that the gap between the services-promised and service-offered is bridged over and second the courier organization and their branch officers are located at a sensitive point so that the users as well as the personnel working there don't feel any trouble.

The first dimension of the place makes it essential that the professionals manage their head and branch offices properly. The personnel working there are efficient and the technologies used in the process of offering the services are sophisticated.

The second dimension of the place mix drawn attention on the location points for the branch and head offices. We can't deny that the places selected for the offices of the courier organizations should smoothly be accessible. The required infrastructural facilities should be available at the centers and the offices should be managed in a right way. The interior decoration needs due attention of the professionals because this is the provision found instrumental in adding attractions to the services. In this context, it is also significant that proper furnishing is made possible and sophisticated communication services are available at the centers. To be more

specific, we find safety and protection provisions requiring due attention of the professionals responsible for managing the branch offices as well as the head office. The availability of power and transportation facilities can't be under estimated.

The management of place for the courier organizations need due attention of the policy planners failing which the new perception of quality can't be developed. Thus it is right to mention that the courier organizations need to manage place mix with the help of efficient personnel and with the support of sophisticated technologies.

People Mix

In addition to other components of the marketing mix, we also need to gravitate our attention one the people mix. It is against this background that the professionals make a strong advocacy in favour of managing the people mix. This draws attention on the different categories of employees serving the courier organizations at head or branch offices.

By performance-orientation, our emphasis is on improving the efficiency of employees involved in the process. This makes it essential that the marketing professionals assign due weightage to the management of employees serving the courier organizations. The employees working at the head and branch offices are required to be efficient, well aware of the operation and maintenance of technologies used in the process, sincere and punctual to the management of time and familiar with the behavioral profile of prospects or users. By showing commitment to the profession, they can prove themselves to be high performs.

We talk about performance-orientation but don't find it essential to assign due weightage to employee-orientation. By the employee-orientation, our focus is on motivating the employees suitably by offering to them efficiency-based incentive plans. The professionals need to realize that unless they offer to the employees suitable incentives, the process of efficiency-generation would hardly be accelerated. This makes it essential that the courier organizations assign an overriding priority to the incentive plans for the employees which would make ways for performance – orientation.

In view of the above, it is right to mention that the professionals bearing the responsibility of formulating a sound marketing mix also consider the instrumentality of people mix and they need to blend the different submixes in such a way that the marketing decisions are found proactive.

Bank Marketing

The new concept of bank marketing assigned due weightage to customer satisfaction. It is aimed at having a full view of customers needs fulfilling them in the best possible way by required services, identification of potential customers and conducting the activities on the basis of market segmentation. It is said that marketing of banking service is concerned with product, promotion, pricing and place. In addition, an number of experts also advocate in favour of people, process and physical evidence.

Market Segmentation

The bank professionals have to segments the market in such a way that the expectations of all the potential customers are studied in the right perspective and the marketing resources are developed to fulfil the same.

The policy of segmentation helps the professionals in formulating and innovating the policies and at the same time simplifies their task, while formulating and innovating the strategic decisions.

An important criteria for market segmentation is the economic system is which agricultural sector, industrial sector, services sector, household sector, institutional sector and rural sector require due weightage.

Marketing Mix for the Banking Services

The formulation of the marketing mix for the banking services is the prime respnonsible-to the product portfolio, which means, the different types of services/ schemes formulated by the banks.

Product Portfolio for Banks

a. Deposits

    i. Time deposit

    ii. Demand deposit

b. International Banking

    i. Letters of credit

    ii. Foreign currency

c. Consultancy

    i. Tax

    ii. Merchant banking

    iii. Project counselling

        iv.   Investment counselling

   d.   Loans and Advances

        i.   Agricultural loan

        ii.   Vehicle loan

        iii.   Educational loan

        iv.   Jewel loan

        v.   Business loan

   e.   Miscellaneous

        i.   Safe-custody

        ii.   Credit cards

        iii.   Travellers' Cheque

        iv.   Collections

        v.   Gift Cheque

Promotion Mix

In the formulating of marketing mix, the bank professionals see also supposed to blend the promotion mix in which different components of promotion, such as advertising, publicity, sales promotion, word of mouth promotion, personal selling and telemarketing are given due weightage.

Advertisement

While developing advertising he bank has to prepare appeals, slogans and messages and select a suitable media for travelling the messages. There are a number of devices to advertise, such a broadcast media, telecast media and the print media. For promoting the banking business, the print media is found economic as well as effective. The telecast media very much effective, but it is found very expensive. The messages, appeals can be presented in a very effective way.

They have to provide sufficient budget and test the effectiveness of advertisements. Banks need to develop and strengthen the public relation activities to promote their business.

Personal selling

The personal selling is found instrumental in promoting the banking business. It is just another name for persuasion. The banking organizations need to make use of this dimension with the help and cooperation of efficient and personally committed sales people. If the sales people have in-depth knowledge of the sales, dialogue, sales technique behavioral profile of the customers,

the task of transforming the dialogue into a business is found easier. This requires an intensive training programme. The personal selling is based on the personal skill of sales people. If they know in detail about the prospects to be interviewed, the questions to be asked by the prospects/ representative of business houses, it is possible for them to convince.

Sales Promotion

The banking organizations also think in favour of promotional incentives both to the bankers as well as the customers. The gift, contests, fairs and shows, discount and commission, entertainment and travelling plans for bankers, additional allowances, low interest financing and retaliatory are to mention a few found instrumental in promoting the banking business.

Word of mouth

The social reformists, popular cine artists, TV artists, opinion leaders, vocal persons may act as word of mouth promoters. A satisfied group of customers is considered to be the most successful hidden promoters. They will commend to others the excellent services of a particular bank or the outstand properties of a particular scheme. Hence it is clear that the word of mouth promotion is an important component of promotion mix, but its instrumentality is influenced by the quality of service offered.

Price Mix

The pricing decisions related to interest and fee or commission charged by banks are found instrumental in motivating the target market. The pricing policy is considered important for raising the number of customers vis-à-vis the accretion of deposits. Of course, there are a number of factors of influence the process, but the key role is placed by the Reserve Bank of India.

Place Mix

A selection of suitable place for the establishment of a branch is significant with the view pint of making the place accessible and in addition, the safety and securing provision are also important. The management of office is also found significant with the view point of making the services attractive. The furnishing, civic amenities and parking facilities cannot be overlooked. Of late, aesthetic management getting due place in the foreign branches. This draws our attention on beautifying the office and premises and making the place environment friendly. Thus these consideration need due weightage while managing the branches of a bank.

People

Generation of efficiency is substantially influenced by the quality of human resources. The commercial banks need to assign a priority to the development of quality people for the development of an organisation. Hence the first task before the banks is to overhaul the recruitment process. While fixing criteria for selection, they need assign due weightge to the ethical values. Further, the education and training facilities are required to be innovated. Above all due weightge to be given for the development of *Human, Humane, Humanism,* these three terms if found in the human resources, help developing productive people.

It is high time that the commercial banks conceptualize innovative marketing to satisfy the customers' expectations and to meet the global competition.

Insurance Marketing

The term insurance marketing refers to the marketing of insurance service with the motto of customer-orientation and profit-generation. The insurance marketing focuses on the formulation of an ideal mix for the insurance business so that the insurance organizations survive and thrive in a right perspective. They quality of services can be improved by formulating a fair mix of the core and peripheral services.

The marketing concept in the insurance business is concerned with the expansion of insurance business in the best interest of society vis-à-vis the insurance organisatoins. The insurance companies lag behind most manufacturers in-recognizing the marketing concept in their organizations. Insurance companies tend towards a strong sales orientation, since the services they sell, although certainly necessary ones, rarely sell themselves. Potential policy holders are reluctant to think about the disaster and death. So they postpone planning for these possibilities unless they are contacted and influenced by insurance agents. Thus the insurance company's mutual orientation is toward sales, not marketing. But in the modern business world, the marketing concept insists on fixing of accountability for overall marketing performance.

The selection of risks (product planning), policy writing (customer service), rating of actuarial (pricing) and agency management (distribution) – all marketing activities make up an integrated marketing strategy. Particularly in the developing countries like ours, the organizational objectives advocate spreading of insurance services much more widely and in particular to the rural areas and specially to the economically backward classes with a view to reaching all insurable persons. This naturally necessitates an integral marketing strategy. In other words,

market-orientation in place of sales orientation is need of the hour. Hence the marketing concept in the insurance business foeuses on the formulation of marketing mix or a control over the whole group of marketing activities that make up an integrated marketing strategy.

Market Segmentation

In the insurance organizations, the task of formulating the overall marketing strategies cannot be performed efficiently unless the market is segmented. It was against this background that marketing studies engineered a sound foundation for segmenting the markets of insurance business. The market for the insurance business is found vast, the potential policyholders are in very good number and their needs and requirements are not identical. The segmentation helps the insurance organisatoins in dividing and sub-dividing the market into small segments in which the needs and requirements are found by the large identical.

If the market segmentation is done in a right fashion, the marketers find it convenient to identify the level of expectation of users. The main purpose of market segmentation is to know the market. Unless the insurance companies know the needs and requirements and identify the level of expectations of the policy holders, it is difficult to formulate a sound marketing strategy.

Where a large number of users living in the rural areas, the emergence of a strong rural sector cannot be negated. The region-wise segmentation simplifies the task of having a microscopic study of culture, language, likes and dislikes. This helps in making the marketing decisions creative. It is essential that the insurance organisatoins capitalize on the available opportunities in the market. They need to increase their market share. This makes it essential that they succeed in informing, sensing and persuading the different segments where the potential users are available. It is not productive to concentrate on only one segment. The insurance professionals need to business in all the segments, such as rural and urban, men and women, agricultural and industrial or so. The need of the hour is to spread the insurance business even to the agricultural sector of the economy.

The segmentation would help insurance professionals in making the promotional measures creative which would be very much instrumental in sensitizing he prospects. The advertisement professionals would make advertisement appeals, messages, campaigns proactive to the receiving capacity of the target audience. The sales promotion measures can also be innovated to get a positive response. The personal selling may be effective since the sales personnel/ agents are supposed to be aware of the needs and requirements of customers/ users. Thus the

segmentation would help marketers in many ways. The pricing/ fee decision can also be rationalized and the weaker sections of the society would get substantial benefits. The main thing in segmentation is receiving the expectations of users/ prospects in a right fashion and accordingly developing a suitable marketing strategy.

Marketing Mix for Insurance

The insurance organizations in general and the public sector insurance organisatoins in particular need to assign due weightage to the formulation of marketing mix for the insurance business. The emerging trends indicate that if the insurance organizations delay the process of formulating a sound marketing mix for their business, there would be a sharp fall in their market share in the future, which would bring down the rate of profitability. It is against this background that we go through the problem of marketing mix for the insurance services. This makes it essential to study the different submixes of marketing such as the product mix, the promotion mix, the price mix, the place mix, the people, the process and the physical evidence, in relation to the marketing of insurance.

Insurance Product

The insurance organizations produce or generate services in different forms. A product is both what a seller has to sell and what a buyer has to buy. thus any enterprise that has something to sell, tangible goods or not is selling products. In the insurance business, the insurance organisatoins are found selling services and therefore, services are their product. Thus a product is also called a bundle of utilities consisting of various product features and accompanying services. When an individual or a company buys a policy from the insurance organizations, not only the policies are bought but the agents's assistance and advice, the prestige of the insurance organizations, the facilities of claims and compensations are also bought.

In the context of formulating the product mix, it is essential that the insurance organisatoins promote innovation and in the product portfolio include even those services and schemes which are likely to get a positive response in the future. In addition, they need to formulate a sound package that proves to be more motivational. While formulating a package, the insurance professionals need to assign due weightage to the interests of rural India. The private sector insurance organisatoins have been found making their service mix internationally competitive.

This makes a strong advocacy in favour of innovative product strategy for the public sector insurance organizations.

In view of the above, the following aspects need due attention of policy makers:

1. The formulation of product mix should be in the face of innovative product strategy. The strategies adopted by the foreign and private insurance companies should be taken into consideration while initiating the innovation process.

2. The Data Processing Department is supposed to collect necessary information related to the changing level of expectations of prospects so that the senior executives make the product portfolio productive to the users and profitable to the insurance organizations.

3. It is also significant that the insurance organizations initiate the process of elimination of the services, schemes not profitable to them. This necessitates a study of the product life cycle.

4. The formulation of product strategy should assign due weightage to the rural segment emerging as a big profitable segment.

5. The insurance organisatoins include in the product portfolio even those policies and schemes which become instrumental in safeguarding the interests of the weaker sections of the society.

6. The formulation of a package is also found important. We find the foreign insurance companies designing a package on the basis of the needs and requirements of the concerned segment. This would make the product mix competitive.

7. There are some of the profitable areas which till not are found either partially tapped or even totally untapped. The agents, rural career agents, the branch managers bear the responsibility of identifying the profitable segments of future and helping the senior executive in tapping the potential optimally.

8. A sound product portfolio is the need of the hour and therefore the regulatory barriers or constraints in activating the innovation process should be minimized.

Promotion Mix

In the formulation of marketing mix, the promotion mix occupies a significant place. In the promotion mix, a number of submixes, such as the advertising, public relations, sales promotion, word-of-mouth promotion, personal selling are included.

Advertising

Advertising a paid form of persuasive communications is found important to promote the insurance business. The advertising professionals bear the responsibility of making the advertisement slogans, appeals, campaigns creative so that the process of sensitizing the prospects is found proactive. The insurance companies advertise through telecast media, broadcast media and the print media. Among these, telecast media is found to be more effective in sensitizing process. With the help of audio-visual exposure, the rate of acceptability of the messages can be increased sizeably. If the advertising professionals are well aware of the messages creative. The broadcast media can also be used for that very purpose. Through the available big transmission network and a well developed system, the insurance organisatoins are supposed to use even the broadcast media. Another benefit of this media is to reach the messages even to the remotest parts of the country. The print media can also be used for promoting the insurance business. Being economic in nature and impressive in expression, the print media of late, has been found gaining popularity. The sophistication in the print technologies has made the media more attractive. It is against this background that now almost all the organizations assign due weightage to this. The insurance organizations need to promote the print media since this would simplify their task of making the appeals effective by using regional languages.

Publicity

In addition to advertisement, the insurance/ professionals also need to think in favour of publicity since this component of promotion if used in a right fashion makes our promotional efforts proactive. The advertisements may be insensitive, but we find publicity effective since the messages, views, opinions, facts, figures are publicized by media or the vocal leaders. It is a device to promote business without making any payment and therefore it is called as an unpaid form of persuasive communication bearing high rate of sensitivity. Strengthening the public relations activities is another dimension requiring due attention and the public relations officers shall beat the responsibility of projecting a positive image of the organisatoin. The PRO is considered to be professional having the world class excellence in influencing the prospects, users, others. He/She bears an important responsibility of informing, sensing and persuading. He/she is found responsible for managing the sales dialogues. This makes it essential that we find selection of suitable persons for the said purpose and in addition also intensify training

programmes, refresher courses, capsule courses to educate and train them in tune with the changing business conditions. The receptionists, secretaries, front-line-staff publicize the business with their gesture and posture. They are supposed to know-how to talk, how to initiate, how to impress and how to conclude. They should look smart and attractive and should also have quality communicative ability. It is an art which is found based on certain properties. It is essential to educate and train them properly so that they, with the help of their dialogues and body communications succeed in impressing upon the prospects/ users. If they are well aware of the changing level of expectations of customers, the task is made easier.

Sales promotion

Sales promotion is a temporary device which is adopted only for a particular period. In the insurance business, the incentives to the policy holders users or to the agents, rural career agents or even to the insurance personnel for promoting the business are the sales promotion tools. Incentives to the end users for taking a policy play an incremental role in promoting the insurance business. The offering of small gifts during a particular period, the rebate, discount, bonus can be instrumental in increasing the business of insurance organizations. It is right to mention that such incentive to the policy holders/ prospects would be successful in increasing the business. It is the responsibility of the insurance professionals that they keep on activating the process of innovation so that the foreign insurance companies find it difficult to compete with the public sector insurance organizations.

This makes it clear that incentives to the user/ policyholders as well as to the agents and the rural career agents would be instrumental in promoting the insurance business, provided the insurance professionals innovate the same, much earlier than their competitors.

Personal selling

The personal selling occupies a place of outstanding significance. This is due to the fact that the insurance business is substantially influenced by the instrumentality of agents and the rural career agents. It they are aware of the art of informing, sensing and persuading the potential policyholders, the task of insurance organisations is simplified considerably.

Personal selling is based on the excellence of an individual. This focuses our attention on the ability of an individual to influence the impulse by activating the persuasion process. This makes it significant that the agents as well as the rural career agents have certain outstanding properties or attributes, such as patience, communicative ability, attractive personality and commitment to

the profession. Hence the insurance organizations are supposed to assign due weightage to the excellence in an individual who is assigned this responsibility. The need to provide due incentive to the agents so that they work satisfactorily and keep on moving the process of informing and persuading the policyholders/ prospects. While recruiting agents, the insurance professionals need to be careful so that persons with high communicative ability, an attractive physique and everlasting patience are assigned the responsibility of acting as an agent. The branch managers bear the responsibility of managing and developing the agents by monitoring their contributions to the process of increasing the insurance business. They are supposed to organize refresher courses to develop the agents so that the emerging trends in the investment potentials of a command area vis-à-vis the changing level of expectations of the policyholders/ prospects are transmitted to them in a right fashion and on time. The personal selling thus requires an intensive care. It is high time that the *Career Agents Schemes* and the *Rural Career Agents' Schemes* are promoted.

Word-of-mouth promotion

The word-of-mouth communications result into wider publicity which substantially sensitive the process of influencing the impulse of users/ prospects of the insurance services. The satisfied group of customers, the opinion leaders, the social reformists, the popular personalities acts as word-of-mouth communicators. The insurance organizations need to assign due weightage to the quality of service made available to the users. The insurance professionals are also supposed to seek the cooperation of opinion leaders, vocal persons for promoting the business and for that the offering of small gifts to them is required essential.

Another dimension of this component of the promotion mix is to seek the cooperation of users who are satisfied with the services. They are habitual users and therefore it is natural that they talk to their friends and relatives about your positive contributions. The advertisements slogans may be insensitive, even the sales promotion measures may be ineffective but the positive feelings of your friends and relations communicated to you can't be ineffective. This makes it clear that the most important thing in the promotion of any business is the quality of services that you offer to your users/ customers.

Price Mix

In the insurance business, the pricing decisions are concerned with the premium charged against the policies interest charged for defaulting the payment of premium and credit facilities,

commission charged for underwriting and consultancy services. The formulating of pricing strategies becomes significant with the viewpoint of influencing the target market or prospects. It is pertinent that the insurance organisatoins in general and public sector insurance organizations in particular adopt such a strategy for pricing that makes it a motivational tool and paves the ways for increasing the insurance business. This necessitates a new vision for setting premium structure and paying the bonus and charging the interest.

The insurance organizations prefer to make a mix of high a low pricing strategy. To be more specific, in the public sector insurance organisatoins which are instrumental in offering policies, schemes for the weaker sections, it is pertinent that the pricing strategy is rationalized to cater to the low paying capacity of the concerned segment. However the insurance organisatoins would be required to think in favour of a high pricing strategy for the affluent section of the society. The motive is to make the premium structure commercially viable so that the insurance organizations succeed in having a sound product portfolio besides fuelling development orientation.

The pricing decisions make it essential that the insurers keep in their minds the nature of policy vis-à-vis the segment to which the prospects belong. The insurance executives bear the responsibility of managing the pricing decisions in such a way that a rational premium structure is possible. There are number of factors influencing the rate of premium, such as the positive developments in the socio-economic environment, growing healthcare facilities, rising standard of living of the masses, increasing discretionary income, increasing rate of literacy, attitudinal change in investors or so. The investment decisions of insurance organization are also found instrumental in influencing the costs.

Price Mix

Another component of the marketing mix is related to the place decisions. While locating branches, the branch managers need to consider a number of factors, such as smooth accessibility, availability of infrastructural facilities and the management of branch offices and premises. In addition, it is also significant that the branch managers assign due weightage to the safety provision. The places found of vulnerable nature should not be selected for the location of branch offices and the users' safety vis-à-vis the safety of insurance personnel and cash need due attention. The management of offices makes it significant that the branch managers are particular to the office furnishing, civic amenities and facilities, parking facilities and interior

office decoration. The foreign insurance companies are found serious to this component of place management which helps them in attracting the users. Besides, the management of premises is also an important component since of late the management experts make a strong advocacy in favour of aesthetic management for generating the work culture and motivating the users. The plantation, gardening, dustbin, drains, sign posts are some of the important facets which makes your premises attractive and healthy.

In view of the above, it is right to opine that the place management of insurance branch offices needs a new vision, a distinct approach and an innovative strategy. This is essential to make the work place conducive, attractive, proactive to the generation of efficiency or so. The motives are to offer the promised services to the end users without any distortion and making the branch offices a point of attraction. The branch managers need professional excellence to make place decision productive.

People

The management scientists make a strong advocacy in favour of managing the insurance personnel since they identify people as an important component of the marketing mix. This focuses our attention on the development of insurance professionals. The use of computers, micro-computers, fax machines, sophisticated telephonic services, e-mailing, internet and intranet services have a big impact on the perception of quality of services. This makes it essential that the insurance organisatoin also think in favour of developing personnel in line with the development and use of information technologies.This gravitates attention on the education and training facilities to the insurance personnel. The front-line-staff as well as the branch manages are required to be given the training facilities so that they are in a position to make possible an effective use of the technologies. The insurance organisatoins bear the responsibility of developing the credentials of their employees. the senior executives while recruiting, training and developing the insurance personnel make it sure that employees serving the organisation have a high behavioral profile in which empathy has been given due place.

The marketing management of an organisation plays a contributory role in fuelling the processes of qualitative-cum-quantitative improvements. The different mixes are required to be innovated to cater to the changing needs and requirements of the different categories of users. The product mix necessitates a fair synchronization of core and peripheral services, the product portfolio is required to be made optimal, the packages need due attention in the formulation process, the new

services are required to be incorporate, the unprofitable services or schemes are required to be eliminated and the effective fulfillment of development needs require world class insurance professionals who by making their decision innovative are found successful in having a sound product mix. In addition, the promotion decisions also need a new vision, a distinct approach mix. In addition, the promotion decision also need a new vision, a distinct approach and an new strategy. The sophistication in the process of advertising, the creativity in advertisement messages and slogans, the well managed public relation activities, the innovative tools of sale promotion, the word-of-mouth communications, the personal selling, and the telemarketing need due attention of marketing executives. The premium, bonus, commission policies need to be made rational and the place decision require due weightage. The management of insurance personnel requires an overriding priority and the physical attractions of insurance professionals are to be given due weightage.

In view of the above, it is right to opine that the marketing practices need a new look, an innovative approach and the conceptualization of the holistic concept of management. The defined principles of social or societal marketing if practiced in a right fashion would pave avenues for the blending of three important considerations, such as profit-generation, customer-satisfaction and social-orientation. It is in this context that the public sector insurance organizations need to realize gravity of the situation and to assign an overriding priority to the management of marketing activities.

Hospital Marketing

Hospital is a social institution for delivering healthcare, offering considerable advantages to both patient and society. It is considered to be a place for the diagnosis and treatment of human ills and restoration of health and well-being of those temporarily deprived of. Above all, it is a social institution responsible for protecting the social interests and a non-profit organisation.

We have failed in improving the medicate facilities keeping pace with the growing requirements but have been successful in making the environment unhealthy which is found raising the pressure on both the government as well as the private hospitals. In view of the prevailing condition, we expect much more from hospitals government of private. By marketing medicate services, the hospitals would not only serve masses but would also be efficacious in inculcating mass awareness to prevent ailments and to decrease the number of prospects.

Marketing of medicare services means, making available the medicare services to the users in such a way that they get quality services at a reasonable cost. The social marketing principles focus on making available the services even to those segments of the society who are not in a position to pay for the prices. It is in this context that a managerial approach to formulate a sound service mix is required.

Marketing Mix for Hospital Services

The components of marketing mix namely, product, price, place and promotion could be applied for effective marketing of hospital services.

Product mix

The service programming for hospitals include different types of services required to protect the public interests. The services have been classified as line services, supportive services and auxiliary services.

The first one, line services include emergency services, outdoor and indoor services, intensive care unit and operations theatre. This is also called core services.

The supporting services in a true sense determine the quality of services made available by medical and para-medical personnel.

The auxiliary services consists of registration and indoor case records, stores management, transportation management, mortuary arrangement, dietary services, engineering and maintenance services For effectives marketing these services are to be managed in an effective way.

Promotion Mix

In the medicare services innovating the promotional measures and inculcating mass awareness are important for promotion of hospital services. For making available right services to the right users at the right time, it is essential to instumentalise the personal promotion. In this context, both the core and para-medical personnel play an important role. To be more specific, the frontline personnel have been found playing an outstanding role. If nurses neglect patients, if receptionist miscommunicate users, prospects, if doctors do not show human approach, the medicare services even after the availability of most sophisticated equipment and technologies, most efficient doctors and nurses, most comfortable buildings and infrastructural facilities would fails in delivering the goods to the society. Ultimately, the personnel determine the magnet of success and not the supporting forces.

Advertisement and publicity measures are important to promote medical services. While advertising, the hospitals and health care centres should make possible creativity in their campaigns, messages and slogans for the prospects to avail the services.

Service promotion is an important dimension of promotion, which is found instrumental in the generation of efficiency, formation of a team spirit, establishment of a work culture and more so a personal touch in service. This requires a team work and involvement of all the medical and para-medical personnel.

The *word of mouth communication* also plays an outstanding role. The satisfied users act an agent in spreading the message to their friends, relatives and others, who are found motivated and prefer to user the services of that hospital as and when the circumstances necessitates so.

Price Mix

Now the hospitals need to invest a lot on the sophisticated equipment and technologies to improve the quality of medical aid. Increasing cost on inputs in found aggravating the setting the task of fee structure which makes possible a fair synchronization of users' and hospitals interests'. The fees strategy for hospitals should be in proportion to the income of the users which would engineer a sound foundation for qualitative or quantitative improvements. For a social institution like hospital, a discriminatory fee structure is suitable, since it provides even weaker sections of the society an opportunity to avail the quality medical services.

Place Mix

For effective distribution of medicare services it is essential that the hospitals should be able to provide basic medical services at different parts of residential areas and also to rural areas in particular. Further, wherever there is concentration of users' like industrial establishments, educational institutions, the hospitals must be able to take their services to those places.

To conclude for marketing of hospital services innovation is a must. The aim should be to serve the society; to improve quality; to make services cost effective; to minimize the medicare needs and in due course to minimize the pressure on hospitals.

Telecommunication Marketing

Telecommunication services play an incremental role in the multi-dimensional development activities. A well functioning telecommunications network is an essential component of economic infrastructure. The application of modern marketing principles in the telecommunication services would make ways for the generation of profits and at the same time

would also make the services affordable to the users at large. The telecommunications organizations are supposed to market the services in such a way that a high level of efficiency generates a high level of profit. With the growing sophistication in the process of telecommunication technologies, multi-faceted services are being offered by the telecommunication organisation which is managed and controlled as a government department by the Ministry of Communications. Telecommunications marketing focuses on marketing the services professionally and this makes it a managerial process. The marketing professionals bear the responsibility of managing the services which enrich the service profile of telecom in order that the world class services are made nationally and internationally competitive.

Marketing Mix for Telecommunication Organizations

The formulation of a sound marketing mix is found essential to make possible an optimal development of marketing resources. The marketing professionals bear the responsibility of developing optimal marketing inputs so that the world class services reach to the different segments of users in a right way. It is in this context the formulation of marketing mix for telecommunication is considered. It goes through the different submixes such as the product mix covering he designing of a quality services profile, the promotion mix having more creativity and sensitivity, the tariff policy making possible designing of a sound tariff structure, the place mix containing the problem of processing the services with the motto of bridging over the gap between services – promised and services – offered and the people mix for striking a balance between performance-orientation and employee-orientation.

Product Mix

The telecommunication organizations offer multi-dimensional services to the different categories of domestic and institutional users. telecommunication include a number of services such as the telephonic service including cell services, telegraphic services, e-mailing services, fax services, internet services and so on. On one hand the telecom organisatoins feel that the services are quite satisfactory, while on the other hand there are increasing cases of dissatisfaction among the users. This makes it essential that sincere efforts to be made to improve the quality of service.

In the category of services mix, the telephonic services occupy a place of outstanding significance because of majority of the users of almost all the categories are found using the same. With the development of cordless and cellular phones, we find a change in the nature of services. In this context, it is the prime responsibility of the telecommunication organisatoins to

make it sure that users get quality services, such as services with ha dismal breakdown, noise and interruption, quality audio-delivery or so. The cases of one-way are to be checked. The technical personnel are required to make it sure that the users are made available quality instruments and the replacement is made possible as the when the circumstance necessitate so.

The marketing professionals bear the responsibility of making it sure that a sound services profile is designed in which both the categories of services, such as core and peripheral are optimally blended. The innovation in the formulation of a services portfolio needs to be given due weightage. The main think in the process is to formulate a service mix that makes the ways for profit-generation vis-à-vis user-satisfaction.

In view of the above, it is right to mention that like other organizations, the telecommunication organisation also need to formulate a sound product mix that focuses our attention on offering of the world class services so that the level of efficiency is increased and the task of marketing professionals is made easier.

Promotion Mix

This submix of the marketing mix focuses on creative promotional measures helping the telecom organisatoins in informing, sensing and persuading the users. In this context, different constituents of promotion, such as advertising, publicity, sales promotion, personal selling, word-of-mouth promotion are discussed.

Advertising

Like other organizations, the telecommunication organisatoins may also advertise with the help of media. All the three media, such as the print media, broadcast media and telecast media can be used for that very purpose. While advertsing, the marketing professionals in general and the advertising professionals in particular are supposed to make the slogans, themes and appeals more creative so that the target prospects are sensitized in a right way. The print media may be more effective since while advertising through this media, an organization gets adequate space to inform and sense the users.

In addition, they can also advertise through the broadcast media. Telecast media emerging as the most effective media found very much instrumental in sensitizing the prospects. With the help of audio-visual exposures, it is possible to inform and sense the users and the prospects. The advertising professionals having world class excellence are to be engaged for that purpose who

would design advertisement layout, compose slogans and messages bearing more creativity. If they are professionally sound, the advertising budget would also be made optimal.

Publicity

Another component of promotion focuses on publicizing the business with the support of media personnel and opinion leaders. The telecom organizations may use this constituent with he motto of informing the prospects the salient features of innovative services offered or to be included in the services mix. The marketing professionals or the public relation officers need to accept the responsibility of developing rapport with the media people, to arrange for them lunch or dinner and to offer to them some small gifts to write news items or articles related to the services and to place them at the eye catching locations. It is in this context that we talk about the instrumentality of public relations activities in promoting the telecom business.

Sales promotion

It is essential that the telecommunication organisatoin makes use of sales promotion measures for promoting the innovative services, specially used by the large-sized customers. If he prospects are offered some small gifts, the motivation process would be switched on. In addition, they also need to offer innovative tools of sales promotion to some of the high performers in the group of employees who instrumentalist the process of getting the profitable business. This would considerably be helpful in tapping the market potentials which would activate the process of profit generation.

Personal selling

The instrumentality of personal selling is involved in the essence of promoting the business with the support and cooperation of sales people. The telecommunication organizations are required to promote its business to tap the sales potentials or the market potentials which remain untapped or partially tapped due to a communications gap. The role of personal selling becomes important in the context of privatization of telecom services and due to emergence of buyers' market.

Word-of-mouth promotion

This constituent of the promotion mix is found based on the quality of services offered by the service generating organisatoins. In the telecommunication organisatoins, we find this component instrumental because the satisfied group of users would narrate to their friends, relatives, well wishers regarding the outstanding services they experienced as a customer. The individuals trust on their relatives and friends and therefore use the services as and when the

circumstances necessitate so. It is in this context that we make a strong advocacy in favour of improving the quality of services by the telecommunications organisatoin. The support and cooperation of opinion leaders or vocal persons would also be effective in the process.

The aforesaid components of promotion are found helpful to the telecommunication organizations in promotion the business. The main thing in the promotion is to inform, sense and persuade the prospects or users in such a way that they are transformed into the habitual users. The instrumentality of a particular constituent would depend upon the prevailing conditions.

Price Mix

Almost all the organizations either producing goods or generating services find pricing decisions significant to the development process. In the context of telecommunication organisatoin the different categories of users buy the services and therefore the telecommunication organisatoin is required to be more careful in setting the tariff structure. The main thing is the designing of a rational tariff structure which on the one hand makes the ways for profit-generation while on the other hand also make the services affordable to the users.

The telecommunication organisation adopts a discriminatory policy of pricing. The special categories of users are given subsidized or concessional services, such as the rurual users, new or budding entrepreneurs, new institutions promoting welfare or so. I this context, it is important to mentioni that the telecommunication organisatoin charges different slabl of tariff for different operational hours. There is also provision for special concession on selected days and festivals. Thus diversified pricing strategy is adopted by the telecommunication organisation to generate revenue. The Telecom Regulatory Authority plays an significant role in making the pricing decisions in the Indian context

The pricing decisions and the tariff structure also depend upon the nature and types of services offered by the telecommunications organisatoin. For the data/fax services, facsimile services, internet services, there is a different slab and base. The pricing decisions are of sensitive in nature. The governmental interference in the process of making the pricing decision is to be checked to be extent it is found legitimate. The revision in tariff structure, licensing fee have a close relation with the costs of services.

The aforesaid facts makes it clear that the telecommunication organisatoins need freedom while setting the tariff-structure. The marketing professionals serving the telecommunications organisatoins are supposed to be aware of the business as well as the social responsibilities. For

promoting business, they need to generate more revenue and for enriching the social profile, they need to strike a balance between the organizational strength and the social requirements.

Place Mix

In the place mix, we need to gravitate our attention on two important issues, first the promised services reach to the ultimate users in a decent way and second the location points for the telecommunication services.

The first problem is related to the processing of services in which the marketing professionals are supposed to be sure that whatever the services have been promised are delivered to the ultimate users in decent way.

In addition to the aforesaid problem, we also find cases of unplanned and inconvenient location. The administrative offices in particular are required to be accessible. The users and personnel working there should not face difficulties while visiting the offices. Thus the place decisions becomes important to the telecommunication organisations.

People

In the formulations of marketing mix, we also need to manage the human resources in an effective way. The Department of Telecommunications has been facing the problem of inadequacy of quality people resulting into low level of efficiency, deceleration in productivity and profitability or so. The increasing domination of trade uniorns in the day-do-day activities makes it difficult for the management to bring things on the rail. The trade unions also feel that poor level of efficiency is substantially on account of inefficient employees but very often they don't find it essential to regulate them.

In view of the above, the marketing professionals are required to assign due weightage to the people mix. The telecommunication organisatoin is also supposed to assign an overriding priority to the Total Quality Management that focuses innovative schemes attention on quality technologies, quality employees, quality environmental conditions at the workplace, reasonable tariff structure, and above all, personalized services to the consumers.

Education Marketing

An important question may be raised here that why do we user the term marketing for literacy. Since we have been investing huge amount of money and deploying a good number of personnel and sophisticated technologies to literate the masses, it is judicious to know about the results, if we4 invest more for removing illiteracy (inputs) but the literacy (output) is not increasing

proportionately, the policy would be deemed to be unproductive since it is cost-ineffective. The very essence of marketing is to make our policies and programmes cost-effective so that we cross the target or atleast even touch the target without crossing the financial and time limits. The marketing particles bear the efficacy of improving the input-output ratio since we frame a service mix keeping in view the sensitivity of target prospects, attempt to promote the same by suing modern sophisticated devices, frame a fee-structure in the face of holistic concept of management and channelize the services with the support of efficient and personally committed personnel acting and behaving professionally.

In view of the aforesaid facts, we use the term marketing for literacy, education and development of knowledge. Here, it is also to be clarified that by using the term marketing we are not bound to generate profits. Since most of the not-for-profit making organizations are now found liberal to the generation of profits, it is also significant to mention that whatever they generate as surplus should essentially be re-invested or ploughed back for the development and expansion of world class services. The simple logic in using the term marketing is to make available to the prospects the quality services either free of cost or for the free- structure they are supposed to pay. The marketing practices would simplify the processes of qualitative-cum-quantitative transformation in the process of efficiency generation.

The universities, colleges, institutes, studies and research centers are found engaged in the process of offering higher education. Scientific inventions and innovations, techno9logical advances, professional excellence, managerial proficiency are some of the important dimensions playing a decisive role in shaping the destiny of a nation. The system of higher education is found efficacious in making available to the society a dedicated, committed, devoted and professionally – sound team of human resources who decide the future of a nation. Against this background, the crying need of the hour is to manage the system of higher education in such a way that sets a right direction for the development of human resources in the national and international perspectives.

The universities, colleges, institutes, research centers are found in depleted condition. The financial crunch is a major problem which has been disallowing these centers to importance the time honored changes in their curriculum even if they are found dying. Except a very few almost all the centers are engaged in producing substandard outputs resulting into unemployment, poverty and backwardness. It is in this context that we talk in favor of marketing higher

education which according to the holistic marketing principles attempts to enrich the efficiency of these centers vis-à-vis offer quality services even to the poor persons having an outstanding educational background. This is based on the principles of societal marketing in which the educational institutions are not supposed to make profits. Thus, the marketing practices pave ways for the development of human resources in the face of international specifications. Here, the qualitative transformation establishes an edge over the quantitative transfiguration.

Marketing of Distance Education

The distance education system has come into stay as an accepted form of education and has been gaining wide-spread popularity in recent years. This is evident from the fact that more than 70 countries are offering educational programmes though distance education all over the world today. The distance education has made in possible for those in inaccessible areas; the drop-outs, who want re-entry into education and the economically weaker sections to avail of educational opportunities. It can be a particular boon for women, since parents are unwilling to send them beyond their immediate locale for education after the completion of school education.

At present there are 10 open universities in India. Further, among 229 conventional Universities, 62 are dual mode Universities offering education both under regular and distance education modes. Distance education now caters over 7 lacs of students. It is expected that this growth would outnumber the formal system itself in the near future. Thus there is potential market for distance education.As many as 72 Universities are vying each other to attract higher enrolment of their distance education programs. It is partly due to the fact that almost all the Universities greatly depend on distance education programmes for generating their own financial resources. Hence, unless these Distance Education Institutes adopts systematic and effective marketing, it would be very difficult for them to survive in the long-run. This paper makes an attempt to explain the strategies to be adopted for successful marketing of distance education programmes by the Distance Education Institutes.

Market Segmentation

The distance education learners belong to different segments. The major segments of distance education learners are – rural and urban, drop-outs, elder persons who did not have the opportunity to learn through regular stream in their early age and those who want to update knowledge and acquire special skill. Besides these, other specific segments are women, socially

backward and physically handicapped. Appropriate marketing strategies need to be evolved for reaching these unreached group through distance and open learning.

Learner-orientation

The learner oriented marketing approach is concerned with identifying the specific educational needs of the target market and tailoring and delivery of those educational programmes to the satisfaction of learners. It involves identifying the right type of product mix of educational programmes, offered at right price, through effective delivery mechanisms and with appropriate promotional tools. In other words, all activities and strategies of DEIs ultimately aim at satisfying the learners.

Marketing Mix

The marketing mix concept is a well established tool used as a structure by marketers. It consists of the various elements of a marketing programme which need to be considered in order to successfully implement the marketing strategy for any service business. The major elements are Products, Price, Place, Promotion, Physical Evidence, People and Process. The underlying concept in developing each of these elements is to user them to support each other, to reinforce the positioning of the product and to deliver appropriate service quality to achieve competitive advantage.

Product mix

Distance Education is a service product and has a complex set of value satisfactions. People attach value to distance education in proportion to the perceived ability of the service to do this. Value is assigned by the buyers in relation to the benefits they receive. Augmentation of the expected product represents a means of creating product differentiation and thus added value from the customer perspective. In Distance Education service, the academic programmes offered are core products. The expected product consists of the generic product together with the minimal support facilities which need to be met. The augmented product is the area which enables one product to be differentiate from another. They differentiate by 'adding value' to the core product in terms of reliability and responsiveness. Thus, in Distance Education, the academic programmes offered are core product; the quality learning materials and effective contact programmes are expected products and specialized programmes are augmented products.

Service Product Decisions

DEIs offer a range of academic programmes. Decisions on the range of services to be offered need to be considered in the context of the DEIs positioning strategy and the competitors' service offerings. New courses to be offered should also be consistent with the competence of the DEI to deliver them.

Market Penetration

Market penetration by DEIs is concerned with how to exploit the current position in the market place better. This can be achieved by more focused segmentation, a more clearly defined positioning strategy or through better application of the marketing mix elements. Essentially it is concerned with gaining greater productivity from the marketing mix elements and building market share for its distance education programme.

Market Development

An alternative strategy to service development is to undertake market extension, which seeks new groups of buyers with a firm's current service offerings. For instance, many DEIs have opened their Study Centres in overseas to attract foreign clients.

The Distance Education Institutes (DEIs) should have a right type of product mix to suit the requirements of different segments of distance education learners. Different educational programmes should be designed in such a way that it suits to different segments. A particular segment which would like to acquire a higher qualification for the sake of higher qualification looks for a course which would like to acquire a higher qualification for the sake of higher qualification looks for a course which they would like to acquire without much effort and a specific need. The Distance Education Institutions are also able to get a good enrolment for such type general academic programme. A degree in history is a good example that suits for mass marketing. Another segment of learners which belong to class marketing is a specific group which require specialized knowledge and skill in their chosen area of interest. The Distance Education Institutes have to identify such type of specialized academic programmes suited to specific segment of learners. For instance, the Distance Education Institutes of the Alagappa University offer specialized courses on bank management, sports management, corporate secretary ship, women's studies, child care, marketing, digital instrumentation and waste water treatment.

The important aspect of Distance Education Institutes is that they have to constantly study the requirements of intending learners and must develop need based new educational programmes.

Such programmes are to be developed for different levels such as certificate, diploma, under-graduate and post-graduate depending on the learner's need.

Because of increased sophistication, each individual must be a multidisciplinarian. He may be an expert in one field but necessary requires considerable knowledge in related fields also. For example, even a physician need to have basic engineering knowledge due to advanced medical equipments he has to deal with. Though Computer Engineering is a specialized field, the knowledge of computer operations has become a basic need to every individual working in any field. For instance, course on E-Commerce, Medical Transcriptions, Information Technology Enabled Services are in great demand now. Hence, there is a great potential for information Technology education with the DEIs can effectively explore by developing appropriate programme suited to different segments.

Similarly, the curriculum and the course materials of the existing course need to be revised/ modified periodically, depending on the requirement. For instance, the curriculum on computer education, economic legislations, and tax laws require frequent revision and up-gradation.

Physical Evidence

This is the service firm's physical environment where the service is created and where the service provider and customer interact, plus nay tangible elements that are used to communicate or support the role of the service. In a service business, the marketer should seek to compensate for the intangibility dimension by providing physical clues to support the positioning and image and enhance the product surround.

Physical evidence can be divided into two types – essential and peripheral. Essential physical evidence in distance education represents the key decisions made by the DEIs about the design of the learning resources such as, print materials and pre-recorded audio-video cassettes.

It is the fact that the success and effectiveness of distance education systems largely depend on the study materials, because the learners have less contact with the institution / teachers. Hence, they have to be supplied with specially prepared teaching materials prepared under Self-Instructional Pattern. The course materials are presented in such a way that a learner can learn from the materials independently and the materials themselves have to perform the functions of a teacher such as expounding, explaining, guiding, motivating, reminding, evaluating etc. this is a the essential part of physical evidence. It is worth mentioning the role played by Distance Education Council (DEC), common wealth Educational Media Centre for Asia (CEMA) and

Staff Training and Research Institute of Distance Education (STRIDE) and Educational Media Research Centres (EMRC) in conducting training, research and guidance in the area of preparation of self-instructional materials, multi-media, staff development, computerization and networking.

The logical arrangement of contents, the lucid style, conversational language, use of personal pronouns and division of content into small manageable learning steps shall increase the effectiveness of learning. Beside these, even the quality of paper used, printing and the size of letters also count in stimulating the learners to user the course materials. This forms the peripheral physical evidence of the product and adds tangibility to the value of the service provided to the learner segment to which it is directed.

Quality

The distance education system is criticized for the lack of quality. It is argued that for the sake of quantity, quality is very often sacrificed. The DEIs should ensure that quality is maintained along with the increase in enrolment. Hence, what is required is some sort of 'ISI Mark' for the Distance Education institutes to ensure quality. The Distance Education Council in consultation with the National Assessment and Accreditation Council is in the process of developing some sort of Quality Assessment and Accreditation that will be relevant to the Distance and Open Education system.

Public relations

Public relations is defined by the British Institute of Public Relations as, "the planned and sustained effort to establish and maintain goodwill between an organisation and its publics". These 'publics' are all the groups of people and organisatoins which have an interests in the distance education programme. An example of the main publics of distance education is shown in the following figure.

Public relations is concerned with a number of marketing tasks. These include the following :

- Building or maintaining image
- Supporting the other communication activities
- Handling problems and issues
- Reinforcing positioning
- Influencing specific publics
- Assisting the launch of new services

A service organization's 'image' is made up of the collective experience, views attitudes and beliefs held about it. Public relations can sue a range of communication approaches to improve or maintain the image of a DEI. Overall the objective with image is to ensure that a particular DEI is viewed more favorably than competitors in the market segment it serves.

A wide range of tools can be used in the design of a Public Relation programme. These could include-

- Publications including press releases, annual reports, brochures, posters etc.
- Press conferences, seminars and conferences
- Exhibitions and trade fairs

As with other elements of the communications mix, a Public Relation programme should follows a process, which consists of the specification of objectives, determining the mix of Public Relations activities to be undertaken. Implementing an integrated programme and evaluating the results.

Word-of-mouth promotion

Research points to personal recommendations through word of mouth being one of the most important information sources. One of the most distinctive features of promotion in Distance Education marketing is the greater importance of referral and word of mouth communications. Thus highlights the importance of the people factor in services promotion. Learners are often closely involved in the delivery of a service and they talk to other potential customers about their experiences. They are glad to offer advice on a specific DEI. Thus, word of mouth can have an important impact that other mass or personal communication mix elements in distance educations.

Gronroos has outlined a communication pattern that illustrates the role of word of mouth and referrals have to play.

- Expectations / purchases
- Interactions
- Experiences
- Word of mouth / referrals

An existing or a new distance education learners has certain expectations. Once the decision to join distance education has been made, the candidate begins interacting with the DEI and discovers the technical and functional quality of the service being supplied. As a result of the

experiences, that follow from these interactions and the judgments made about service quality, the candidate may or may not return. Positive or negative word of mouth communication will then influence the extent to which others use the service. It is said that the 'satisfied consumer is a better sales force'.

When the programmes are offered with better issues materials, effective delivery system, proper organizations of Personal Contact Programmes, effective student support services, proper conduct of examinations and timely announcement of results – the satisfied learner will be acting as an effective ambassador for Distance Education Institute.

The multiplier effect from word of mouth varies from situations to situation. However, negative experiences tend to have a greater impact than positive experiences. Learners who are dissatisfied tend to tell more than twice as many people of their bitter experiences. Thus, negative word of mouth can significantly reduce the effectiveness of advertising and other elements of the communications mix and positive word of mouth can result in less expensive formal communications programmes being needed.

Direct Marketing

In recent years more sophisticated approaches to direct marketing have been adopted. Developments in electronic media, telecommunications and computers are now presenting greater opportunities for developing an integrated programme of direct marketing activities. These can be used in conjunction with each other to reinforce the personal selling, advertising and other promotional elements. Many DEIs are taking the advantage of the benefits of a coordinated, direct marketing programme. Contacting the potential feeding centres, wherever there are cluster of prospective learners, could be another effective tool. For example contacting Banking / Insurance institutions could help promoting courses on banking, insurance etc. it is only the effective teaching that creates a lasting impression on the minds of the learners and help create goodwill on DEI.

People

The success of marketing of distance education programmes is tied closely to the selection, training, motivating and management of people. There are many examples of distance education programmes failing or succeeding as a consequences of the ineffective or effective management of people.

The importance of people within the marketing of services has led to great interest in internal marketing. Internal marketing aims to encourage effective behaviour by staff. Which will attract customers to the firm. This means that, the Distance Education Institutions should ensure that their employees should have the desirable behavour that will attract learners to the institute. While the expression 'our employees are our greatest asset' is increasingly being heard among organisatoins. It is clear that this statement is often a platitude. By recognizing the contribution, people make to acquiring and keeping customers, within the overall marketing mix, the service company's competitive performance will be substantially enhances.

The idea behind internal marketing is to ensure that all members of the staff in the DEI provide the best possible contribution to the marketing of education programmes and successfully complete all telephone, mail electronic and personal interactions with the learners in manner that adds value to the service encounter.

Internal marketing in all its forms was recognized as an important activity in contributing to the people element of marketing mix and in developing a customer focused organisation. In practice, internal marketing is concerned with communications, with developing responsiveness, responsibility and unity of purpose. The fundamental aims of internal marketing are to develop internal and external customer awareness and remove functional barriers to organisation effectiveness.

Processes

The processes by which services are created and delivered to the customer is a major factor within the services marketing mix. All work activity is process. Processes involve the procedures, tasks schedules, mechanisms, activities and routines by which a product or service is delivered to the customer. It involves policy decisions about customer involvement and employee discretion. Identification of process management as a separate activity is a prerequisite of service quality improvement. The importance of this element is especially highlighted in service businesses.

If the DEI functions effectively with a well established administered systems and procedures, it shall have a clear advantage over less efficient competitors. For example, a DEI which ensures proper recording of 'change of address' of a particular learner, will be seen as being efficient. If there is any confusion in recording of changes in address of the learners, is likely to be more critical of others services offered by the DEI.

Thus, the successful marketing of distance education requires identifying and devolping right type of educational programmes, pricing theme within the reach of the learners, making the programmes available at the places convenient to the learners and promoting them with suitable pormotioanl tools. Further, the success of marketing of distance education is tied closely to be behaviour of the members of he staff working in the DEIs. The well established procedures and systems in the functioning of the Institute is an added advantage. Above all, in the case of duel mode universities, the Distance Education Institute is a major sub-system and requires administrative, academic and financial support and freedom to make the marketing of distance education effective and efficient.

QUESTION BANK
UNIT 1
PART A

1. Define Service
   Service is an act or performance offered by one party to another that essentially intangible and does not normally result in ownership of anything. Its product may or may not be tied the physical product.

2. Define Service Economy.
   The size of the service sector is increasing in virtually all countries around the world. In emerging economies, the service output is growing rapidly and often represents at least half of the GDP. Thus, Service economy is growing. As a national economy develops, the relative share of employment between agriculture, industry (including manufacturing and mining).The service economy in developing countries like India is mostly concentrated in financial services, health, and education.

3. What are the characteristics of Services?
   Intangibility, heterogeneity , simultaneous production and consumption

4. Define Services
   Service is an act or performance offered by one party to another that essentially intangible and does not normally result in ownership of anything. Its product may or may not be tied the physical product.

5. What is Perishability?
   Services referred to the fact that it cannot be saved, Stored or returned

6. What is meant by customer Expectations
   Consumer Expectations are pretrial beliefs a consumer has about the performance of a service that are used as the standard or reference against which service performance is judged. Consumer Expectations consist of five levels: ideal service level, desired service level, adequate service level, predicted service level, and zone of tolerance.

7. What are the needs?
   Basic needs, safety needs, social needs, self esteemed and self actualization needs

8. What are the types of risks?
   Opportunity, psychological, time loss, social and physical risk

9. State the difference between goods and services.
   Perishability, tangibility, time of production and consumption

10. What is Service as product support?
    Any product or customer-oriented activity that takes place after the point of delivery. For example, monitoring activities, a repair service, up-dating facilities

11. What is meant by Service as core product?
The commercial outputs of a service organization such as a bank account, an insurance policy or a holiday

12.What is heterogeneity?
  Since services are performances produced by human Beings, no two services will be alike. (it differs from hour to hour, day to day) customers are not same E.g. Tax accountant may provide different service to two customers

13.. What is intangibility?
        Services are performance or actions rather than objects. They cannot be seen, tasted or touched

14. List the factors contributing to growth of service sector
              Government policies, social changes, Business trends and advances in IT

15. List the challenges and issues in services marketing
        Tangibility, relationships and values, quality, one vs many etc

16. Why trust is necessary?
          Some level of trust in the service organization and its people must be established before clients will engage services. This is as important, sometimes more important, than the service offerings and their value proposition.

17. How Brand extends beyond marketing?
          Brand in service businesses is about who you are as much as what you say about yourself. And internal brand management and communications can be equally as vital to marketing success as are external communication.

18. How Marketing and sales lose momentum?
Most product companies have dedicated marketers and sellers. They market and sell continuously, regardless of the revenue levels they generate. In many services companies the marketers and sellers also must manage and deliver. This can often lead to the Services Revenue Rollercoaster-wide swings between revenue and work overflow, and revenue and work drought.

19.Explain Service
        Service is an act or performance offered by one party to another that essentially intangible and does not normally result in ownership of anything. Its product may or may not be tied the physical product.

20. List the pros of privatization
     a. Increase the efficiency b. Increase in profits

21. What is Service economy?

The size of the service sector is increasing in virtually all countries around the world. In emerging economies, the service output is growing rapidly and often represents at least half of the GDP. Thus, Service economy is growing.

22. Define Return Factor.
If a customer purchases a product and it doesn't work as it is supposed to, the customer can return the product for her money back or at least to receive a store credit. A service is consumed as it is offered, so it lacks the return factor that a product has. Some service providers overcome this by offering money-back guarantees.

23. Why trust is necessary in Services?
Some level of trust in the service organization and its people must be established before clients will engage services. This is as important, sometimes more important, than the service offerings and their value proposition.

24. Why proactive generation is difficult ?
Many service companies have tried, and failed, at using lead generation tactics that work wonders for product companies.

25. Explain tangibility
A product is tangible, which means the customer can touch and see the product before deciding to make a purchase. Items such as packaging and presentation may compel a customer to purchase a product. Services, on the other hand, are not tangible, which can make them more difficult to promote and sell than a product.

26. What are the combinations of changing life styles?
- Higher income
- Declining prices for many high technology products – made for people to by computers.
- Mobile phone etc.
-
27. What is privatization?
   "Privatization" means the policy of transforming Govt. organization into investors owned companies.

28. Explain service as a product?
Any product or customer-oriented activity that takes place after the point of delivery. For example, monitoring activities, a repair service, up-dating facilities.

29.Explain service as a organization.
It is the entire business or not-for-profit structure that resides within the service sector. For example, a restaurant, an insurance company a charity.

30. Explain Scope of service
- Service as a organization
- As a core product
- As a product support

- As an act

PART B

1. "The need and variety of services would depend on economic and social factors". Illustrate this view point with examples.
2. What do you mean by marketing of services? What are the reasons for the growth in the service market?
3. (i) Briefly describe the special characteristics feature of service.
(ii) How are services classified? Elaborate.
4. What is service quality? Explain the SERVQUAL model with examples.
5. Explain the classification of services and the method of marketing mix strategies for each classification of services.
6. Briefly explain the service gap model and the methods to measure the gaps of the services.
7. Explain how the "Service Quality Delivery" in financial products IS improved by technology. Illustrate with examples.
8. What do you mean by service recovery? Discuss various service recovery strategies.
9. What are the various issues considered by the management while improving the quality of service? Explain.
10. Discuss the conceptual model of Service quality with a neat diagram.

UNIT 2
PART A

1. What is meant by zone of tolerance?

   Area between the adequate level of service and the desired level of service.

2. What is meant by Adequate Service Level
   Minimum level of service a consumer will tolerate and accept without being dissatisfied.

3. What is meant by ideal service level?

   It is defined as the consumers "wished-for" level of service

4. What is meant by desired service level ?

   Level of performance customers want or hope to receive from a service.

5. What is meant by predicted service level?

Level of service consumers actually expect from the service firm.

6. What are the two phases of customer expectations?

Pre purchase phase and post purchase phase

7. What is meant by FUNCTIONAL VALUE

Perceived utility acquired when a particular choice provides utilitarian or functional benefits for the consumer

8. What is meant by social value?

Perceived utility acquired from making a purchase decision that is associated with a particular referent group. This group could be friends or it could be based on demographics such as age, sex, ethnic origin, or religion. Cultural factors such as a concern for the environment may also impact purchase decisions. The desirability of a particular service category or vendor to a consumer may be dependent upon the reference group with which it is associated.

9. What is meant by emotional value?

It is obtained when the choice stimulates feelings and emotions within the consumer. For many services, especially entertainment services, perceived emotional utility is an important motivating factor in the purchase decision

10. What is meant by epistemic value?

It is acquired when a purchase decision is perceived to satisfy a desire for knowledge, provide novelty, or arouse curiosity. Epistemic value is often the motivation behind a senior citizen going back to college or a homemaker taking a painting or art course. Most museums, historical sites, zoos, and botanical gardens are visited because of the epistemic value provided

11. What is meant by conditional value?

It is the perceived utility provided when an alternative is chosen because of temporary situational factors that will enhance one of the other consumption values. Finances may be a temporary situational factor that would alter a purchase decision.

12. Explain pre purchase phase?

The pre-purchase phase occurs before the consumer decides to purchase the service and usually involves a decision-making process that is influenced by four different factors: internal factors, external factors, firm-produced factors, and perceived risk

13. What is meant by Firm produced factors?

Promotions, pricing and the distribution system are firm-produced factors that impact the purchase decision. Promotions include advertising, personal selling, and sales promotions, such as coupons, premiums, sweepstakes and contests. All of these promotional efforts are designed to persuade consumers to purchase particular services from a specific service provider.

14. What is performance risks?

It is the chance that the service will not perform or provide the benefit for which it was purchased.

15. What is financial risks?

It is the amount of monetary loss incurred by the consumer if the service fails. Purchasing services involves a higher degree of financial risk than purchasing goods because fewer service firms have money back guarantees or warranties of any kind.

16. What is meant by perceived risks?

Risk is the exposure of the consumer to the chance of injury, loss or damage resulting from the purchase decision. Consumers seek means to reduce this risk through the use of the internal factors, the external factors, and the firm-produced factors discussed above

17. What is time loss risks?

It refers to the amount of time lost by the consumer as a result of the failure of the service. A consumer who takes his or her automobile into a repair shop for servicing because it is running poorly will experience time loss if the vehicle is left there for six hours and the service performed does not correct the problem

18. What is opportunity risks?

Risk involved when consumers must choose one service over another

19. What is psychological risks?

Chance that the purchase of a service will not fit into the individual's self concept.

20. What is physical risks?

Chance that a service will actually cause physical harm to the customer

21. What is Social risks?

Probability that a service will not meet with approval from others who are significant to the consumer making the purchase

22. Who is a service personnel?

In service encounters where service personnel and customers have face-to-face interaction, the most critical element of the experience becomes the conduct of the service personnel. Customers expect the service personnel to perform specific roles and follow certain scripts. Management must hire individuals qualified for the service jobs. Once hired, training should include scripts, role expectations, and guidelines for customer interaction. Incentives and compensation systems should encourage employees to provide high-quality service.

23. What is attribution theory?

The process of deciding the cause of a service failure is called attribution theory. Idea in which a customer uses a process to analyze the level and cause of dissatisfaction with a service.

24. What are the factors contributing to customer satisfaction?

Product or service features, Consumer emotions, perceptions etc

24. What is meant by service encounter ?

When the customer interacts with the service firm, it is called moments of truth. Every service encounter is an opportunity to build satisfaction.

25. What is remote counter ?

It can happen without any direct human contact. Ex: ATM, Internet website, Billing statement.

26. What is phone counter?

This will occur between and customer and the firm. Organisations such as insurance, telecom department will use this.

27. What is face to face counter ?

Determining and understanding service quality issues in face-face to contexts is most complex of all verbal and nonverbal behaviours are important determinants of quality

28. What are 7p's?

1) Price 2) Product 3) Place 4) Promotion 5) Physical evidence 6) Process 7) People

29. What is service market segmentation ?

Market segmentation is the process of aggregating customers with similar wants, needs, preferences, or buying behavior. Market targeting involves evaluating the attractiveness of the segments and selecting ones the firm will serve.

30. What is usage segmentation?

Usage segmentation focuses on the type and extent of usage patterns. Consumers are typically divided into heavy users, medium users, occasional users or non-users of the service being considered.

PART B

1. Explain the method of assessing the service marketing opportunities and the customer expectations. (Assume any of your choice of service).
2. Discuss the factors considered for the segmenting and targeting the service market for the aviation industry.
3. What are the basic steps in market segmentation? What specific challenges exist for service organizations when it comes of segmentation?
4. Briefly explain the significance of people based attributes of the service product.
5. Discuss the differences between perceptions of services quality and customer satisfaction.
6. Describe the factors influencing buyer characteristics.
7. What are the levels and patterns of service market segmentation? Explain.
8. How will you segment service markets? Describe in detail.
9. What are customer expectations and perceptions of services? Discuss.
10. Develop a flow chart to depict the delivery of the following services
i. Hotel catering
ii. banking

UNIT 3
PART A

1. What do you mean by Retrenchment?
   Retrenchment is a fourth strategy and it involves selling off or closing the unprofitable accounts while keeping or expanding the profitable ones. This strategy is good for large firms with multiple outlets and for the business-to-business service sector.

2. What do you mean by Rejuvenation?
   Rejuvenation is the process of finding a new way of offering the service that will appeal to the firm's target market or another target market. Rejuvenation is the most risky approach bcoz it involves an initial outlay of cash very similar to that required for the introductory stage. The goal of rejuvenation is to push the life cycle back into the maturity stage.
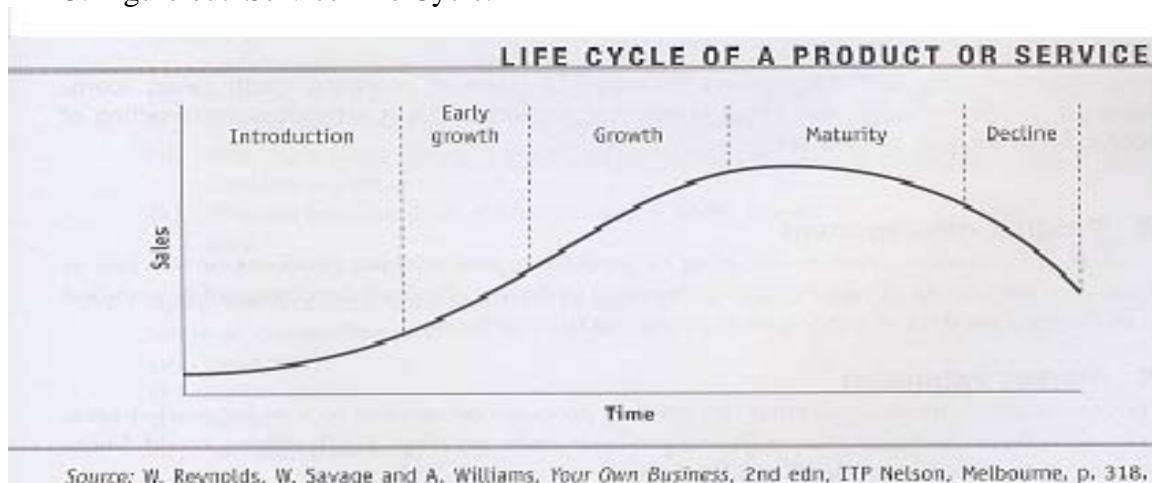
3. What is meant by the Idea Generation?
    Formal brainstorming, solicitation of ideas from employees and customers, lead-users
    researchers and learning about competitors.

4.. What is service life cycle?
The service life cycle consists of the same four stages at the product life cycle: introduction,
growth, maturity and decline. The characteristics of each stage are the same. The only difference
lies in the strategies that can be used

5. Figure out Service Life Cycle.

Source: W. Reynolds, W. Savage and A. Williams, Your Own Business, 2nd edn, ITP Nelson, Melbourne, p. 318.

6. What are the stages of service life cycle?
   Introduction , growth , maturity and decline

7. What is meant by Service development and testing?
    It involves construction of product prototype and testing for consumer acceptance. During this
    phase, the concept is refined to the point where a detailed service blueprint representing the
    implementation plan for the service can be produced.

8. What is meant by market testing
   The new service may be offered to employees of the organization and their families for a time to assess their responses to variations in marketing mix.

9. What is meant by service blue printing?
   A service blueprint is a picture or map that accurately portrays the service system so that the different people can understand

10. What are the components of service blue printing?
    Line of interaction, line of visibility, line of internal interaction

11. What are the Benefits of service blueprinting ?
    It provides an overview of the service
    It provides a basis for identifying and assessing cost, revenue and capital invested in each element of the service.
    It facilitates top-down, bottom-up approach to quality improvement

12. Define quality?
    The quality of service is the degree of conformance of all the relevant features and characteristics of service to all the aspects of customer needs limited by the price and delivery he/she will accept

13. What are the principles of service quality?
 • S.Q is more difficult for the consumer to evaluate than the quality of goods.
 • It is based on consumer perception.
 • Service quality perception result from a comparison of what the customer expected prior to the service and the perceived level of service received.

14. What is meant by responsiveness?
    It is the willingness of the firm's staff to help customers and to provide them prompt service

15. What is meant by blueprinting?
    It enables us to visualize the process of service delivery by depicting the sequence of front stage enter actions that customer's experience

16. What are the quality judging techniques
 • Design reflected through the relevant feature and characteristics of service.
 • Satisfaction of customer needs
 • Production and delivery of service

17. What are the dimensions of service quality
    Tangibility, Reliability, Assurance, empathy and responsiveness

18. What are the stages of service life cycle?
Introduction , growth , maturity and decline.

19. What is meant by service blue printing?

A service blueprint is a picture or map that accurately portrays the service system so that the different people can understand

20. What is meant by soft measure?

- **SOFT MEASURE:**

They can't be easily observed and must be collected by talking to customers, employees:

SERVQUAL can be used to measure

e. On going surveys
f. Employee surveys
g. Mystery shopping
h. Focus group discussion

21. What is meant by hard measure?

- **HARD MEASURE:**

They refer to operational procedures and include data as service response time, failures rates and delivery costs

E.g. how many minutes a customers had to wait in line to get the service?

22. What are the tools for measuring service quality problem?

Fish bone diagram, pareto analysis , control charts and blueprinting

23. Why X charts are used?

Monitor the average level of performance.

24. Why R charts are used?

Monitor the variability

25. Why P charts are used?

It is used when the result of service of each customer can be either acceptable or not

26. Why C charts are used?

It is where the quality is indicated by no. of defects.

27. What are the factors leading to GAP?

Inadequate Marketing Research Orientation, Lack of upward communication, Insufficient relationship focus and Inadequate service recovery

28. How to reduce GAP?

- Design clearly without over simplification, incompleteness and subjectivity.
- Develop effective strategies for new service and use service ability as an implication tool.
- Develop customer defined service standards
- Design physical evidence to meet customer expectation.

29. What are the reasons leading to GAP 3?

- Deficiencies in HR policies
- Failure to match supply and demand
- Customers are not fulfilling

30. What are the reasons leading to GAP 4?
   Lack of integrated service marketing communication
   Ineffective management of customer expectation
   Over promising through advertsisements

PART B

1.(i) Explain the service life cycle stages.

(ii) How the new services are identified and developed?

2. Discuss the methods of pricing the services and trace the scope and challenges involved in pricing the

services.

3. Explain the service design model adopted in any service industry of your choice.

4. Explain the factors affecting a pricing policy of services.

5. What is service positioning? Discuss how the dimensions of service

quality can be used for positioning strategies.

6. What is customer focused pricing. Analyse the pricing strategies involved in cellular services industry.

7. Explain the role played by physical evidence in a service firm.

9. Discuss the stages in new service development process.

10.Draw the service blue print for the following services.

i. Courier

ii. Air-lines

UNIT 4
PART A

1. Explain positioning maps

   Position mapping involves graphically mapping a firm and its competitors relative to the two major purchase criteria. To be of benefit, the axis of the graph needs to be the two most important criteria consumers use in choosing a vendor from within an industry

2. Outline service attributes

   Service attributes involve positioning the service in terms of what it does best. For instance, Federal Express tries to position itself as the best firm for "overnight delivery" while UPS tries to position itself as the best firm for "package delivery".
   .

3. Define Copy positioning

People make decisions based on their perceptions of reality rather than on an expert's definition of reality.

4.What is meant by Product positioning?

To improve a product's appeal to a specific target segment, it is necessary to change its performance on certain attributes

5.What is positioning strategy
It is concerned with creating and maintaining distinctive differences that will be noticed and valued by those customers with whom the firm would most like to develop long-term relationship.

6. State the important of positioning
Positioning involves both launching new brands into the marketplace (new brand positioning), and repositioning old brands. It is concerned with the differentiation of products and services and ensuring that they do not degenerate into a commodity. To maximize its potential a company should position itself in its core market segments, where it is objectively or subjectively differentiated in a positive way over competing offerings.

7.How wil you evaluate positioning options?
- Strengthening current position against competitors to avoid head-on attack.
- Identifying an unoccupied market position that was not filled by a competitor
- Repositioning the competition.

8.What is the criteria for good positioning
- The positioning should be meaningful.
- The positioning must be believable.
- The positioning must be unique.

9.List the process of positioning
- Product positioning involves a number of steps including the following:
- Determining levels of positioning
- Identification of key attributes of importance to selected segments
- Location of attributes on a positioning map
- Evaluating positioning options
- Implementing positioning.

11. How to determine the levels of positioning
   The first step in positioning is to determine which level(s) – service level, product sector level, corporate level – are to receive explicit positioning attention. Some examples will illustrate the choices that are made by some service organizations.
12. What is meant by identification of attributes?
   Once the level of positioning has been determined it is necessary to identify the specific attributes that are important to the chosen market segments. In particular, the way in which purchasing decisions are made should be considered. Individuals use different criteria fro making a purchase decision of a service

13. How will you location positions of maps
   The positioning process involves the identification of the most important attribute and location of various companies' services, for these attributes, on a positioning map. Where a range of attributes are identified, statistical procedures exist for combining these attributes into aggregate dimensions.

14. What is determinant attributes

These are the attributes that determine buyer's choice among competing alternatives that are important to purchases, which customers see significant differences among competing alternatives

15. Give an example of determinant attributes

Ex: Airlines –   Convenience of departure
                    Convenience of arrival time
                   Availability of frequent flyer
                   Case of making reservations.

16. What is competitive positioning?

Competitive positioning strategy is based on establishing and maintaining a distinctive place in the market for an organisation / individual product offerings

17. What is meant by blueprinting?

It enables us to visualize the process of service delivery by depicting the sequence of front stage enter actions that customer's experience.

18. What are the characteristics of Services?

Intangibility, heterogeneity , simultaneous production and consumption

19. What are the needs?

Basic needs, safety needs, social needs, self esteemed and self actualization needs

21. What are the types of risks?

Opportunity, psychological, time loss, social and physical risk

22. State the difference between goods and services.

Perishability, tangibility, time of production and consumption

23. What is Service as product support?

Any product or customer-oriented activity that takes place after the point of delivery. For example, monitoring activities, a repair service, up-dating facilities.

24. Explain Service

Service is an act or performance offered by one party to another that essentially intangible and does not normally result in ownership of anything. Its product may or may not be tied the physical product.

27. What is privatization?

"Privatization" means the policy of transforming Govt. organization into investors owned companies.

28. Explain service as a product?

Any product or customer-oriented activity that takes place after the point of delivery. For example, monitoring activities, a repair service, up-dating facilities.

29.Explain service as a organization.
It is the entire business or not-for-profit structure that resides within the service sector. For example, a restaurant, an insurance company a charity.

30. What is the criteria for good positioning
- The positioning should be meaningful.
- The positioning must be believable.
- The positioning must be unique.

PART B
1. Explain the various types of channel practices in services marketing and changes in the current scenario.
2. Develop the ways and means of customer relations management to be practiced for retail shops.
3. Explain how the "Service Quality Delivery" in financial products IS improved by technology. Illustrate
with examples.
4. What is the role of CRM in delivering customer relationship strategy? Explain with suitable examples.
5. Explain the level of complexity and divergence service and their impact on service process.
6. Explain the guidelines for managing service communication.
7. How will you design communication mix for promoting services? Explain.
8. Explain the significance of services process.
9. What are the sources of desired and adequate service expectation?
10. Explain the categories in the decision making and evaluation process of services.

UNIT 5
PART A
1. Define Insurance
The term insurance marketing refers to the marketing of insurance service with the motto of customer-orientation and profit-generation. The insurance marketing focuses on the formulation of an ideal mix for the insurance business so that the insurance organizations survive and thrive in a right perspective. They quality of services can be improved by formulating a fair mix of the core and peripheral services.

2. What is Tourism Marketing?
        Tourism is a major industry throughout the world today. It embraces activities ranging form the smallest sea-side hotel, for example, to airlines, multinational hotel chains and major international tour operators

3. Explain Entertainment Service.

People spend most of their time at work and come to relax their mind spending their money eg Theme parks, Movies, dance , dramas etc.

4.Define health care marketing.

Health care marketing is the art of maintaining the people's health properly when they are risk are expecting risks.. eg Gymnasium.

5. Identify any four challenges in hospitality marketing.

Mood of the customer, climatic conditions, Theme of the event and Time management

6. What are the skills required for the entertainment marketer?

Negotiation , communication , presentation , creativity etc

7. What is meant by Airline product?

Transportation of people or material from one place to another is called Airline products

8. What are the factors affecting tourism industry?

Mood of the customer, climatic conditions, Theme of the event and Time management

9. What is meant by predicted service level?

Level of service consumers actually expect from the service firm.

10. What are the characteristics of Services?

Intangibility, heterogeneity , simultaneous production and consumption

11. What are the stages of service life cycle?

Introduction , growth , maturity and decline.

12. What is meant by service blue printing?

A service blueprint is a picture or map that accurately portrays the service system so that the different people can understand.

13. What are the different types of promotions?

Word of mouth, sales promotion, personal selling etc.

14. What is meant by predicted service level?

Level of service consumers actually expect from the service firm.

15.What are the two phases of customer expectations?

Pre purchase phase and post purchase phase

16.What is meant by responsiveness?

It is the willingness of the firm's staff to help customers and to provide them prompt service

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24. List the pros of privatization
    a. Increase the efficiency b. Increase in profits

25. What is meant by Firm produced factors?

        Promotions, pricing and the distribution system are firm-produced factors that impact

        the purchase decision. Promotions include advertising, personal selling, and sales

        promotions, such as coupons, premiums, sweepstakes and contests. All of these

        promotional efforts are designed to persuade consumers to purchase particular services

        from a specific service provider.

    27. What is performance risks?

        It is the chance that the service will not perform or provide the benefit for which it was

        purchased.

    28. What is financial risks?

It is the amount of monetary loss incurred by the consumer if the service fails. Purchasing services involves a higher degree of financial risk than purchasing goods because fewer service firms have money back guarantees or warranties of any kind.

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Risk is the exposure of the consumer to the chance of injury, loss or damage resulting from the purchase decision. Consumers seek means to reduce this risk through the use of the internal factors, the external factors, and the firm-produced factors discussed above

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PART B

1. Explain the scope and functions of service marketing strategy for tourism industry.
2. Develop a marketing mix and marketing strategies for a financial services company.
3. Name some public utility services and the marketing strategies used by them.
4. Discuss the role of publicity and personal selling in promoting tourism business.
5. Explain the market for educational services and the marketing approach of an educational institution.
6. Prepare a detailed marketing plan for a hospital proposed to serve the low-income group and want to make a profit.
7. Explain the significance of segmentation in the banking services.
8. Develop an appropriate marketing mix model for hotel services.
9. How will you formulate service marketing strategy for hospitality Industry? Discuss.
10. Discuss the impact of privatization and globalization in educational Services in India.