SYLLABUS

Class: - B.B.A. VI Semester

Subject: - Marketing of Services

Unit-I	**INTRODUCTION TO SERVICE MARKETING-**Meaning, Definition, Characteristics, Components, Classification of Service Marketing, Factors Leading to a Service Economy.
Unit-II	**SERVICE CONSUMER BEHAVIOUR-** Understanding the Service Customer as a Decision Maker, Customer purchase is Associated with Risk, How Service Customers Evaluate the Service, The Service Consumer Decision Process, and The Decision Making Process in the Service Sector, Components of Customer Expectations, Service Satisfaction, Service Quality Dimensions,
Unit-III	**THE SERVICE DELIVERY PROCESS-**Managing Service Encounters, Common Encounter Situations, Managing Service Encounters for Satisfactory Outcomes, Service Failure, Service Recovery, Process of Service Recovery, Customer Retention and Benefits
Unit-IV	**STRATEGIC ISSUES IN SERVICE MARKETING-**Market Segmentation in the Marketing of Srevices, Target Marketing, Positioning of Services-How to Create a positioning Strategy, Developing and maintaining Demand and Capacity.
Unit-V	**CHALLENGES OF SERVICE MARKETING-**Marketing Planning for Services, Developing and Managing the Customer Service Function, Developing and Maintaining Quality of Services,.
Unit-VI	**RELATIONSHIP MARKETING-**The levels of Customer Relationships, Dimensions of a Relationship, Goal of relationship marketing.

UNIT-I

A. MEANING OF SERVICE-
A service is a set of singular and perishable benefits which is-

Delivered from the accountable service provider, mostly in close coaction with his ser-vice suppliers,
Generated by functions of technical systems and/or by distinct activities of individuals, respectively,

Commissioned according to the needs of his service consumers by the service customer from the accountable service provider,
Rendered individually to an authorized service consumer at his/her dedicated trigger,

And, finally, consumed and utilized by the triggering service consumer for executing his/her upcoming business or private activity.

Service specification - Any service can be clearly, completely, consistently and concisely spec-ified by means of the following 12 standard attributes which conform to **the MECE princi-ple (Mutually Exclusive, Collectively Exhaustive)**

1. Service Consumer Benefits describe the (set of) benefits which are triggerable, consumable and effectively utilizable for any authorized service consumer and which are rendered to him as soon as he trigger one service. The description of these benefits must be phrased in the terms and wording of the intended service consumers.

2. Service-specific Functional Parameters specify the functional parameters which are essen-tial and unique to the respective service and which describe the most important dimension(s) of the servicescape, the service output or the service outcome, e.g. maximum e-mailbox capacity per registered and authorized e-mail service consumer.

3. Service Delivery Point describes the physical location and/or logical interface where the benefits of the service are triggered by and rendered to the authorized service consumer. At this point and/or interface, the preparedness for service delivery readiness can be assessed as well as the effective delivery of the service itself can be monitored and controlled.

4. Service Consumer Count specifies the number of intended, clearly identified, explicitly named, definitely registered and authorized service consumers which shall be and/or are allowed and enabled to trigger and consume the commissioned service for executing and/or supporting their business tasks or private activities.

5. Service Delivering Readiness Times specify the distinct agreed times of every day of the week when the described service consumer benefits are
- o trigger able for the authorized service consumers at the defined service delivery point
- o consumable and utilizable for the authorized service consumers at the respective agreed service level all the required service contributions are aggregated to the triggered service the specified service benefits are comprehensively rendered to any authorized triggering service consumer without any delay or friction.

The time data are specified in 24 h format per local working day and local time, referring to the location of the intended and/or triggering service consumers.

6. Service Support Times specify the determined and agreed times of every day of the week when the

triggering and consumption of commissioned services is supported by the service desk team for all identified, registered and authorized service consumers within the service custom-er's organizational unit or area. The service desk is/shall be the so called the Single Point of Contact (SPoC) for any service consumer inquiry regarding the commissioned, triggered and/or rendered services, particularly in the event of service denial, i.e. an incident. During the defined service support times, the service desk can be reached by phone, e-mail, web-based entries and/or fax, respectively. The time data are specified in 24 h format per local working day and local time, referring to the location of the intended service consumers.

7. Service Support Languages specifies the national languages which are spoken by the ser-vice desk team(s) to the service consumers calling them.

8. Service Fulfillment Target specifies the service provider's promise of effectively and seam-lessly delivering the specified benefits to any authorized service consumer triggering a service within the specified service times. It is expressed as the promised minimum ratio of the counts of successful individual service deliveries related to the counts of triggered service deliveries. The effective service fulfillment ratio can be measured and calculated per single service con-sumer or per service consumer group and may be referred to different time periods (workday, calenderweek, workmonth, etc.)

9. Service Impairment Duration per Incident specifies the allowable maximum elapsing time [hh:mm] between

The first occurrence of a service impairment, i.e. service quality degradation, service de-livery disruption or service denial, whilst the service consumer consumes and utilizes the requested service,

The full resumption and complete execution of the service delivery to the content of the affected service consumer.

10. Service Delivering Duration specifies the promised and agreed maximum period of time for effectively rendering all specified service consumer benefits to the requesting service con-sumer at his currently chosen service delivery point.

11. Service Delivery Unit specifies the basic portion for rendering the defined service consum-er benefits. The service delivery unit is the reference and mapping object for the Service Deliv-ering Price, for all service costs as well as for charging and billing the consumed service volume to the service customer who has commissioned the service delivery.

12. Service Delivering Price specifies the amount of money the service customer has to pay for the distinct service volumes his authorized service consumers have consumed. Normally, the service delivering price comprises two portions a fixed basic price portion for basic efforts and resources which provide accessibility and usability of the service delivery functions, i.e. service access price a price portion covering the service consumption based on
- o fixed flat rate price per authorized service consumer and delivery period without regard on the consumed service volumes,
- o staged prices depending on consumed service volumes,
- o fixed price per particularly consumed service delivering unit.

B. SERVICES DEFINITION
The term "services" covers a heterogeneous range of intangible products and activities that are Difficult to encapsulate within a simple definition. Services are also often difficult to separate from goods

with which they may be associated in varying degrees.

Early conceptualizations of services marketing focused on how services differed from tangible products. Some researchers at the time doubted that any differences existed. To-day, services have been accepted as being different on many grounds,

C. NATURE /CHARACTERSTICS OF SERVICE

1. Lack of ownership - One cannot own or store a service as it can be done in case of a product. Service is consumed at the point of sale and does not result ownership. Services are used or hired for a period of time. For example buying a movie ticket the service lasts for two or three hours, but customer want and expect complete entertainment and excellent service for that time period.

2. Intangible - Services are intangible in nature, you cannot touch it, cannot see it, cannot taste it. You cannot touch or hold a service as you can do with a product. For example one cannot touch or hold the services provided by his financial adviser. This makes it difficult to evaluate the quality of service prior to consuming it since there are fewer attributes of quality in comparison to a product.

3. Inseparable - Service is inseparable in nature means to say that it cannot be separated from the service provider. A product when produced can be taken away from its producer whereas a service is produced at or near the point of purchase. For example visiting a restaurant, you order your meal, wait for the meal, meal delivered to you and services provided by waiter/waitress are all part of service production process and is inseparable.

4. Perishable - Service last for specific time period, it cannot be stored as like a product for fu-ture use. Service production and utilisation goes simultaneously. For example watching a movie in cinema hall, service will only last the duration of the show. Again because of this time con-straint consumers demand more.

5. Heterogeneous - It is very difficult to make each service experience identical, for example you travelling by plane the service quality may differ from the first time you travelled by that airline to the second, because the air hostess is less or more experienced. Systems and proce-dures are followed in service production process to minimise this heterogeneity and to provide consistent services all the time.

6. Service Firms - Customer Service in a service firm is highly interactive in nature. Customer interacts with the firm physical facilities, personnel, tangible elements like the price of the ser-vice. The success of any service firm depends on how its performance is judged and perceived by the customer. Today, Service Firms are becoming highly competitive, so, it is essential for service firms to provide high quality services for their survival.

D. 7P'S CONCEPT OF SERVICE MARKETING

1. Product/Service - Most services are intangible because they are performances rather than objects, precise manufacturing specifications concerning uniform quality can rarely be set. Because of this intangibility, the firm may find it difficult to understand how consumers per-ceive their services. For developing a good customer service, the service marketer should stress on tangible cues and also create a strong organisational image. This can be done by communi-cating clearly to the customers the features of the service being provided.

2. Price - Because of the intangible nature of the service–price becomes a pivotal quality indica-tor in

situations where other information is not available. It is essential, therefore that the service firm engage in competitive pricing. Being an important tangible cue, price of the service is an area in which the service marketer can concentrate to get a competitive edge. In the case of pure services, as in the present context, like medical services or legal services price is an important factor because it is a basis for the customer to make a final choice among several competing service organizations.

3. Place - Because services are performances that cannot be stored, service business-es frequently find it difficult to synchronise supply and demand. Also, services cannot be inven-toried for the same reason. Consequently the service firms must make simultaneous adjustments in demand and capacity to achieve a closer match between the two.

4. Promotion - The service marketer should constantly simulate word-of-mouth communica-tions apart from using regular advertising. Communication includes informing the customers in a language they can understand. Specially in services post-purchase communication is very im-portant, because retaining existing customers is as important, or even more important than at-tracting potential customers.

5. Physical Evidence - Physical evidence, as already discussed under the services marketing mix, like the environmental decor and design significantly influence the customer's expectations of the service. Since services cannot be readily displayed, firms should create a conducive envi-ronment that help the customers to develop a positive perception of the service. For example, people would not like to wait for a medical service or a legal service, if the atmosphere of the place they are made to wait is unpleasant. Customers can be put off by a mere change in the layout of the service facility or even the absence of clear signboards.

6. Participants - Most services are highly labour intensive; the behaviour of the person-nel providing the service and the customers involved in production (due to the inseparable na-ture of services), have an effect on providing efficient customer service. To achieve customer-oriented personnel, the organisation needs to recruit and select the right people, and offer an ap-propriate package of employment, in order to enhance their skills and encourage them. Because of the constant interaction between the employees involved in the service, and the customers– there is a mutual dependence between the two. The extent of this mutual dependence influ-ences the customer's perception of the service.

7. Process - In the 'how' of the service delivery is extremely important because the service and the seller are inseparable. The functional quality, or the 'how' of service delivery is especially important to service industries, as it is difficult to differentiate the technical quality, or the 'what' of service delivery.

E.CLASSIFICATION OF SERVICE MARKETING
1. Classification based on Degree of Involvement of the Customer:-
   People Processing:- The customer is highly involved in the services process & needs to be physically present in order to experience the service. Ex. School or training centers.
   Possession Processing:-the customer doesn't require to be present but has to submit his prop-erty to the service provider. Ex car
   Mental Stimulus Processing:-the attention of the customer must be directed on the service in order to experience the service. Ex advertising
   Information Processing this type of service requires services personnel to collect infor-mation, analyze it, interpret & appropriate advice to the client. Ex. market research.

2. Classification based on the Service Tangibility

Highly Tangible:- the customer obtains a tangible Product in hand. As cell phone on rent. Service Linked to tangible goods:- some organization offer on warranty period to customer who purchase products from them. As photocopying machine.

Tangible goods linked to Services:- some service offer a tangible product along with the ser-vice requested by the customer. As Airlines services offer food & magazines to passengers.

Highly intangible:- the services which do not provide customers with any tangible product. As massage parlor

3. Classification based on Skills & Expertise Required

Professional Services:- the service provider to be formally trained to deliver the service. Ex Doctor, Pilot.

Non Professional services:- these Service do not require the service provider to undergo any training to deliver the service.

4. Classification based on Business Orientation of Service Provider

Not-for-profit organization:- the main objectives of the service providers is to serve society & not to make profits.   Ex. Government schools, Social service organizations.

Commercial organization:- the main objectives of the service provider is to earn revenues & make profits. Ex Airlines Insurance firms.

5. Classification based on Type of End-User

Consumer services:- purchased by individuals customer for their own consumption. Ex Beauty Care, Hair Cutting.

Business to Business:- These service are purchased by the organization. Ex Market research, Advertising.

Industrial services:- Based on a contract between organization & service providers. Ex Ma-chine installation, plant maintainance.

F. FACTORS LEADING TO SERVICE ECONOMY

It is obvious that the growth in the services sector has been substantive. The reasons for this growth are quite a few, some of which are summarized as follows.

* **Affluence**: - The increase in per capita income from Rupees 238.8 in 1950 to Rupees 11,934.5 in 1998 is an indicator of he increase in general affluence has given rise to service like pest-control, personal security, interior designer, etc.
* **Leisure time**: - People do get some time to travel and holiday and therefore there is a need for travel agencies, resorts, hotels, and entertainment. There are other's who would like to uti-lize this time to improve their career prospects and therefore there is a need for adult educa-tion/distance learning/part time courses.
* **Life expectancy**: - The health programmed have significantly contributed to an increase in life expectancy given rise to services like old age homes, nursing homes, health care, etc.
* **Working wives**: - As more and more women have started working, the need for day care for children has increased, and so is the care with packed food and home delivery.
* **Product complexity**: - A large no. of products are now being purchased in households which can be serviced only by specialized persons like water purifies, micro wave ovens, home computers, etc. giving rise to the need for services like after sales service agents for durables, maintenance service providers, etc.

✴ **Life complexity**: - As the daily routine gets busier, individuals find it difficult to manage things on their own. Their leads to an obvious need for tax consultants, legal advisors, property advisers, etc.
✴ **Resource** scarcity and ecology: - As the natural resources are depleting and need for conservation is increasing, we have seen the coming up of service providers like pollution control agencies, car, pools, water management, etc.

CONTRIBUTION OF SERVICE INDUSTRY TO INDIAN ECONOMY AND WORLD ECONOMY
WORLD SCENARIO

As economy shifts from developing to developed stage, they will show more and more shift toward services

Today, the fastest growing segments of the us economy is services
In 1948 54% of the gdp of us was generated by services which is 80% now
Employment in this sector which was 55% in 1950 is now 83%

The us balance of trade in goods has remained in the red for many years, but there has been a trade surplus in services

Today service sector dominates the economics of many developed nations. as countries de-velop the role of agriculture in the economy declines and that of services increase.(china has 50% gdp from service, 35% from industry, and 15%from agriculture) .

During recession it has been seen that service output declines less than industrial output – the service employment is less sensitive to business cycle fluctuation in globalization as strategy for service firm is becoming more important

INDIAN SCENARIO

There has been a 13 percent hike in the service sectors of trade, hotels,transport and communi-cation in India's economy as compared to the 10.4percent rise in the previous year. The financial services that comprise of banks,real estate, insurance, and business services witnessed a rise of 11.1 percentduring 2006-07 against the 10.9 percent growth in the previous year. Servicesectors including community, social, and personal services experienced agrowth of 7.8 percent during 2006-07 as against 7.7 percent growth in theprevious year.

- The software services in Indian economy increased by 33 percent whichregistered revenue of USD 31.4 billion
- Business services grew by 82.4 percent
- Engineering services and products exports grew by 23 percent and earned arevenue of USD 4.9 billion
- Services concerning personal, cultural, and recreational had a growth of 96percent
- Financial services had a rise of 88.5 percent
- Travel, transport, and insurance grew by 23 percent

Future of Service Sector in India

- Globally outsourcing industry would continue to grow.
- Following the success of US and UK, more countries in the EuropeanUnion would outsource their business.
- Technological power shift from the West to the East as India and Chinaemerge as major players.
- Political backlash over outsourcing would come down as companies reapthe benefit of out-sourcing.

UNIT-II

A. UNDERSTANDING SERVICE CUSTOMER AS DECISION MAKER

Who is a Consumer ? - Any individual who purchases goods and services from the market for his/her end-use is called a consumer.
In simpler words a consumer is one who consumes goods and services available in the market.

Example - Ashish might purchase a tricycle for his son or Anand might buy a shirt for himself. In the above examples, both Ashish and Anand are consumers.

What is consumer Interest ? - Every customer shows inclination towards particular products and services. Consumer interest is nothing but willingness of consumers to purchase products and services as per their taste, need and of course pocket.

Example: Both Pooja and Neha went to the nearby shopping mall to buy dresses for themselves. The store manager showed them the best dresses available with him. Pooja immediately pur-chased two dresses but Neha returned home empty handed. The dresses were little too expensive for Neha and she preferred simple and subtle designs as compared to designer wears available at the store.

In the above example Neha and Pooja had similar requirements but there was a huge difference in their taste, mind set and ability to spend.

What is Consumer Behavior ?- Consumer Behavior is a branch which deals with the various stages a consumer goes through before purchasing products or services for his end use.

Why do you think an individual buys a product?
* Need
* Social Status
* Gifting Purpose

Why do you think an individual does not buy a product?
* No requirement
* Income/Budget/Financial constraints
* Taste

When do you think consumers purchase products?
* Festive season
* Birthday
* Anniversary
* Marriage or other special occasions

There are infact several factors which influence buying decision of a consumer ranging from psychological, social, economic and so on.

The study of consumer behaviour explains as to:
* Why and why not a consumer buys a product?
* When a consumer buys a product?
* How a consumer buys a product?

Difference between Characteristics of Goods & Services:
There are three basic attributes on the basis of which the differentiation of evaluation of goods & services take place. They are Search, Experience & Credence (SEC). As explained below :

1. Search qualities:.
   a. For goods it can be all physical attributes like, price, color, design, looks, style, shape, size, etc. So they are easy to search.
   b. For services this can be price, convenience, presentation, promptness of service , courtesy, mannerism, ambience, etc. Here these are not easy to search, so other factors like tangibility are used for help in searching.

2. Experience qualities: This quality of goods & services are those which can only be as-sessed after purchase, utilization, use or consumption, i.e., after the experience. Services have higher experience attributes than goods.

3. Credence qualities: There are certain attribute of any goods or services that can't be as-sessed even after use/utilization/consumption. Because the customers lack certain ability to analyses or estimate them, like the effect of some nutritious food or vitamin.

B.CONSUMER PURCHASE AND RISK WITH PROCESS :

Marketing scholars have developed a five stage model of the buying decision process. It's not necessary that all the stages are involved in all decision processes. Depending on the level & views of the decision any stage can be skipped or changed in order of implementation. They are:

1. Problem / Need Recognition – when the buyer recognises a problem or a need – may be triggered by an internal or external stimuli. Marketer are good in arousing these stimuli by un-derstanding circumstances which trigger them.

2. Information Seeking (Pre-purchase Search) – when an aroused consumer seeks more & detailed information. Two states of arousal are available:

2/a. Heightened attention – is a milder arousal state where the consumer is receptive to more info about a product.

2/b. Active Information Search – searching for all possible sources of info like reading materi-als, phoning a friend, visiting stores, websites, etc. Marketers must understand the major sources of info & their relative type & nature of influence on the final purchase decision. These sources fall into four major groups :
   i. Personal sources – family, friends, neighbours, acquaintances,
   ii. Commercial sources – advertising, sales persons, dealers, packaging,displays,
   iii. Public sources – mass media, consumer rating organisations,
   iv. Experiential sources – handling, examining, using the products.

2/c. Decision process involves –
i. Total set – all brands available in a category of products,
ii. Awareness set – the consumer comes to know only a subset of these brands,

iii. Consideration set – the consumer's initial buying criteria match these brands and he gathers more info,

iv. Choice set – finally a few will remain which may be all acceptable as a buy,

v. Final Decision – this brand is finally decided to be purchased.

3. Evaluation of Application / Alternatives – this involves selection of a few best choices available by a systematic, conscious & rational basis. For this four basic concepts are consid-ered:

a. The consumer tries to satisfy a need,

b. The consumer is looking for certain benefits from the product solution,

c. The consumer is also looking for certain additional attributes with varying degrees for delivering these benefits to satisfy these needs.

d. The need being the same, consumers vary with respect to the other two requirements which reflect the different decisions.

4. Purchase Decision / Behaviour – the consumer forms an intention to buy the most preferred brand in a given category of products. Often two factors can intervene between buying

intention & buying decision. **a.**

Attitudes of others –

i. The intensity of the other person's influencing attitude –

ii. The consumer's inclination / motivation to comply the other person's wishes.

b. Unanticipated situational factors – these are unexpected incidents that affect the buying decision drastically.

c. Perceived risk – influences heavily the consumer to modify, postpone, or even avoid a purchase decision.

d. In executing a purchase decision the consumer may make up to 5 sub decisions :

i. Brand decision - which company & brand,

ii. Vendor decision - which shop & place,

iii. Quantity decision – what quantity,

iv. Timing decision – when to buy,

v. Payment decision – cash, credit, installment, credit/debit card.

5. Post Purchase Behavior / Evaluation – After purchasing the product the consumer will ex-perience some level of satisfaction / dissatisfaction. A marketer's job is to carefully monitor the following:-

a. Post purchase satisfaction – the buyer's satisfaction is a function of closeness, be-tween its expectation & the product's perceived performance. The expectations are formed on the basis of messages / information / communications receives from all sources.

i. If performance falls short of expectation, then the customer is disappointed,

ii. If performance meets the expectation, then the customer is satisfied,

iii. If performance exceeds the expectation, then the customer is delighted.

b. Post purchase actions – The level of satisfaction / dissatisfaction with the product shall de-cide the consumer's subsequent behavior:

i. Satisfied consumers may repeat the purchase, may recommend to others to buy

ii. Dissatisfied consumer may abandon or return or exchange the product. They may even take public action or legal action. They may stop buying the product (exit option) or warn others not to buy (voice option).

c. Post purchase use & disposal – marketers must be aware of the disposal behavior of the consumers

so that they may improve the situation. The buyer may resell it, stock it, throw it or even find a new use of the product. These actions may affect the marketer & environment.

CONSUMER PURCHASE AND RISK / DECISION MAKING PROCESS:

The buying process starts when a need arises, and follows into the five steps, which are applica-ble to both goods & services, however, the order may change.

1. Need Perception: Buyers want to satisfy there need, and when the need arises they look for ways & means to satisfy them. Or technically speaking, when there is a difference between the actual state and the desired state, the need arises. This can be triggered by some stimuli – inter-nal, external, or social/environmental. There can be several others depending the situation.

2. Search for information & perceived risk : Once the need is experienced, the consumer starts searching for the products / services, and their source. Services, once experienced, can't be returned even if it doesn't meet the expectations.
Moreover, services have more experience quality than search qualities and information pertain-ing to the services is not readily available.

Perceived Risk : Perceived risk are the consumer's perceptions of the uncertainty & adverse consequences of buying product or service. The risk element as perceived by the consumers, can be of following types :

i.   **Social Risk** : The fear of disapproval by the consumers' family, friends, etc. is signifi-cant – e.g. a dress which the family will disapprove of.

ii.   **Quality Risk or Functional Risk** : The fear of non-performance of the product – e.g. a weak chair which may break if the load is too much.

iii.   **Psychological Risk** : The fear that the product will degrade one's self image – e.g. a highly image conscious teenager may not like to opt for simple glasses.

iv.   **Physical Risk** : The fear of physical harm caused by the product – e.g. the possible harm caused by microwaves when using a microwave oven.

v.   **Time & Effort Risk :** The fear that too much time & effort needs to be invested in under-standing & using the product – e.g. the time & effort the buyer will have to put in to learn to work on a computer.

vi.   **Financial Risk :** The fear that product will cause a huge financial burden in case of non-performance or will harm the buyer financially – e.g. an expensive tight-fitting de-signer dress which might become uncomfortable to wear sometimes later.

3. Evaluation of alternatives:

4. Purchase behavior, and

5. Post-purchase evaluation.

EXTERNAL FACTORS INFLUENCING CONSUMER BEHAVIOUR :

1. Culture : Culture consists of values, norms, roles & customs shared by members of a society. It differs from place to place. The culture of a place plays a vital role in determining the value & attitude of the people of that place, and in turn their purchase behaviour So the marketers should have an understanding of the culture of different places, in which they like to market services.

2. Sub-Cultures : Sub-Cultures are smaller divisions in a society with similar norms, values, behaviour patterns, which make them distinct from the main culture. As lifestyle, geography, ethnicity, race & religion form the basis for the sub-culture.

3. Social Class : People having similar lifestyles, interest, values, behaviours, & norms are grouped under a social class. Their similarity in beliefs forms the basis for market segmentation, and effects their shopping patterns or the kind of products / services they purchase. Thus, mar-keters offer products & services aimed at the social class of people.

4. Reference groups : An individual uses the perspectives of a reference group as the basis for his actions, judgement & opinion. Marketers make use of reference group influences to develop ads by associating products/services or some behaviours with some types of reference groups.

5. Family : Purchases are often not made by individuals alone, but a whole lot of other people too have a say in the purchase decision. Marketers need to recognise the role played by these various individuals in the purchase decision, in order to target their marketing message at them.

C. SERVICE –QUALITY DIMENSIONS & EVALUATION OF SERVICE

Competence is the possession of the required skills and knowledge to perform the service. For example, there may be competence in the knowledge and skill of contact personnel, knowledge and skill of operational support personnel and research capabilities of the organization.

Courtesy is the consideration for the customer's property and a clean and neat appearance of contact personnel, manifesting as politeness, respect, and friendliness.

Credibility is the factors such as trustworthiness, belief and honesty. It involves having the cus-tomer's best interests at prime position. It may be influenced by company name, company repu-tation and the personal characteristics of the contact personnel.

Security is the customer feeling free from danger, risk or doubt including physical safety, fi-nancial security and confidentiality.

Access is approachability and ease of contact. For example, convenient office operation hours and locations.

Communication means both informing customers in a language they are able to understand and also listening to customers. A company may need to adjust its language for the varying needs of its customers. Information might include for example, explanation of the service and its cost, the relationship between services and costs and assurances as to the way any problems are effective-ly managed.

Knowing the customer means making an effort to understand the customer's individual needs, providing individualized attention, recognizing the customer when they arrive and so on. This in turn helps in delighting the customers i.e. rising above the expectations of the customer.

Tangibles are the physical evidence of the service, for instance, the appearance of the physical facilities, tools and equipment used to provide the service; the appearance of personnel and communication materials and the presence of other customers in the service facility.

Reliability is the ability to perform the promised service in a dependable and accurate manner. The service is performed correctly on the first occasion, the accounting is correct, records are up to date and schedules are kept.

Responsiveness is to the readiness and willingness of employees to help customers in providing prompt timely services, for example, mailing a transaction slip immediately or setting up ap-pointments quickly.

GAP MODEL OF SERVICE QUALITY

To manage the perceived quality of a service one has to match the expected service and per-ceived service to each other so that consumer satisfaction is achieved. To keep the gap between expected service minimal, two things are critical: -

The promises about how the service will perform given by traditional marketing activities and communicated by word-of-mouth, must not be unrealistic when compared to service re-ceived by the customer.

Managers have to understand how the technical and functional quality of a service is influ-enced and how the customers perceive these quality dimensions. In order to develop greater understanding of the nature of service quality and how it is achieved in an organization, 'A Gap Model of Service Quality' was developed. The model clearly indicated that the consumer's

quality perceptions are influenced by a series of five distinct gaps occurring in the organizations, which are as follows: -

Gap1 (Marketing Information Gap) : Difference between consumer expectations and man-agement perceptions of consumer expectations arising due to inadequate or inaccurate manage-ment understanding of customers' service expectations.

Gap2 (Standard gaps) : Difference between management perceptions of consumer expecta-tions and service quality specifications arising due to Management's failure to develop perfor-mance specifications reflecting customer's expectations.
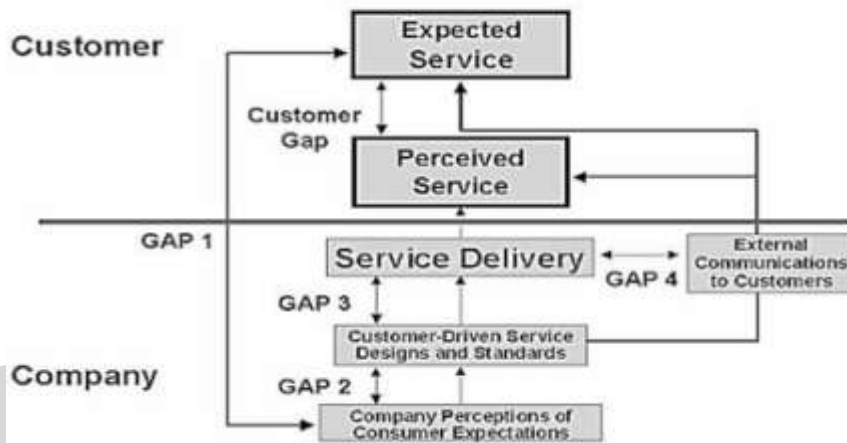
Gap3 (Service Performance Gap) : Difference between service quality specifications and the service actually delivered.

Gap4 (Communication Gap) : Difference between service delivery and what is communicated about the service to consumers resulting in discrepancy between communications to customers describing the service and the service actually delivered.

Gap5: Difference between the perceived service and expected service. This gap depends on the size and direction of the first four gaps associated with the delivery of service quality.

Gaps Model of Service Quality

These Gaps develop due to the following reasons

GAP 1:
- Lack of adequate market research
- Lack of upward communication between front line staff and Management
- Lack of interaction with the customers
- Lack of segmentation to identify specific needs of the customers

GAP 2:
- Lack of commitment from Management (they may perceive that customer expectations are unreasonable)
- Lack of Goal setting
- Lack of resources

GAP 3:
- Ineffective recruitment
- Role ambiguity
- Lack of training/incentives to perform to the staff
- Lack of training to customer on use of service and their roles
- Lack of pre-testing when new procedures are introduced
- Lack of understanding of customer habits – how they prefer to consume a service ,
- (a customer may prefer a slow delivery of food in an exclusive restaurant compared to an Udipi restaurant)

GAP 4:
Exaggerated promises
Ineffective communication
Lack of Horizontal communications with in the organization

GAP 5

Too much of Gaps (1 to 4)
To close the gaps the following things should be implemented: -

SERVICE SATISFACTION

1. **Develop customer trust through** long-term strategy rather than a snapshot superficial pro-gram.

2. **Understand customers' habits** on how they prefer to consume a service. eg., a customer would prefer extended hours for a meal in a exclusive restaurant.

3. **Pre-test new procedures** and equipment's before introducing them. The failure of a produc-tivity improvement program is more damaging than otherwise, e.g., when Indian Airlines intro-duced computerized reservation system to improve its service, it found that at most places the system remained down most of the time. It created more confusion, both among customers and employees, and proved to be countered productive.

4. **Understand the determinants** of consumer behavior in terms of their choice; by force or by any other external forces, e.g., shopping behavior is not even throughout the month. It changes between the first weeks to the fourth week of the month; it changes between weekdays and weekends.

5. **Teach consumers how to use service innovations**—most people don't know how to go about

Treatment in government hospitals—there is a need to make people aware of how to go about from registration to appointment to check—up and treatment, in the same way as traffic routes any Place are notified through press and television before introducing them.

6. **Promote the benefits and stimulate trial**. The success in innovation lies in encouraging trial by making the benefit obvious.

7. **Monitor and evaluate performance**. One can learn from experience—good or bad. As one goes along introducing changes, corrective measures should also be taken simultaneously. These measures should be restricted to redesign of facilities and procedures or extending to educating, communicating and promoting the efforts.

MAKING STANDARDS- EVALUATION OF SERVICES

BENCHMARKING OF SERVICES

Benchmarking means measuring the performance of a business against that of the competitors in order to establish '**best practice'**. Benchmarking is a part of process of continuous improve-ment. Benchmarking can be applied at three levels:
1. Internal Benchmarking.
2. Competitive Benchmarking.
3. Functional or Generic Benchmarking.

Internal Benchmarking: Internal Benchmarking is normally carried by large organization by way of comparison between operation units. **For e.g..** Super market chain might benchmark op-erations across stores, financial across branches, different colleges under the same authority. But important thing is

how performance is measured &this is clear link to the strategy of organiza-tion.

Competitive Benchmarking: At a second level competitive Benchmarking can be used. This is probably the most frequently use where comparisons are made with directly competitive organi-zation. Customer participation is necessary because of which it will be easy to achieve in some service environments.

Functional or Generic Benchmarking: The third approach is Functional or Generic Bench-marking, which compares specific functions such as distribution and after sale service.

UNIT-III

THE SERVICE ENCOUNTER

- is the "moment of truth"
- occurs any time the customer interacts with the firm
- can potentially be critical in determining customer satisfaction and loyalty
- types of encounters:
    - remote encounters
    - phone encounters
    - face-to-face encounters
- is an opportunity to:
    - build trust
    - reinforce quality
    - build brand identity
    - increase loyalty

A service encounter occurs every time a customer interacts with the service organization. There are three general types of encounters – remote encounters, phone encounters, and face-to-face encounters. A customer may experience any of these types of encounters, or a combination of all three in his/her relations with a service firm.

COMMON ENCOUNTER SITUATIONS - TYPES

1. **Remote Encounter:** Encounter can occur without any direct human contact is called as Re-mote Encounters. Such as, when a customer interacts with a bank through the ATM sys-tem, or with a mail-order service through automated dial-in ordering. Remote encounters al-so occur when the firm sends its billing statements or communicates others types of infor-mation to customers by mail. In remote encounter the tangible evidence of the service and the quality of the technical process and system become the primary bases for judging quality. Services are being delivered through technology, particularly with the advent of Internet ap-plications. Retail purchases, airline ticketing, repair and maintenance troubleshooting, and package and shipment tracking are just a few examples of services available via the Internet. All of these types of service encounters can be considered remote encounters.

2. **Phone Encounters:-** In many organizations, the most frequent type of encounter between a customer and the firm occurs over the telephone is called as phone encounter. Almost all firms (whether goods manufacturers or service businesses) rely on phone encounters in the form of customer-service, general inquiry, or order-taking functions. The judgment of quali-ty in phone encounters is different from remote encounters because there is greater potential variability in the interaction. Tone of voice, employee knowledge, and effective-ness/efficiency in handling customer issues become important criteria for judging quality in these encounters.

3. **Face-to-Face Encounters:** A third type of encounter is the one that occurs between an em-ployee and a customer in direct contact is called as Face-to-Face Encounter. In a hotel, face–to–face encounters occurs between customers and maintenance personnel, receptionist, bell-boy, food and beverage servers and others. Determining and understanding service equality issues in face–to–face context is the most complex of all. Both verbal and non-verbal behav-iors are important determinants of quality, as are tangible cues such as employee dress and other symbols of service (equipments, informational brochures, physical settings). In face– to–face encounters the customer also play an important role in creating quality service for herself through his/her own behavior
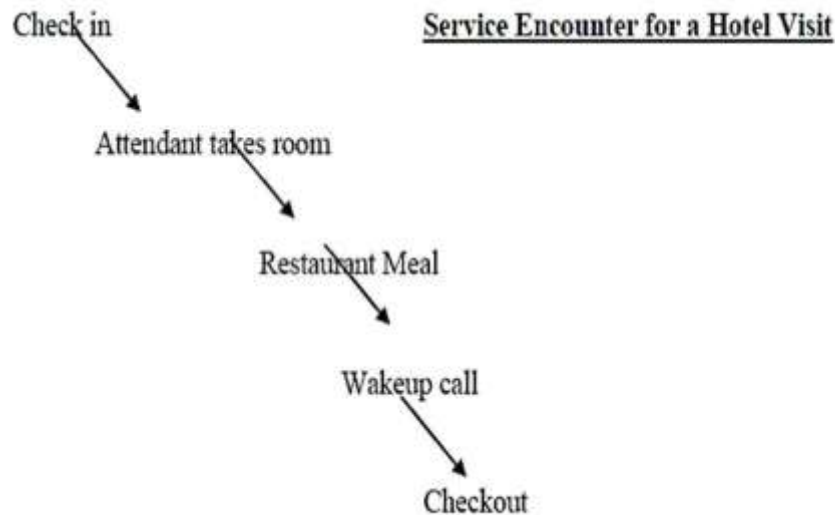
during the interaction. For example, For a company such as, IBM, in a business-to-business setting direct encounters occur between the business customers and salespeople, delivery personnel, maintenance representatives, and profession-al consultants.

The customer would be thinking of these moments of service encounters which is as shown below:

Check in   **Service Encounter for a Hotel Visit**

Attendant takes room

Restaurant Meal

Wakeup call

Checkout

It is in these encounters that customers get an idea of organization's service quality. Each En-counter contributes to the overall satisfaction of the customer and willingness to do business with the organization again. From the organization point of view, each encounter presents an opportunity to prove its quality of service and gain loyalty of customer.

Some services have few encounters and others have many. Mistakes or problems that occur in the early level of service are particularly critical, because a failure at this point results in greater risk for dis-satisfaction at the next level.

Importance of Encounters: If a customer is interacting with the company for the first time, the initial encounter will create first impression about the organization. A customer calling for re-pair service on a household appliance (Say Geyser) may well hang up and call a different com-pany if he is treated rudely by the customer service representatives, put on hold for a lengthy period or told that two weeks is earliest someone can be sent out to make the repair.

If this is the kind of replay a customer gets, even if the company is technically sound, in its re-pair service, the company may not get a chance to do business if the initial telephone encounter drives the customer away.

Even when the customer have multiple interactions with the firm, each individual en-counter is important in creating an image of the company in the mind of the customer. Many positive experiences adds up to positive image of high quality, while many negative interaction will leave the customer feeling unsure about the company's quality and consistency of service. For eg., a customer wants to talk to a Nursing home regarding some health care problem.

He could have a poor encounter with the organization with regard to appointment but very posi-tive

encounter with the Nurse and O.K. Encounter with both Lab Technician and the Doctor. This mixture of experience will leave the customer wondering about the quality of organization and the customer will be unsure of ─What to expect next from this organization.

How to Measure the pleasure and displeasure in service encounters: Due to the fact the ser-vice encounters are very important in building quality perceptions and ultimately influence the customer satisfaction with the organization, a lot of research work has been done to determine the sources of customer's favorable and unfavorable perceptions. One such method used is called ─Critical Indecent technique to get customers and employees to provide stories about satisfying and dissatisfying service encounters they have experienced.

Customer Satisfaction v/s Service Quality: Practioners & writers use satisfaction and quality interchangeable but researchers have at-tempted to be more precise about the meanings and measurement. **Satisfaction** is generally viewed as a broader concept, where a**s**
Service quality focuses specially on dimensions of services. Based on this view, perceived service quality is a component of customer satisfaction.

SERVICE FAILURE
The problem is that service is complex, cross-functional, rational and emotional , there are five archetypal failure points of service management:

Five archetypes of service failure

1. Drinking from the fire hydrant

Problem: High volume of unwanted and avoidable customer contact that soak up contact centre resource and add no value. Most of this kind of contact isn't caused by the service team. **Solution:** A service management framework that makes root cause ownership of unwanted avoidable contact visible, quantified and owned by the function that caused it.

2. Customer contact evasion

Problem: Managing down high volumes of contact by making it really, really hard for custom-ers to contact us, even if it's really important to them.

Solution: When avoidable, unwanted contact has been managed out, it's possible to provide services when, where and how customers want.

3. Dear ears

Problem: Insight from customer contact is used to manage operations but not for strategic in-novation of the product, proposition and service.

Solution: Analyse customer contact for strategic insight and make sure that senior, strategic ex-ecutives get direct experience of the voice of the customer.

4. Scapegoat

Problem: Blaming the Customer Service department for problems that are caused by other functions or teams. For example, the call centre blows up because of an widespread error sent out by the Billing team.
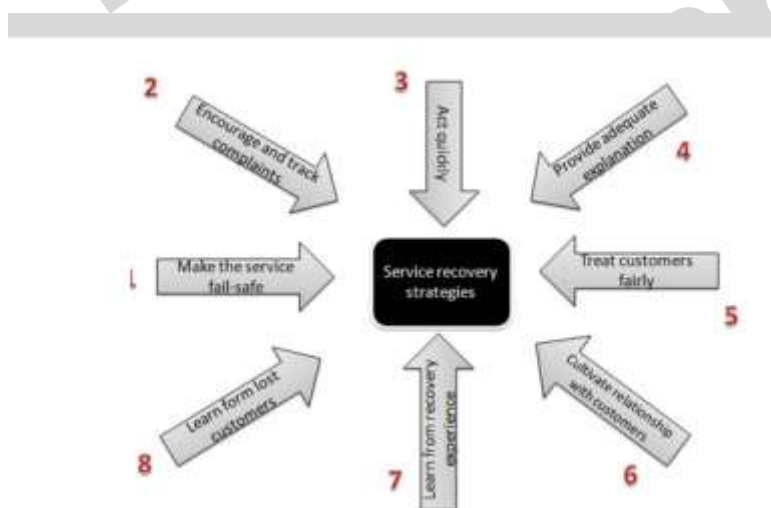**Solution:** Identify root causes of service failure and make sure that the functions or departments that cause the problem, also carry the financial cost through transfer-pricing.

5. Operation successful, patient dead

Problem: Using operational metrics (like Average Handling Time and First Contact Resolution) that don't necessarily measure things about which customers really care.
Solution: Implement a balanced scorecard that measures customer experience against brand and which tracks unwanted, avoidable contact.

SERVICE RECOVERY PROCESS MODEL

45, Anurag Nagar, Behind Press Complex, Indore (M.P.) Ph.: 4262100, www.rccmindore.com

Strategies for influencing customer Perception:
The following are the strategies for influencing customer perceptions.
1. Aim for customer satisfaction in every encounter
2. Plan for effective Recovery
3. Facilitate adoptability & flexibility
4. Encourage Spontaneity
5. Help employee cope with problem customers
6. Manage dimension of quality at the encounter level
7. Communicate realistically and use customers experience to reinforce images
8. Used price to enhance customer perception of quality & value.

CUSTOMER RETENTION AND BENEFITS- STRATEGIC VIEW

1. Reducing Attrition
2. Sell and then sell again
3. Bring back the "lost sheep"
4. Frequent Communications Calendar
5. Extraordinary Customer Service
6. Courtesy system
7. Product or service integrity
8. Measure lifetime value
9. A complaint is a gift

Other customer retention strategies include:
1. Blogs
2. CRM Systems
3. Loyalty Programs
4. Magic Moments
5. Overcome Buyer's Remorse
6. Personal Touches
7. Premiums and Gifts
8. Questionnaires and Surveys
9. Regular Reviews
10. Social Media
11. Welcome Boo

UNIT-IV

A. MARKET SEGMENTATION IN SERVICES:

1. Definition: Thus Market Segmentation is defined as the process of dividing a market into distinct sub-sets of consumers distinguished from one another, with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix. But again, after having segmented a market, the marketers may choose the style of market coverage as follows:

* **Undifferentiated marketing approach**: A single common attribute of the requirements of all the segments are chosen and any goods & services are targeted. That is, the same goods & services are offered to all without differentiation, like the basic Risk Coverage Life Insurance schemes. Here there is an advantage of cost in all areas of marketing. Dis-advantages are some customers whose needs are more are unsatisfied.
* **Differentiated marketing approach**: This approach is the middle approach where a few segments are chosen and the goods & services are offered to these target segments. Like 3 classes in air/train travel. Advantages are enhanced customer satisfaction, but cost is higher, so the company needs more planning.
* **Concentrated Marketing Approach**: This is more or less specialized approach, where only one or two segments are chosen on the basis of company objectives & available re-sources, and the goods & services are offered. E.g., Ponds or Lakme`.

Benefits of Market Segmentation: No one can satisfy all the people all the time, can satisfy some people all the time or all people for some time. This concept is reflected in market Segmentation.
1. Facilitates proper choice of target market
2. Helps distinguish one customer group from another within a given market
3. Facilitates effective tapping of the market, adapting the offer to the target
4. The "Divide and Rule" concept as a strategy of "dividing the markets for conquering them"

5. Helps crystallize the needs of the target buyers & elicit (bring out) more predictable responses from them, helps develop marketing programs on a more predictable base, helps develop marketing offers that are most suited to each group .

6. Helps specialization required in products/services, distribution, promotion & pricing (marketing mix) for matching the customer group & developing marketing offers & appeals that match the needs of such a group.

7. Makes marketing effort more efficient and economic – helps identify less satisfied segments and concentrate on them to improve the level of satisfaction.

8. Helps concentrate efforts on the most productive & profitable segments instead of frittering them away over irrelevant, or unproductive, or unprofitable segments
9. Brings benefits to the customer as well, in various ways

10. When segmentation attains high sophistication, customers & companies can choose each other & stay together.

Bases for Market Segmentation: In Market segmentation, it's the Consumers, who are classified and not the products/services or the price. So Product/service segmentation or Price segmentation are sometimes mistaken for Market segmentation. After the market is segmented, the customers classified

and the target is decided on, then the relevant prod-uct/price can be developed. These are the broad bases for segmentation:

1. Geographic:
a. Region – Far east, south-east Asia, Middle-east, European, Atlantic, Pacific, North/South America, Polar, Siberian, Deserts etc. In India, North, South, West,East & North-east
b. City or metro size – below 1L, 1-10L, 10L-1Cr, >1Cr etc.
c. Density – Urban, Sub-urban, Rural
d. Climate – Hot, Cold, Humid, Tropical, Rainy, Deserts

2. Demographic :
a. Age – Childhood, Adolescence, Young, Middle age, Old
b. Gender – Male, Female
c. Marital Status – Single, Married, Divorced, Widowed
d. Family Size – 2, 4, 6 or more, joint, nuclear, etc.
e. Family Life Cycle - Young Single, Young Married (no children), Young Married (small children), Middle aged with or without children, Old with or without children, Single survivor
f. Income - <5K, 5-10K, 10-25K, 25-50K, 0.5-1L, >1L pm.
g. Purchasing Capacity – with or without disposable surplus, low or high
h. Price preference – general, or premium; min / avg / high
i. Education – Secondary, Senior secondary, Graduation, Post Graduate, Technical / High-er specialised Qualification
j. Occupation – un-employed, students, farmers, workers, Govt. Employees, Self em-ployed, Professionals, Business Owners, Retired Persons,

3. Psychographic,
a. Lifestyle – Culture Oriented, Sports Oriented, Outdoor Oriented, Urban Mobile, Couch Potato
b. Personality – Ambitious, Compulsive (with Obsession), Gregarious (liking of associa-tion or companionship), Authoritarian, Aggressive, Introvert, Extrovert.

4. Behaviorist.
a. Benefit Segmentation – Economic, Durable, Value for money, Convenient
b. Purchase Occasion
      i. Time – Leisure, Work, Rush, Morning, Night
      ii. Objective – Personal, Fun, Gift, Time-pass, Achievement
      iii. Location – Home, Office, Road, Restaurants, In-store
      iv. Person – Self, Family members, Boss, Friends, Peers
c. User Status – Nonuser, Ex-user, Potential User, First-time user, Regular User
d. Usage rate :
      i. Usage Rate – Heavy users, Medium user, Light users, Active users, Rare users, Non users
      ii. Awareness Status – Unaware, Aware, Interested, Enthusiastic,
      iii. Attitude towards Product - Negative, Positive, Indifferent, Hostile

e. Brand Loyalty – High, Moderate, Low, Non-Loyal
f. Buyer Readiness & marketing Factor – some customer are more willing to buy certain goods & services than others, may be due to their prior knowledge or exposure.

Requirements for Effective Segmentation: Effective Segmentation Criteria – To be use-ful market segment must be:

1. Measurable – the size, purchasing power & characteristics of the segments can be measured.
2. Substantial – the segments are large & profitable enough to serve. A segment should be largest possible homogeneous group worth going after with a tailored marketing program.
3. Accessible – the segments can be effectively reached & served.
4. Differentiable – the segments are conceptually distinguishable and respond differently to different marketing mix elements and programs.
5. Actionable – effective programs can be formulated for attracting & serving the segments.

Process of Segmentation: Many aspects of the market segmenting process are common for goods & services. The two basic differences are (1) Compatibility – generally the ser-vices are delivered in the presence of other customers, so the segments need to be compatible, (2) Ability to customize – while delivering the services, the service personnel generally do a real-time customization which is not possible in manufacturing of goods. Effective segmentation has following steps:

1. Needs-Based Segmentation – Group customers into segments based on similar needs and benefits sought by customer in solving a particular consumption problem.

2. Segment Identification – For each needs-based segment determine which de-mographics, lifestyles & uses behaviour make the segment distinct and identifiable (ac-tionable).

3. Segment Attractiveness – Using pre-determined segment attractiveness criteria (such as market growth, competitive intensity, & market access), determine the overall attrac-tiveness of each segment.

4. Segment profitability – Determine profitability of the Segment.

5. Segment Positioning – For each segment create a value proposition & product price positioning strategy based on that segment's unique customer needs characteristics.

6. Segment Acid Test – Create "segment storyboards" to test the attractiveness of each segment's positioning strategy.

7. Marketing Mix Strategy – Selecting Customer Segments - Expand segment positioning strategy to include all aspects of the marketing mix products, price, place & promotion.

WHAT I SUGGEST?- PRACTICAL APPROACH
1. Identify the bases for segmenting the market: The firm should choose a single or a few attributes which are common amongst the consumers, which are in some way meaningful to the design, delivery, and promotion or pricing of the services. Then the segmentation is done on one such basis or a combination of a few of the bases.
2. Develop profiles of resulting bases : A profile of customers from each of the segments have to be developed. These profiles need to be different from each other, or else the benefit of segmentation will be lost and the cost increases on having different profiles.
3. Develop measures of segment attractiveness: The segments must be evaluated for their attractiveness or commercial viability. This is the requirement of effective segmentation.
4. Select the target segments: Then the company selects the systems which is decided by evaluating & selecting market criteria.
5. Ensuring the compatibility of the customers: This is because of the presence of other customers while delivering the services.

B. MARKET TARGETING IN SERVICES :

1. The basis on which marketers target the identified segments : Evaluating and Se-lecting Market Criteria – Once the firm has identified its market segment opportunity it has to decide how many and which one to target. The firm must look at two factors :

a. Segment size & growth potential : The size of the different segments in the market should be compared on the basis of their present capacity and their future potential to grow.
b. The segments overall attractiveness & profitability : Marketers should analyse sev-eral factors like competition – present & future, presence of substitutes – present & future, availability – present & future. Then on the basis of the critical assessment this targeting should be decided.

c. The company's objectives & resources : Companies differ in sizes, styles, resources, specialisations, expertise, standings, objectives, etc. The target selection should match the overall objectives & resources philosophy of the company

2. Targeting Strategies : Having evaluated different segments the company can consider five patterns of target market selection :

a. Single segment concentration (concentration strategy) – Only a single segment is targeted and concentrated effort is given.

b. Selective specialization (Selective segmentation strategy) – Only a few segments are targeted depending on the company criteria and concentrated effort is given,

c. Product/Service specialization strategy – All the available market segments are tar-geted for a single category of products & services,

d. Market specialization strategy – Only a particular market segment is targeted for all the categories of products & services,

e. Full market coverage – All the available market segments are targeted for all the categories of products & services.

NEW TERM - Counter segmentation – The market & its segmentations don't remain stat-ic. The difference between the segments may get more insignificant over time and some other segments no longer remain viable. This is a result of several variable factors changing independently or dependently. In such situation clubbing of two or more segments is done to have a common strategy of marketing mix. This is called counter segmentation.

C.POSITIONING IN SERVICES

"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."

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 differ-ence. 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.

Services tend to be inseparable and are characterized by the fact that they are performed in the presence of the customer. The distinctive features of the services outlined above pro-vides the basis for competitive positioning strategy.
Positioning can be considered at several levels:

Industry positioning – the positioning of the service industry as a whole.
Organizational positioning – the positioning of the organization as a whole.
Product sector positing – the positioning of a range or family of related products and ser-vices being offered by the organization.
Individual product or service positioning – the positioning of specific products.

PROCESS OF POSITIONING
   1. Determining levels of positioning
   2. Identification of key attributes of importance to selected segments
   3. Location of attributes on a positioning map
   4. Evaluating positioning options
   5. Implementing positioning.

1. 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 organization, have placed different emphasis on these levels at different points in time.
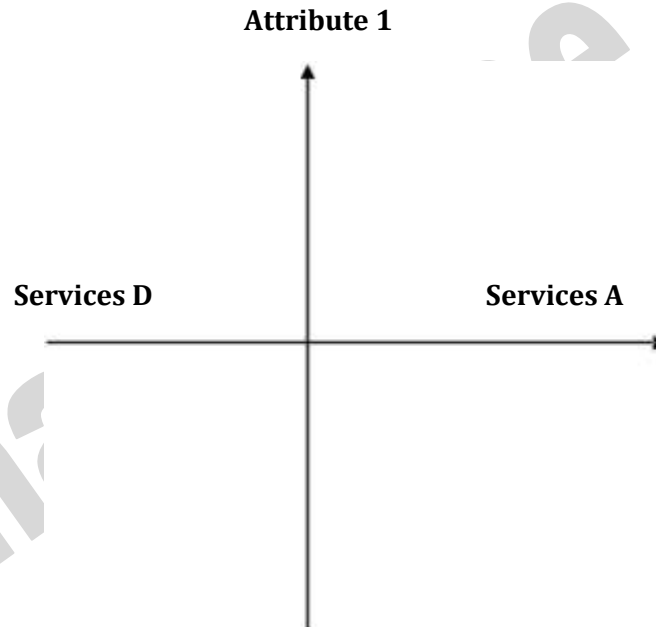
2. Identification of attributes -
Once the level of positioning has been determined it is necessary to identify the specific attributes that are important to the chosen market segments. In particular, the way in which purchasing de-

Attribute 1

Services D   Services A

Decisions are made should be considered. Individuals use different criteria fro making a purchase decision of a service.

Services - E
Services - B
Services - C

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

4. 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 - A successful positioning strategy should make the service clearly distinguishable by features which are desirable and im-portant 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.

UNIT-V

I. MARKETING PLANNING FOR SERVICE

There has been growing emphasis on, and acceptance of, marketing planning over the years. A number of authors have developed approaches to marketing planning; some are highly academic and are based on marketing theory, while others have attempted to identify demonstrated best practices in a wide range of companies, linking these to the theoretical concepts that have been developed in both strategic and marketing planning.

Basing on this framework, the following four phases are evolved which in turn has been broken down into ten major steps. The major phases are:
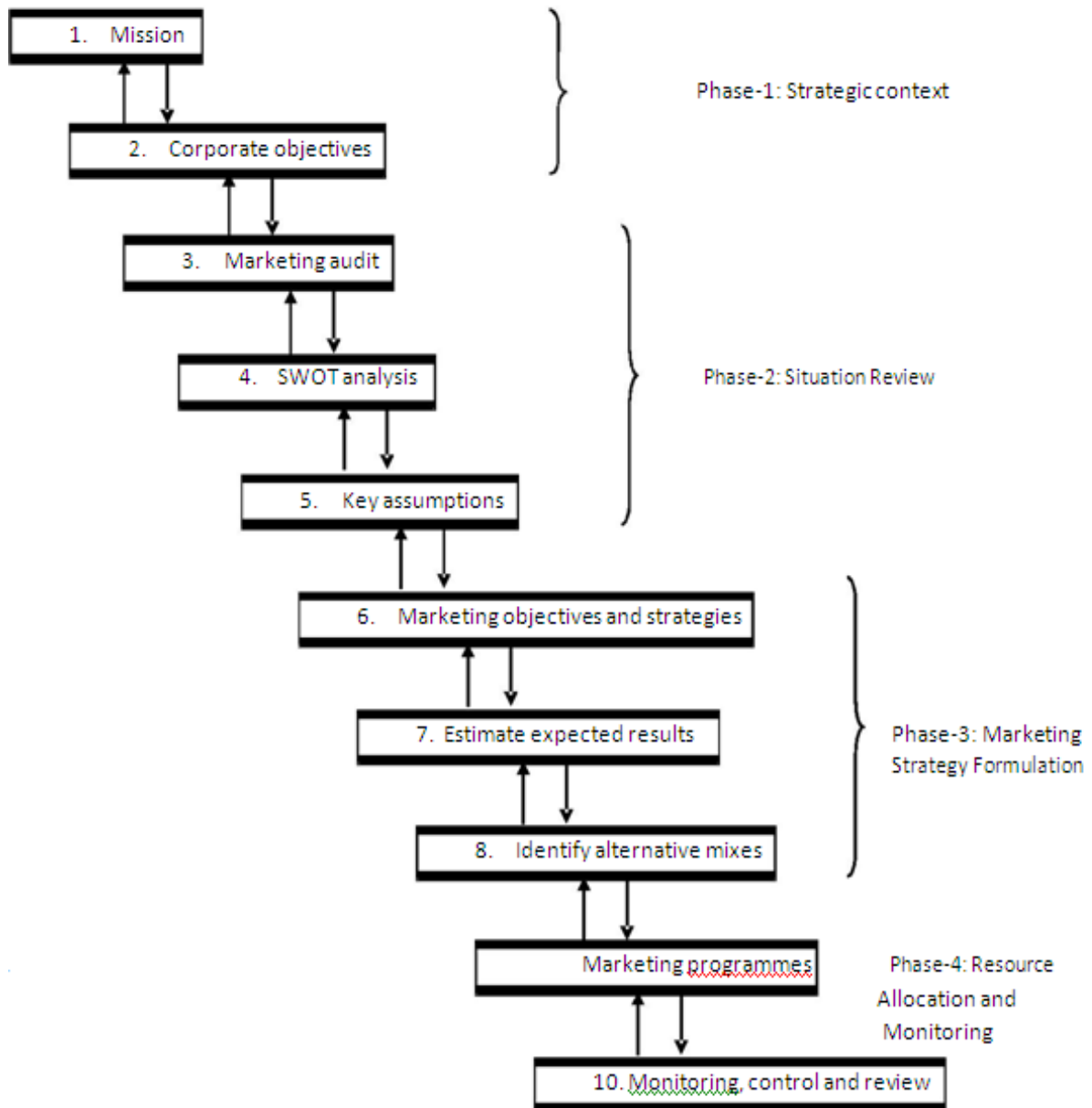1. Strategic context
2. Situation review
3. Marketing strategy formulation
4. Resource allocation and monitoring

Phase-I: Strategic Context -The first phase of marketing planning has two steps: defining the mission and identifying corporate objectives. These are derived directly from the strategic planning process. It is necessary to identify the strategic context of the marketing plan to ensure that specific marketing objectives and strategies are directed towards the overall corporate goals of the company.

Mission -The purpose of the mission statement is to give the various stakeholders of the service business a clear sense of purpose and direction. The mission statement is an important device for coordinating activities in a service organization. It provides a frame-work to enable staff operating in diverse parts of the organization to work together in a coordinated manner towards the achievement of the overall objectives and philosophy of the enterprise.

Corporate objectives -Once a mission statement has been developed corporate objectives need to be addressed. The purpose of the corporate objectives is for he stakeholders to measure the success of the mission. Peter Drucker has identified a number of key areas in which objectives need to be set. These include the following:
1. Market Standing:
    a. Sales and market shares by product and market segment;
    b. Customer service levels; and
    c. Availability of services

1. Mission

2. Corporate objectives

Phase-1: Strategic context

3. Marketing audit

4. SWOT analysis

Phase-2: Situation Review

5. Key assumptions

6. Marketing objectives and strategies

7. Estimate expected results

8. Identify alternative mixes

Phase-3: Marketing Strategy Formulation

Marketing programmes

Phase-4: Resource Allocation and Monitoring

10. Monitoring, control and review

The marketing planning process

2. Innovation – new products and services required to achieve market objectives.
3. Productivity – of employees and capital.
4. Physical and financial resources:
    a. Buildings, equipment, processes and technology;
    b. Capital; and
    c. Raw material and components.
5. Profitability:
    a. To replace assets;
    b. For innovation and expansion; and
    c. To reward risk taking and attract new capital.
6. Manager performance and development
7. Worker performance and attitude
8. Public responsibility

Service companies need to consider in which specific areas objectives should be set for their Organization.

Phase – II: Situation Review-The situation review phase consists of three steps: the marketing audit, situation analysis and the identification of key assumptions in the marketing plan.

Marketing audit -The purpose of the marketing audit is to gather all the data necessary to determine how the business can succeed in each marketing segment in which it chooses to compete. The data collected are usually split between the external appraisal of the environment in which the company operates, and an internal assessment. Both sets of data need to be related to the current situation and the likely future trends. The categories of analysis for a marketing audit are shown in the following figures. This includes:
1. Environmental Analysis
2. Competitive Analysis
3. Market Analysis
4. Company Analysis

The marketing audit involves a comprehensive and systematic examination and analysis of the above four categories.

There are many analytical tools and techniques which can be used to look at both services and customers in a logical, structured manner. Several of the most important of these are the following:
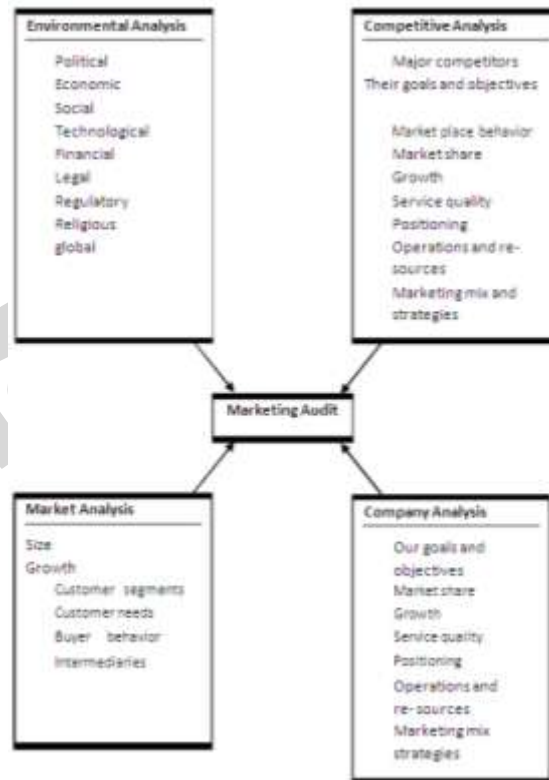
The product / service lifecycle
The Boston Consulting Group matrix

The multiple factor portfolio matrix

SWOT ANALYSIS- Once all the data from the marketing audit have been amassed it is necessary to evaluate the company's internal position in relationship to its particular strengths and weaknesses, compared with the opportunities and threats presented by the external environment.

This analysis is well known SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis and provides a familiar, easily understood, and structured device for developing ideas for the future. The purpose of the SWOT analysis is to separate out the meaningful data in the marketing audit and to discover what management must do to best satisfy its customers in each market segment in which it chooses to complete.

The fundamental objectives of SWOT analysis is to identify those trends, forces and conditions which have a potential impact on the formulation and implementation of the company's marketing strategies. This is almost important step for two reasons. Firstly, any change in the external environment can have a profound impact on a company's markets. By anticipating and taking action the company will be better placed to take advantage of these changes. Secondly, it provides an opportunity to establish which are the most important aspects to evaluate.

Key assumptions -The last step in the situation review stage is the identification of key assumptions. The purpose of key assumptions is to identify, from the situation review, those factors that will be critical to the success or failure of the marketing strategy.
Key assumptions are an estimate of the future operating conditions for the marketing plan. They may influence both its formulation and implementation. Key assumption might include the following:

- Changes in gross national product
- Interest rates
- Inflation rates
- Status of economy
- Anticipated demand levels
- Regulatory changes

Phase –III: Marketing Strategy Formulation

The next phase of the marketing plan is marketing strategy formulation. This is perhaps the most important aspect of the whole process. The first step of this phase is setting the marketing objectives and strategies. It is necessary to set realistic and achievable objectives for the company's major services in each of its markets. This is followed by development of marketing strategies, estimating expected results and identifying alternative marketing mixes.

Marketing objectives and strategies

A marketing objective is a precise statement, which outlines what is to be accomplished by the service company's marketing activities; marketing strategies are the means by which marketing objectives are achieved.

The process of setting objectives consists of the following three levels:

1. **Level – 1**: Setting broad marketing objectives. The broad marketing objectives would be concerned with long-term profitability, and be related to the organization-al objectives.
2. **Level – 2**: Setting objectives for key result areas. Here the objectives are defined more precisely and specifically relating to different functions.
3. **Level – 3**: Setting sub objectives to support the broad objectives. These objectives would be based on sales volume goals, geographic expansion, and service offering extension.

Marketing objectives help determine where the organization want to go and also provide yardsticks by which it can measure its performance. A marketing objective should meet several criteria, and should be:

- ✳ *Relevant* – the marketing objective should be relevant in relation to the corporate mission and objectives.
- ✳ *Specific* – it should focus on clear and identifiable goals.
- ✳ *Measureable* – the objective should be quantified
- ✳ *Time bound* – it should have an achievement date attached to it.
- ✳ *Challenging* – objectives should be reliable, but should stretch people in achieving them.
- ✳ *Focused* – marketing objectives should focus on issues relating to both the markets products and services, which the company wishes to address.

Market objectives and strategies to achieve the target include:

1. Increased productivity:
   a. Sales force effectiveness;
   b. More efficient distribution;
   c. Pricing strategies; and
   d. Improved customer service.
2. Increased revenues from:
   a. Market penetration;
   b. Service development;
   c. Market development; and

           d. Diversification.
    3. Decrease expenses:
           a. Scale related; and
           b. Non-scale related

Each of these elements needs to be systematically investigated to determine its potential impact on reducing the identified gap.

Estimated expected results -The purpose of examining the expected results from the marketing strategies is to ensure that marketing strategies will actually deliver the desired marketing objectives. Estimating expected results involves the detailed review of sales revenues, cost of sales, marketing costs, operating expenses and overhead expenses. The financial analysis should show that the strategy will produce anticipated results. It is does not, the marketing strategies need to be examined further to see how they can be redeveloped to achieve the desired results. This, like all steps in the marketing plan, may be an interactive process.

Identify alternative mixes -The purpose of considering alternative mixes is to discover if more effective marketing strategy is available before the plan is implemented. A marketing manager may evaluate a number of mixes, using both analysis and trial and error, to find the best use of available resources before selecting the final marketing mix to be implemented as marketing programs.

Phase – IV: Resource Allocation and Monitoring
The last phase in the marketing planning process is resource allocation and monitoring. This involves two final steps: marketing programs; and monitoring, control and review.

Marketing programs -The purpose of marketing programs is to ensure that all firm's staff know what actions they are responsible for, and to determine how to allocate the physical and financial resources available to secure success in each market segment. Mar-keting programs are similar to marketing objectives and strategies in that they should do the following:
    ✴ Have an established timetable and be able to be carried out within a defined period of time.
    ✴ Identify the resources needed to carry them out.
    ✴ Provide for monitoring and control of performance.

Programs should clearly describe the resources needed to accomplish marketing strategies and the time horizon in which to achieve them. Programs provide the opportunity for all members of the marketing team to work together in an integrated manner.
Programs involve the development of a practical, fact-based, results-oriented approach which act as a road map for management to implement marketing activities. A detailed marketing budget needs to be prepared at this point to ensure that the necessary budget al-locations, reflecting projected costs, are available to carry out the programs.

A further task within programs is the development and prioritization of important marketing activities, sub activities and tactics. This involves the preparation of marketing programme timetables to help ensure that key tasks are accomplished on schedule.

Marketing programs need to be closely linked with the final stage of monitoring, control and review to ensure success.

Monitoring, control and review -The purpose of monitoring, controlling and reviewing the programs and strategies is to ensure that the short-term strategies are working to bring the business consistently towards achieving its long-term objectives and mission.

As the marketing plan is implemented, performance criteria for measuring the performance of marketing efforts will need to be determined. Typical performance measures to be monitored and controlled include the following:

- ✴ Revenues
- ✴ Market share
    - o Marketing costs
    - o Overhead costs
    - o Profits
    - o Return on investments
    - o Consumer attitudes
    - o Sales force productivity
    - o Advertising effectiveness
    - o Complaints
- ✴ Customer retention

Information systems and reporting procedures need to be established to ensure that the right information is issued to the right person at the right time and it a useful format. The essential element of monitoring and control is to ensure the development of information systems that meet the need of the marketing management charged with taking corrective action.

The ten-step marketing planning framework represents a practical and proven approach for developing and refining a services marketing plan.

B. DEVELOPING AND MANAGING CUSTOMER SERVICE FUNCTIONS

Customer Service functions relating to orders and sales delivery issues are often included as part of a centralized inside sales team, as there is a very fine line between sales and **Customer Service**.

Customer Service functions are a logical extension of your sales team, as every opportunity to talk or work with a customer is an opportunity to sell more products, more ser-vice, upgrades, etc.
Customer service acts as bridge between the customer and the company that the customer is buying from. Customers expect the customer service department to be helpful, friendly and efficient.

Educating - The primary function of customer service is to provide education to the customer and help resolve any problems the customer presents, while portraying a positive impression of the company.

Updating - Customer service updates and changes customer account information, enters billing information, or cancels accounts per a customer's request or at the request of a company if the terms and conditions require it.

Types - Customer service departments work with customers in person, over the phone, or via email and chat programs.

Multi-tasking- Customer service agents often are required to multi-task while listening to a customer's problem. They could be looking up customer information, assess account status, information, notes and

then provide the customer with a quick, accurate, response.

Sales - Sometimes the customer service department will instruct its agents to offer additional services or products to their customers after resolving the customer's problems.

Companies often have different perspectives on customer service. These include:

* All the activities required to accept, process, deliver and fulfill customer orders and to follow up on any activity that has gone wrong.
* Timeliness and reliability of delivering products and services to customers in ac-cordance with their expectations.
* A complex of activities involving all areas of the business which combine to deliv-er the company's products and services in a fashion that is perceived as satisfactory by the customer and which advances the company's objectives.
* Total order entry and all communications with customers, all invoicing and total control of defects.
* Timely and accurate delivery of products and services ordered by customers with accurate follow up and enquiry response including timely delivery of invoice.

These alternative views illustrate the extent to which the meaning of customer service var-ies considerably from one company to another.

C. DEVELOPING AND MANAGING THE SERVICE QUALITY -

1. Learn to listen to your customers first. Really listen to them and ask what you can do to help them. This is the most important step in preventing problems,and the only way you can solve complaints if they come YOU.

2. Look at all complaints about your service as an opportunity to improve. Aim to resolve any complaint quickly and efficiently.

3. 3Establish an environment where great service is recognized and rewarded and poor service is challenged and rectified.

4. Have weekly fun staff meetings where good service elements are discussed.

5. Ensure that your staff feels they are an important part of your success.

6. Lead by example. Show respect for every person at every level in your company.

7. Do things regularly to improve the workplace. This does not have to be an expensive exercise. For instance, if you have a small group, order pizzas one day for lunch for no particular reason, put a candy jar on the reception desk for anyone to access, put a new coffee pot in the staff room or buy some gourmet coffee. Little things get noticed and mean a lot. Happy staff = happy customers.

8. Give your staff a reason to come to work with a big smile on their face and a great attitude. Paying them competitive wages so they can live comfortably in the area is a good start. The customer service industry is rampant with poor pay and the jobs are pretty difficult at times. Be sure you show your employees you care by giving them a decent wage.