

SERVICE MARKETING

Volume I

Authors

Dr.P. SASIKUMAR

Dr. S.S. ONYX NATHANAEL NIRMAL RAJ

DR.K.VINAYAGAM

DR.A.GOKULAKRISHNAN

Published by: New Chennai Publications

New Chennai Publications

No: 16/ 22 JAWAHARLAL NEHRU STREET,
NEW PERUNGALATHUR,
CHENNAI,
TAMIL NADU,
INDIA
600063

Authors: Dr. S.S. ONYX NATHANAEL NIRMAL RAJ, Dr.P. SASIKUMAR, DR.K.VINAYAGAM,
DR.A.GOKULAKRISHNAN

The author/publisher has attempted to trace and acknowledge the materials reproduced in this publication and apologize if permission is not sought in prior. Please write to us for any rectification.

Copyright © ONYX SASI VINAYAGAM GOKUL

Publication Year: 2022

Pages:

Paper Back: ISBN: 978-81-954576-5-6

Book DOI:

Price: Rs. 198/-

FOREWORD

We all exist today in a totally transformed world. The process of technology is ahead rapidly every day with new technological developments. In the modern world, decision-making is a challenging factor of good management practices. Services are economic activities that bring about a desired change in, or on behalf of, the service recipient, thereby creating value and providing benefits for the customers. Thus, the focus remains on customer satisfaction, just as in goods, but in services, emphasis is on the personal reception of these benefits.



This is a book that students and researchers will enjoy learning from. It is also a book that other teachers and Management students will find useful.

I commend the authors for bringing out a truly valuable book come out from the true, original and innovative subject to the students fertility.

Dr. D. M. Bheemarao,

Assistant Regional Director

Indira Gandhi National Open University (Ministry of HRD Government of India), Chennai.



A service is an act, deed, performance or a rendering offered by one person to another. In a literal sense a service does not involve the transfer of any tangible commodity.

past, a service was considered as a service performed without expecting any returns (social service), however over the years it has been commercialized. In the present context a service is an activity performed by a person to another for a charge (commercial service).

This is a book that students and researchers will enjoy learning from. It is also a book that other teachers and Management students will find useful. I commend the authors for bringing out a truly valuable book come out from the true, original and innovative subject to the students career.

Dr. S. SAMPATH RAJ M.COM, M.PHIL, Ph.D

Retd.Professor HOD OF COMMERCE

Pachaiyappa's College, Amijikari, Chennai.

About the Authors



Dr.S.S.ONYX NATHANAEL NIRMAL RAJ Ph.D in Business administration – commerce(interdisciplinary) from Madras Christian College,Tambaram,Chennai, –Affiliated to University of Madras, Chennai, MBA specialised in Human Resource & Finance from Sri Venkateshwara College of Engineering & Technology-Affiliated to Anna University. Apart from holding a Diploma in Computer Application & Tally with 4.5 years of academic experience, he is presently working as Assistant Professor in School of Management Studies at VISTAS. He also has 3 years of experience in research and has published papers in various journals, attended International Conferences and presented papers in many countries, holded as a Guest speakers in various institutions, conducted Webinars & Seminars in many colleges. He is the **Founder** of an Education YouTube Channel called “**ROCK VALLEY ACADEMY**”-the vision of the channel is “YOU LEARN, MAKE OTHERS LEARN TO ENRICH IN LIFE”. His aim is to convert the raw materials into a finished product to enrich the life of the pupil community.

He attended Various National and International Conferences. Presented many papers in National and International Conferences. He attended many Workshops, Faculty Development Programmes (FDP), Seminars, Exhibitions, Entrepreneurship programmes & Webinars etc., arranged many Industrial Visits & Guest Lecture Programmes.His interest includes Corporate Social Responsibility, Sustainable development, Shared Value Initiatives, Management,Marketing and Finance.

Dr. P. SASIKUMAR MBA., Ph.D Presently working as Assistant Professor in school of Management Studies, VELS Institute of science, Technology & Advanced Studies, Pallavaram, Chennai. He has 6 years of teaching experience and also 6 years of research experience and got an award of Indian council of Social science, Research(ICSSR) New Delhi and published papers in journals, International conferences and presented papers in many colleges and was a guest speaker at various Institutions. He has attended



various national and International conferences presented many papers national and international conferences and attended many workshops, Faculty Development programmes (FDP). His areas of specialization are marketing, Services Marketing, banking, Research methodology. He is also guiding 4 scholars under Ph.D program at VELS Institute. He is also recognized question paper setter for Deemed Universities in Chennai. Course Advisor at Private Colleges affiliated to University of Madras.



Dr.K.Vinayagam, Working as an associate professor in the department of management, school of management studies and commerce , Vels Institute of Technology Science, Advanced Studies(VISTAS), pallavaram, chennai, He has completed Ph.D. in the area of Human Resource Management in the year of 2006, He has more 20 years of experience in teaching and worked as project coordinator in IIT, MSME, and NEEEE. He has research experience in various national and international projects. He is a member of **IAEC Outside Scientist**, Green Signal Bio-pharma, Gummidipoondi, Dept. of Environment and Forest, Govt, of India, Chennai 601 201. Anna university representative (AUR) for many examinations and chief examiner in the Galaxy institute of management and also he worked as controller of examination PGDM programme (AICET). The College Committee member of NAAC accreditation in Sri Venkateswara College of Engineering &Technology 2009-2011. He has published more the 20 papers in various national international journals and published 5 books . He acted as resource person and chief guest for various programmes in various state in India.

Dr. A. Gokulakrishnan is presently working as an Assistant Professor, at Vels Institute of Science, Technology, and Advanced Studies. He was awarded Ph.D. in Management from M.S.University in 2016. He has published more than 22 National and international papers to his credit. He organized various national and international conferences, workshops, and FDPs in the various institutions. He has expertise in Basic Management, Human Resources Management, Research Methodology. He has also guided 04 Ph.D. scholars in management.



He is one of the Editorial Board members of International Journal of Advanced Research in Commerce Management and Finance. He is also a recognized question paper setter for Deemed Universities in Chennai. He is also well known for his motivational talks at various IT firms. He is specialized in giving innovative workshops and critical thinking study models for few private schools in Chennai.

B.B.A. DEGREE COURSE IN BUSINESS ADMINISTRATION

SYLLABUS- BBA

SERVICES MARKETING

UNIT I

Marketing Services: Introduction growth of the service sector. The concept of service. Characteristics of service - classification of service designing of the service, blueprinting using technology, developing human resources, building service aspirations.

UNIT II

Marketing Mix in Service Marketing: The seven Ps: product decision, pricing strategies and tactics, promotion of service and distribution methods for services. Additional dimension in services marketing- people, physical evidence and process.

UNIT III

Effective Management of Service Marketing: Marketing demand and supply through capacity planning and segmentation - internal marketing of services - external versus internal Orientation of service strategy.

UNIT IV

Delivering Quality Service: Causes of service - quality gaps. The customer expectations versus perceived service gap. Factors and techniques to resolve this gap. Customer relationship management. Gaps in services - quality standards, factors and solutions – the service performance gap - key factors and strategies for closing the gap. External communication to the customers- the promise versus delivery gap - developing appropriate and effective communication about service quality.

UNIT V

Marketing of Service With Special Reference To:1.Financial services, 2.Health services, 3.Hospitality services including travel, hotels and tourism, 4.Professional service, 5.Public utility service, 6.Educational services.

What is Service Marketing – Meaning

A service is an act, deed, performance or a rendering offered by one person to another. In a literal sense a service does not involve the transfer of any tangible commodity. Service is integral part of human life in modern day. In the light of liberalization, privatization and globalization, services have been commercialized and have become more professional in nature. In the past, a service was considered as a service performed without expecting any returns (social service), however over the years it has been commercialized. In the present context a service is an activity performed by a person to another for a charge (commercial service).

Services include a wide range varying from education, transportation, hospitality, finance, real estates, accounting, banking, insurance, taxation, consultancy, health care etc. These services are together called the services sector or the tertiary sector. Everything that grows also changes its structure and change is inevitable. A human being passes through different phases-infancy to old age and during which he constantly changes in terms of perception, attitude, physical and mental attributes etc.

Service Marketing– Definitions

According to Philip Kotler:

“A service is any activity or benefit that are being an offer to another that is essentially intangible and does not result in the ownership of anything.”

The American Marketing Associations defines services as “(1) activities, benefits or satisfaction which are offered for sale, (2) are provided in connection with the sale of goods”.

The most comprehensive definition of a service has been given by Philip Kotler, who defines a service as an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

Zeithmal and Bitner define services as ‘deeds, processes and performances’. Here, deeds are the actions of the service provider, processes are the steps in the provision of service, and performance is the customer’s understanding of how the service has been delivered.

A comprehensive definition of services must include the following elements:

- Lack of physical output or construction
- Benefit to the receiver from the service rather than the product offered
- The intangible nature of services
- The possible combination of a service with the production of goods
- Marketing of an idea or a concept.

Services are economic activities that bring about a desired change in, or on behalf of, the service recipient, thereby creating value and providing benefits for the customers. Thus, the focus remains on customer satisfaction, just as in goods, but in services, emphasis is on the personal reception of

these benefits. The interrelation of the nature of services, understanding of customer requirements, and the techniques of services marketing.

Adam Smith, the father of Economics, first time distinguish between tangible and intangible output. But in his opinion, the services of these intangible intermediaries are unproductive. But Alfred Marshall, a Neo – classical economist, modified the thinking of Adam Smith and said “a person providing of a services performed in order to are not make them available to consumers”. He said, tangibles get value only when intangibles exist. Therefore, service is a value addition process.

The characteristics of services are briefly stated here:

1. It is a core area or an activity or a task of business,
2. It is a major component and denotes a parallel size of business,
3. Services may be collateral activity and have a supplementary service to support the core area of business,
4. A service is an act or performance offered by one party to another,
5. It is an ideology or concept or an approach based on customers’ orientation,
6. A service is an economic activity that creates values and provides benefits for customers,
7. The service process may be tied to a physical product and the performance is transitory,
8. Services are based on the concepts of rational behaviour and the norms of ethical values,
9. Services may be treated as the philosophical part in the form of art and a systematical part in the form of ‘science’,
10. It is prominent task to serve at the input as well as output stages in any value creation process,
11. It serves as dynamic platform to accommodate professional attitudes,
12. It is provided by a person who processes a particular skills, quality, competencies and learning aspects,
13. Services having the continuous process within their performance,
14. Services may be characterised as intangibility, inseparability, perishability, heterogeneity in nature and does not normally result in ownership of any resource,
15. Service are based on different environmental factors.

Service – Concept of Services

Services are the major component and somehow influenced by the service motives of any business. The service is much needful to develop and make safeguards of customers’ interest. Moreover, services are complementary and decisional part of marketing.

Basic Concept of Service Marketing

There are two main segments in the consumers market. One is the ‘products segment’ and the other one is the ‘services segment’. The products segment is the basic and old and hence well-known and understood by its consumers. Main players in the consumers market of the products segment are the industries and business organizations.

The consumers who buy these products are the general public and the industries. There are plenty of suppliers in the home as well as international markets for variety of quality products with varying prices. These factors of supply, quality and price create a competitive environment in the market, which necessitate the marketing efforts for promotion and sale of products made by the organizations. Thus, the marketing activities and its concept in the products segments are understood and well known since

long for its purpose and intent.

However, for the services sector, the marketing concept was not recognised earlier due to following reasons not warranting the needs of marketing efforts:

- Services sectors were initially in the limited areas like, Banks, insurance, hospitals,
- These were mostly in government sectors,
- Number of players was very small; hence there was no competition environment.

With the passage of time, services sector improved and developments started with the additions of more players and new areas, especially in the information technology, telecommunications, hospitality, tourism and recreations etc.

This has created a competitive environment amongst the players in the services sector. Therefore, the marketing activities have become equally important and necessary in the services sector too in line with the products segment. Marketing activities have to be initiated in the areas of innovations, quality improvement and customer relationships management, services after sales, so as to promote the business.

Thus, marketing of services has become utmost necessary in the present competitive business scenario in the services sector.

Till recently many organisations selling products and services were product and sales oriented. The focus was internal. Let us produce what we think, the market wants and the sales department will manage to sell the output'. However, since 1960, service organisations, particularly, banking, transport and insurance companies are developing the marketing organization which is both internally and externally oriented.

Under the marketing concept a marketer adopts consumer-oriented attitude, viz., the creation of customer needs and wants. Profit is now regarded as a reward for creating a satisfied customer. A business that applies the marketing concept or consumer oriented marketing approach, centres all plans, policies programmes and operations on consumer need. Market segmentation and market demand identification receive great emphasis. Management knows that its primary function is marketing rather than production.

Evolution of Services as Value Contributors

Adam Smith, a well-known economist of the late eighteenth century, has defined the important concept of value generation.

In his original theory, he proposed the following schematics:

PRODUCTION → TANGIBLE OUTPUT → VALUE GENERATION

Thus, he proposed that the production of goods leads to tangible output. This output or the finished product is consumed by the users. Consumption leads to value generation, as the customer's overt or latent needs are satisfied. However, Smith dismissed the contribution of services to the process of value generation. He emphatically stated that the generation of services is unproductive and thus devoid of any value creation. It is indeed difficult to convey the concept of value generation when no tangible ownership of a product seems to have been transferred. Alfred Marshall, another famous economist, in the late nineteenth century, corrected this notion of the role of services. Doubts about the ability of the services sector to contribute significantly to the economic development and well-being of societies, however, continued to exist till the twentieth century. Today we are aware that both goods and services satisfy different needs of customers, and hence, both are value contributors. Today, the services sector is recognized as a crucial field for economic well-being. Consumption of services is deemed essential today. For example, consumption of services such as

education, health care, civic services, transport and communication, tourism, entertainment, and sports are considered vital. Event management and media services involving important sports and cultural events keep billions of people spellbound, generate huge revenues, and add dramatically to the economic growth of the countries and states hosting such events. Thus, the consumer focus has shifted largely from more and more consumption of physical goods (more food, bigger houses, or more clothes) to greater consumption of services. Indeed, once the basic needs are met, consumers seem to seek more services than goods, and a higher standard of living usually means increased consumption of services rather than higher consumption of goods only. There seems to be a physical limit to the number of products that can be humanly consumed. No matter how much money you have, you cannot consume more than a certain amount of food (1,200 to 2,000 calories) per day. You may have a TV in each room of the house and even in the car; still, you will be able to watch only one at a time. There seems to be an upper limit to the per capita consumption of goods. So far, there seems to be no such upper limit in the consumption of services. The world over, due to gains in productivity, the working hours of both employers and employees have been reduced significantly. Even in fields such as agriculture, which are relatively technologically backward, the advent of the tractor and the electric and diesel pumps has reduced the workload considerably. This has led to more spare time, a large bulk of which is being used for pursuing various hobbies and recreational activities. Indeed, the very definition of development has undergone a change. Today, developed and advanced societies are those that have higher per capita consumption of services than goods. Statistics such as per capita food grain or steel consumption are no longer considered to be the indices of development for societies or countries.

Even in India, this is the trend. The country has undergone a tremendous change in the last few decades, with services gaining greater importance as regards the national economy and employment scenario.

CHARACTERISTICS - SERVICE MARKETING

- 1 Intangibility
- 2 Perishability
- 3 Inseparability
- 4 Simultaneity
- 5 Variability
- 6 Ownership

1. Intangibility:

Services are intangible and therefore cannot be touched, handled, smelt or tasted (physical senses). This is because service itself is an activity. A service however, can be experienced. A service also gives a certain amount of satisfaction to the consumers. On account of the intangibility, there is no ownership created in case of services. A service can only be generated and used and can never be owned.

2. Perishability:

A service has to be consumed simultaneously with its production. A service cannot be stored like a tangible commodity. Services are perishable in terms of delivery and time. An empty seat on a plane never can be utilized and charged after departure. Revenue once lost is lost forever.

When the service has been completely rendered to the requesting service consumer, this particular service irreversibly vanishes as it has been consumed by the service consumer. Example – after the passenger has been transported to the destination, he cannot be transported again to the previous

location at the previous point of time.

3. Inseparability:

Commodities once produced can be sold at a later point of time but in case of services it is not possible. Examples – In the cases of services of a doctor to his patient, teacher to his student, the simultaneous presence of both-the producer of the service and the consumer of the service at that point of time is absolutely necessary.

The service provider is indispensable for service delivery as he must promptly generate and render the service to the requesting service consumer. Therefore the service provider, the service itself and the service consumer are inseparable.

4. Simultaneity:

Services are generated and consumed during the same period of time. As soon as the service consumer has requested the service (delivery), the particular service must be generated from scratch without any delay. The service consumer instantaneously consumes the rendered benefits to satisfy his wants. Therefore the production and consumption of services are always simultaneous.

5. Variability:

Each service is unique. Services lack homogeneity. Example – a doctor treats two patients with similar ailments on the same day. The level of satisfaction in the minds of these patients after the treatment will never be the same. The difference is caused by factors such as the mood of the doctor, the fatigue level of the doctor, the way the service is perceived by the individual patient etc. There will be a difference in the service even if the same doctor treats the same patient on two different occasions.

6. Ownership:

No ownership is created in case of services. At the time of creating a service or delivering a service, the service provider does not own the service. He only owns the physical infrastructure necessary to create the service. Similarly at the time of consumption or after the consumption, the service consumer does not own the service. He only consumes the service.

Service Marketing – Classification

- On the Basis of End User
- On the Basis of Tangibility
- On the Basis of Specialization and a Few Others

Services span a large number of areas in the present context. Everyday a new service is being introduced.

Though it is really difficult to classify all the services, the following classifications have been accepted:

1. On the Basis of End User:

- i. Consumer services – These are directly provided to end users like hair; dressing, laundry, package holiday, counseling etc.
- ii. Business to business services – These are provided to businesses like consultancy, marketing research, advertising etc.

2. On the Basis of Tangibility:

- i. Tangible services – These are services which are connected to the period to which the products are purchased from the seller like televisions, laptops, cars, watches etc.
- ii. Intangible services – These are the services which do not provide customers with any tangible

products. Examples- consultancy, services at a spa and massage centres.

3. On the Basis of Specialization:

- i. Professional services – These are services which can be provided only by sufficiently qualified and experienced persons. Some of such service providers also have recognition by the required authorities. Examples – counselling, audit, legal services, health care etc.
- ii. Nonprofessional services – These are services which can be provided even by persons not possessing any educational or professional qualifications. Examples – domestic servants, gardening, painting etc.

4. On the Basis of Profit Orientation:

- i. Commercial services – These are the services offered on business lines with an intention of earning profit. Examples- private banking, beauty parlours etc.
- ii. Social services – These are the services offered on philanthropic lines without any intention of earning profit. These are provided with the intention of serving the society and are therefore also called social services. Examples – services rendered by orphanages, charitable trusts etc.

5. On the Basis of Labor Intensiveness:

- i. People based services – These are services which involve human labour of a high degree. These services are actually provided by these human beings. Examples – repairs of auto mobiles, catering, event management, security services etc.
- ii. Equipment based services – These are services where certain equipment's play a dominant role. The role played by labourers is either minimal or totally absent. Examples- vending machines, ATMs, self-activating machines.

6. On the Basis of Contact and Interaction between the Service Provider and the Service Consumer:

- i. High contact services – These are the services where the contact or the interaction between the service provider and the service consumer, is very high. The service cannot be provided in the absence of such contact or interaction. Examples – Psychiatric counselling, surgery etc.
- ii. Low contact services – These are the services where the contact or the interaction between the service provider and the service consumer is very low. The service can be provided even without such a contact or interaction. Examples – tailoring, diagnostic services etc.

Examples of Services/ Types

1. Food Services:

Restaurants, cafeterias and hotels are offering food services to numerous individuals and families who have firmly developed the habit of eating out. These eating places are ever- growing as the service they sell is definitely wanted by the public. Small eating places offer simple and cheaper meals.

Five-star hotels offer elegant and costly food with superb services and royal comforts. Increasing tourism has also boosted the development of the hotel industry. We also have caterers who specialise in supplying food and service for dinners and parties at our residences on ceremonial and special occasions.

2. Hotels and Motels:

Lakhs of people, every day, use lodging and boarding services all over the country. Tourism, hotels and motels are growing in numbers every year. Modern hotels provide a luxurious life to travellers and tourists. Tourism is now considered as a major source of foreign exchange in all countries.

Modern hotels provide numerous amenities, comforts, refined and elegant services.

3. Personal Care Services:

Rising standards of living brought about the development in the personal care services (helping a customer to be well groomed). These services are offered by health and fitness centres, beauty parlours, barber shops, laundries, drycleaners, garment repair shops, shoe repair shops and so on.

Health and fitness organisations are growing in importance and their popularity in all countries due to an ever increasing demand for improving individual personality and efficiency.

4. Car Service Firms (Garages):

Lakhs of car owners are dependent on car service centres. Petrol pumps sell both goods and services because of which they are now called service stations. There are also numerous garages and repair shops specialising in repairs and maintenance of cars, trucks, motorcycles and scooters.

5. Entertainment Services:

Increasing purchasing power and more leisure time are responsible for the steady growth of entertainment services. Movies, sports, amusement parks,

circuses, car racing, cricket, billiards, music, dancing and drama are such popular forms of organised entertainment today.

6. Transport Services:

Railways, buses, ships and aeroplanes provide transport services for moving people and goods from one place to another. The fastest growth has taken place in air transport. A person can have a round-the-world trip in just one fortnight. Air transport has become very popular in international tourism.

7. Communication Services:

Nowadays, we have the latest means of communication such as the internet, mobile, telephone, telegraph, telex and postal services at our disposal. We also have television, mobile and satellite communications all over the world. The current technology has contributed tremendously to the rapid growth of all types of communication services.

8. Insurance Services:

Insurance gives protection against risk, e.g. accident, fire, death, theft, sickness, unemployment and so on. People can save for their children's education, daughter's marriage or for their retirement. Security of life and property provided by insurance gives us freedom from anxiety and peace of mind.

9. Financial Services:

Many consumers require the service of banks for financing their purchases of durable goods usually through installment sales. In foreign countries, they even have easy house financing through bank loans. Home owning is made easy with the help of mortgage loans. The modern high standard of living has become a reality for masses due to a customer-oriented marketing approach adopted by banks recently.

Service Marketing – Importance

1. Support to Primary and Secondary Sector- Primary sectors and secondary sectors are always in need of various services in order to function smoothly on a regular basis. Thus, services form an important part for the efficient functioning of these sectors.

2. Creates Employment Avenues- Service sectors create a lot of employment opportunities in various sectors like BPOs, hospitality, retail, tourism, entertainment, brokerages, software, aviation and more. This in turn promotes and develops the overall growth of the nation.

3. Contribution to National Income- Due to the growth and development of the service sector, the other sectors in the market are also witnessing an equal growth and development.

Moreover, because of this rapid growth and development of all the sectors in the market, it automatically contributes to the overall national income of the country.

4. Provision for Basic Services- Service sectors provide the country with the basic services like hospitality, transport, educational institutions, courts, telecommunications, insurance companies, banks, post offices and a lot more. This facilitates the daily living of a common man like us.

5. Adds to Comforts and Leisure- Service sectors provide ample comforts and leisure to the life of a common man. By providing various services, it definitely makes our lives easy and smooth.

6. Improvement in India's Image- Various services in the Indian market like telecommunications, BPOs, software development, Information Technology Enabled Services (ITES) has helped in improving the image of our country in the eyes of the entire globe. Other nations have started considering India at par with them when it comes to its service sectors.

7. Increase in Exports- Due to the increase in the service sectors and the quality of the same, there has been a tremendous increase in the exports of the country. This in turn is adding rapid growth and development to the country in the form of earnings and ranking.

8. Increase in Number of Working Woman- Due to the increase in the service sectors and the employment opportunities in the same, it has given ample work opportunities to women too. This has marked the increasing number of working women in the country which helps in the overall upliftment of the entire economy.

Approaches towards Service Marketing Environment

Within service marketing, there are several environmental factors that directly or indirectly affect the marketing and its allied activities. There are several value based approaches to be based on service norms and motives as desired by society.

Education and Literacy:

Education and literacy are important ingredients of sociological environment. The service organizations may create and develop the attitudes and awareness about mass literacy programmes in society. They can organize and manage the wide literacy programmes, skill development programmes, management education, training for employees, time management and develop the learning attitudes among employees to make cordial business and organization culture.

Social Values and Attitudes:

Social value and attitudes also play a major role towards the upliftment of the society. The customs, traditions and assumptions are no longer rigid, but may be flexible. Here the service organizations may create and develop the sociological environment to emphasize more and more on social values and attitudes instead of undesirable and inhuman social practices by means of interactive programmes.

Opportunities for Growth:

For the well-being of society, there is a need to raise higher economic growth, better spread of infrastructure, job opportunities, better skill development and industrial diversification. It is required to establish and develop the small business units, solar energy plants, agro based units, waste management system and infrastructural facilities in context of environmental upgradations in society.

Expanding Markets:

With the growing trends of innovative services and techniques, the expansion of market and its opportunities may also be developed. In order to expand and develop new markets, it is most required to make and adopt new technological process, better quality, service network, cost reductions, effective resource utilization, most consumerism and direct marketing etc. These translate into greater service attributes and values for consumers.

Eradication the Social Problems:

There are several social problems in our society. Some of them are old customs, traditions, dowry system, women exploitation, child marriage, growing unemployment and poverty, poor housing and sanitation, urban congestion, pollution and increasing incidents of antisocial activities. Within service marketing we may adopt the social consciousness and social reforms to overcome these problems.

Proper Implementation of Law and Legal Aspects:

Different laws, rules and legal aspects have a profound impact on decisions concerning the multi various operations in business as it touches the very existence and legality of business firms. The law and legal provisions must be followed to control over the unethical, unfair and antisocial transactions. The efficiency and efficacy of legal provisions determine adequacy, promptness, economic justice and as such, these are of great importance for the growth of business.

Utilization of Resources:

Within the environmental situation, it is the foremost responsibility of service marketers to make most appropriate and better utilization of resources. The technological upgradation, innovations, re-engineering and economies of scale are much important in this context. Moreover by way of utilitarian and ethical approaches, the available resource must be utilized in proper ways for the well-being of society.

Customization:

A service organization basically exists for the customers and all its activities have to be customer-focused. The marketers have to follow some ethical norms and value-oriented behavior with their customers. They seek to build and maintain good customer relation by maximizing consumer satisfaction and consumer care services.

Organization Development:

Organization development is a planned process to improve organizational effectiveness and performance. In order to overcome the challenges as arising out of environmental threats, the systems and methods of organization development may be based on interaction between individual and group, group dynamism relations, consultation services and sensitivity training etc.

Work Culture:

In any organization, culture is a social phenomenon and has an uncalculated value. The working environment of business must be based on humanitarian ground and the values for good human relations are needful. It should be based on the feelings of employees by ethical soundness, purity, devotion, coordination, non-jealous, non-violence and responsiveness etc.

Managerial Leadership Style:

Leadership is the quality of behavior and to guide the people to move some desired goals. In order to make some useful practices through leadership styles for betterment in organization, the methods and devices like unity of command, informal relations, democratic styles, confidence, enthusiasm, team spirit, high morale, sociability and self-motivation may be followed.

Management of Change:

Within the dynamic environmental scenario, there are several changes in service qualities and performance. The environmental changes may be favourable, unfavourable, internal, external, visible, non-visible, short term and long term etc. Any how they must be in favour of the people and society. The process of management of change is to be followed by knowing the causes of change, formation of plans, analyze the resistance, overcoming resistance, implementing the change and fruitful results from the changes etc.

Pollution Control:

In order to make proper environmental protection, it is needful to adopt different methods and techniques for control over the pollution in society. The air, water and noise pollutions can easily be controlled by different ways of technical operations and somehow by the ethical responsiveness with the society.

Emphasise on Innovations and Research:

In order to overcome the problems and challenges in service environment, we should consider to create innovative ideas and concepts. It includes to search out new design, new pattern, new parameters, new styles and preferences of services. More over there is a need to develop and motivate the research programme in resource conservation, quality standard, manufacturing process, maintenance of plants and equipments and corrective measures for different environmental pollutions.

Waste Management:

Within technological advancements, the concepts and methods of waste management are very important to control over the environment problems. Waste may be called as a material that has no value and that may be any garbage, refuse, sludge and other discarded material.

They have negative impact on the environment and are proved to be hazardous for human life. Some of the wastes are food wastes, scrap materials, cardboards, chemical wastes, plastics, wooden items, used tube and tyres, etc. We should manage and organize to discharge the wastes particularly by street sweeping drain cleaning, disposal of waste material, composting and incineration etc.

Protection of Human Rights:

In order to create and develop the social well-being in our society, it is the responsibility of service marketers to protect the human right. Ethically the businessmen provide fair wages to their employees on justified ground. They may also provide the norms and regulations as per the Acts and rules. They may protect the child labour system and women workers in respect of their working hours, heavy and hazardous task. Over all we should pay proper response to the constitutional rights and privileges of every citizen in country.

Customers Relationship:

It is needful to emphasise on the ways and means to upgrade the level of customers'. The service organization may adopt the methods of customers' retention, customers' acquisition, customers' loyalty and satisfaction. The relationship patterns might be able to overcome the problems as arising out of environmental threats.

Customers Driven Strategies:

In service marketing the strategies should be determined in context of customer' orientation and preferences. The strategies may be concerned with the price, quality, performance, design and operational aspects. The business plans and strategies should be based on customers' orientation. Big business houses like Dell computers, Reliance and LG groups have been introduced the strategies in the light of customers preferences.

Service Marketing – Role

Marketing is an art and science of selling goods and services to customers, with a difference. The feature of services makes it different and carries a variant value. The marketing of a product base business is different from marketing a service- base business. Basically 'commerce' is defined as an activity with trade and 'aids to trade'. Here, aids to trade are supporting activities to trade, such as – banking, warehousing, transportation, insurance etc. When 'banking' is considered as – 'services' its product itself is service, which has to be marketed with all due care.

Hence, both the categories i.e., services after selling a product and selling purely services play an important role in marketing business. The 'health-care' services are a service marketing, which has to develop its own market and render the services. Recent years have witnessed tremendous growth in service industry. The changing life style is attracting a large share of consumer spending to get services.

In most of the district / Taluka places, we could see a multi- speciality hospital. People are spending more than of half of their earnings on services itself. The changing needs of customers, dynamic environment, lifestyle, innovations, etc., have made the market as customer service oriented.

ROLE OF SERVICES MARKETING IN RECENT YEARS:

1. Support in Relationship Building:

Marketing if successfully done gets the customers repeatedly, one time sale is not a good strategy for all types of goods. For examples, in markets you are finding shops entitled 'ChainaBazar – Buy any one at Rs. 65'. Here most of the customers are one time purchasers; never goto buy the same. But, it won't build customers. After selling a car, how much care the company takes for its proper maintenance is more important and matters a lot for both company and customer. Once the customer enters the lodging premises how best care is taken for him builds a healthy relationship. Indirectly, services marketing achieve the objective of customer welfare.

2. Establishing the Value:

The basic difference between the goods and services is in the physical existence. For example, if a customer is going to a five star hotel for halting a day, it charges him around Rs. 20,000/- at the end of the day, what the customer possess? Nothing, except the happiness of the day stay. Can he compare

with a mobile of Rs. 20,000/- value to a day's stay? Can he say that, instead of a day stay, had he gone for a mobile, it could be enjoyed for a year! It is the difference.

3. Service Value:

The role of services marketing lies in establishing its value. Usually, the consumers have hardtime in justifying the costs of services because they don't go away with anything tangible in their hands. In recent, years rich people going for 'Panchakarma Ayurvedic Treatment' are receiving attraction even with heavy fees.

After 10 days of treatment, what do they carry? But, in market there are numbers of hospitals offering 'Panchakarma' at different packages. Hence, services by defining them as a value offer or a premium offer. You can also make out the difference between learning MBA from IIM Bangalore and from other university! Therefore, role of service marketing lies with matching the services to the customer's profile.

4. Create Brand Awareness:

Service marketing creates its own brand image in the market. Service organizations need to be differentiated. People buy the goods but remember the relations. Service marketing bridges the gap. In manufacturing industry value is added at every step in the process, from raw- material to finished product, in many service industries the value is a perceived value which is delivered by the services. The value addition would be understood by a customer through the created brand. It is the services, which create brand awareness in the market.

Service Marketing –Attributes of Services

The meaning and content of these attributes are:

1. Service Consumer Benefits:

Service Consumer Benefits describe the (set of) benefits which are callable, receivable and effectively utilizable for any authorized service consumer and which are provided to him as soon as he requests the offered service. The description of these benefits must be phrased in the terms and wording of the intended service consumers.

2. Service-Specific Functional Parameters:

Service-specific Functional Parameters specify the functional parameters which are essential and unique to the respective service and which describe the most important dimension of the service output, e.g., maximum e-mailbox capacity per registered and authorized e-mail service consumer.

3. Service Delivery Point:

Service Delivery Point describes the physical location and/or logical interface where the benefits of the service are made accessible, callable and receivable to the authorized service consumers. At this point and/or interface, the preparedness for service delivery can be assessed as well as the effective delivery of the service itself can be monitored and controlled.

4. Service Consumer Count:

Service Consumer Count specifies the number of intended, identified, named, registered and authorized service consumers which are allowed and enabled to call and utilize the defined service for executing and/or supporting their business tasks or private activities.

5. Service Readiness Times:

Service Readiness Times specify the distinct agreed times of day when –

i. The described service consumer benefits are –

- a. Accessible and callable for the authorized service consumers at the defined service delivery point.
 - b. Receivable and utilizable for the authorized service consumers at the respective agreed service level.
- ii. All service-relevant processes and resources are operative and effective.
- iii. All service-relevant technical systems are up and running and attended by the operating team.
- iv. The specified service benefits are comprehensively delivered to any authorized requesting service consumer without any delay or friction.
- v. 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.

6. Service Support Times:

Service Support Times specify the determined and agreed times of day when the usage and consumption of the contracted services is supported by the service desk team for all identified, registered and authorized service consumers within the service customer's organizational unit or area.

7. Service Support Languages:

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

8. Service Fulfillment Target:

Service Fulfillment Target specifies the service provider's promise of effective and seamless delivery of the defined benefits to any authorized service consumer requesting the service within the defined service times. It is expressed as the promised minimum ratio of the counts of successful individual service deliveries related to the counts of called individual service deliveries.

The effective service fulfillment ratio can be measured and calculated per single service consumer or per consumer group and may be referred to different time periods (workday, calendar-week, work-month, etc.).

9. Maximum Impairment Duration per Incident:

Maximum Impairment Duration per Incident specifies the allowable maximum elapsing time [hh:mm] between –

- i. The first occurrence of a service impairment, i.e., service quality degradation or service delivery disruption, whilst the service consumer consumes and utilizes the delivered service.
- ii. And the full resumption and complete execution of the service delivery to the content of the affected service consumer.

10. Service Delivering Duration:

Service Delivering Duration specifies the promised and agreed maximum period of time for effectively delivering all specified service consumer benefits to the requesting service consumer at the defined service delivery point.

11. Service Delivery Unit:

Service Delivery Unit specifies the basic portion for delivering the defined service consumer benefits. The service delivery unit is the reference and mapping object for all cost for service generation and delivery as well as for charging and billing the consumed service volume to the service customer who has ordered the service delivery.

12. Service Delivering Price:

Service Delivering Price specifies the amount of money the service customer has to pay for the consumption of distinct service volumes.

Environmental Factors Affecting Service Marketing/ Impact of Environmental Factors on Service Marketing:

Out of them, the internal and external factors are as important as stated here:

1. Internal Factors:

i. The Values and Ethical Norms – The values and ethical norms of the promoters and those at the helm of affairs has important bearing on the choice of service objectives, policies and practices. It is widely accepted fact that the extent to which the value system is shared by all organization is an important factor contributing to success.

ii. The Market Policies and Objectives – The market policies and objectives also affect the plans and operational procedures as laid down by service organization. The service performance, working priorities, direction of development, service policy and guidelines are guided by visions and mission as well as policies and objectives.

iii. The Organization Structure – The organization structure, composition of line and staff, span of control, inter relationship of employees, mutual coordination and the level of rights and responsibility among employees are important factors influencing service performance.

iv. Market Planning – The market plans also determine the market resources, time tested programmes, market segments, target market, short and long term targets, customers' mobility and acquisition and market shares that duly influence the service performance.

v. Expertising Services – The expertise services like availability of technical resources, experts of service parameters, different service experts and specialisation also influence service availability and its performance.

vi. Quality of Human Resources – The characteristics of the human resources like skill, quality, efficiency, mannerism, loyalty and commitments could contribute to the strength and weakness of a service organization. The quality of employees duly effects on service performance.

vii. General Working – In service organization the general working, process, coordination, supervision, control and organization culture may also influence an internal set up of the concern.

viii. Organization Culture – The organization culture which is the set of values, attitudes, behavior, commitment, morale, beliefs, trust, responsiveness and devotion may also be influenced by the service environment.

ix. Technological Development – The technical and technological development in context of resource conservation, waste minimization, by product recovery, cooling system and air purification etc. affects the methods, systems, process and working of service organization.

x. Effective Communication – In any organization, sound and effective communication system has also influenced the working of it. The fair and justified vertical and horizontal communication process are an important part of the organization.

xi. Organization Development – The programmes of organization development concerning the aspects of human resource development also influence the working environment of the organization. It stimulates the learning attitudes as well as employees' productivity also.

xii. Quality Parameters – The availability and applicability of quality parameters are also an important part in service performance. The process of quality upgradation are decisional way in environmental scenario.

xiii. Financial Factors – The financial factors like financial policies, source of finance, financial position and capital structure are also important internal environment affecting service performance and strategies.

xiv. Physical Assets – The physical assets and facilities and the efficiency of the productive apparatus, production and service tasks, skill parameters, non-mechanical process are due effects on service performance.

2. External Factors:

The external environmental factors are briefly stated here:

i. Economic Environment – Economic environment covers those factors which give shape and form to the development of economic activities and may include factors like sources of economic resources, nature of economic system, economic status and various economic policies.

ii. Monetary Values – The monetary value of economic activities also determine the purchasing power of people and consequently the demand of the services. The role and composition of national income also effects and determine the choice and preferences of services qualities.

iii. Natural Resources – The availability of natural resources, land, minerals, fuel and soil – becomes a strategic planning factor for organizations requiring such resources in service process. It is required to make it effectively useful for organizations purpose.

iv. Plant and Equipment's – The availability of plant and equipment depends on the locational factors, technical feasibility and infrastructure facilities. They duly affects the technical development and resource allocations.

v. Political and Legal Environment – Political and legal environment is also an important element and influence the service operations. There are certain aspects of political environment as well as legal provisions and restrictions particularly for service sectors as imposed on them.

vi. Customers' Orientation – Any business organization basically exists for the customers and all its activities have to be customer oriented and focused. The excellences of service performance are duly based on product and service quality, maintenance, replacement, retention and customers satisfaction. The service organization should be concerned about the changing requirements of its customers and should keep in touch with this changing need of customers.

vii. Competitive Environment- Competitive environment is the most relevant for service organization. This has changed and influenced the approaches and acceptability of specified services in society. Service marketers may try to develop competitive advantages for customers in competitive

service performance.

viii. Environment of Change- The environment of change also influences the composition and parameters of services. The change may be a path for the prosperity of consumers. The changing customer's preferences may be useful in service-marketing.

ix. Market Intermediaries – The market intermediaries include distributors and agents who also influence the different tasks of service performance. They may contribute in value additions, service standards, service quality maintenance, consultation services and proper service delivery etc.

x. Technological Advancement – The technological development is also important for service organization. It facilitates some new and innovative ideas in service design, service quality and service parameters.

xi. Social and Cultural Environment – Social and cultural environment is quite comprehensive because it may include the total social factors within which an organization operates. It is closely intertwined with the new ideas, viewpoints, liking and disliking of the service performance.

xii. Core Area of Market Segmentation – There are different core areas like geographic, demographic, cultural, psychographic, occasional, benefit and usage segmentation which may duly affect the needs, requirements, and preferences of service customers.

Socio-Cultural Environment – Core Area:

The socio-cultural environment in our society have direct and most decisional influence on service performance. Quite a major part of service organization are influenced and determined by the socio-cultural environment. In order to make and develop some better opportunities and to utilize the environmental segments properly, the impact and role of several socio-cultural values are summarized here –

1. The socio-cultural values' provides and determine some norms and standards for the betterment in service standards and performance.
2. Socio-cultural values ethically and collectively denotes the motivational and inspirational ideologies and provide directional view points for service organization.
3. Socio-cultural values have the signifying role to determine the ways and means for services towards betterments in social life.
4. Socio-cultural values are accepted by society due to their determinant of trust, honesty and integrity among them.
5. Socio-cultural values are linked with inner feelings and emotions of people and somehow they protect the group benefits rather than the individual benefits.
6. Socio cultural values change and refine the ideology, opinion, concepts and views of persons to make well-being of society, through services.
7. Socio cultural values determine the norms of right or wrong, good or bad behavior for congenial and rational behavior.

8. Socio-cultural values provide the morale and norms of human behavior towards the goodness of human life on the ground of services.

9. Socio-cultural values provide the value based norms and ideology to utilize the resources and to control over the environmental problems.

Marketing Challenges of Managing Service Businesses

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 necessarily apply to product businesses.

1. Clients can't see or touch services before they purchase them – This makes services difficult to conceptualise 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.

2. 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 of 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.

3. Trust is necessary – Some level of trust in the service organisation 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.

4. Competition is often not who you think – 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'.

5. 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 communications.

6. Proactive lead generation is difficult – 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.

7. Service deliverers often do the selling – Many product companies have dedicated sales forces. For services, the selling is often split between sales, marketing, professional, and management staff.

8. 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.

9. Passion is necessary, yet elusive – The more passion, spirit, hustle, and desire your staff brings to the organisation everyday, the more revenue and success you will have. The correlation between staff passion and financial success is direct and measurable (as is the correlation between lack-of-passion and organisational failure). Yet institutionalising passion, while necessary, is agonisingly elusive.

Because of the basic difference between goods and services, marketers of service face some very real and distinctive challenges. The challenges revolve around understanding the customer needs and expectations of service, tangibilising the service offering, dealing with a myriad of people and delivery issues and keeping promises made to customers.

Service Marketing – Globalisation of Service Market (With Reasons)

With the economies initiating the globalization process and technological revolution with liberalized business and trading policies of countries has led to internationalization of services. Globalization is defined as the reduction of transaction cost of trans-border movements of capital and goods thus of factors of production and goods.

The services market has become a major source of employment and contributes the largest portion the revenue to the GDP.

The service industry includes sectors such as education, counselling, health, and environment. Information technology enabled services and business process outsourcing and many others. Major reasons for the growth of services in Indian economy are liberalization and also changes in external environment with Political, Economical, Sociocultural and technological changes. **Some of the reasons for globalization are given below:**

- Changes in political thinking
- Global social awakening
- Technological Innovations
- Competition in the international market

1. Changes in Political Thinking:

Political leaders and thinkers have now realized the benefits of running an open economy that can trade across nations without any constraints on account of bias against the nationalities of business houses. With China being a leader in opening their economy to international participation in its growth.

WTO (World Trade Organisation) made efforts and created a global economy by persuading member countries to do away with many restrictions and hence yielding results. Other nations are lowering their barriers to services and goods, Hence these countries are providing improved infrastructure to invite all global organisations to participate in the economic development. Thus converting the world into a small international trading centre in services and products.

2. Global Social Awakening:

People from all over world have been brought to one platform through global social awakening. Social sites like Facebook, Orkut, Google, Yahoo and many such interactive blogs and websites allow people of different nationalities to come together and share their experiences. Hence this social awakening has led to the growth of non-governmental services and social services to globalize their efforts.

Society is converging into one global human society sharing similar tastes and lifestyles and hence generating global demand for similar services all over the globe and all the service providers hence easily follow global business model in different countries.

3. Technological Innovations:

Rapid technological innovations has led to the distribution of services like healthcare, training, education, counseling to be administered across long distances. Customer and service providers can be very far away, yet very much in contact through technological connect available by means of internet, webcams, web conferencing etc. The customer if techsavvy can have a virtual tour of the

service he wants to buy and can take a decision thereafter, all thanks to technological developments.

4. Competition in the International Market:

With Global companies now foraying into Indian market, competition has increased for the home based service organisations. Transnational and multinational corporations are now setting up service facilities in many countries and thus giving rise to stiff competition.

To beat the competition, companies are now surpassing the quality offered by their competitor. Companies also offer competitive cost advantage, by looking at the places where they can achieve cost benefit. This at times leads to setting up the base in the third countries.

Companies also need to plan for availability of skilled and trained manpower.

Many companies like DELL, ADOBE, ORACLE, GE, IBM, and Microsoft have realized the cost effectiveness and availability of skilled and trained manpower in India and hence consider India for operations.

Major decisions in international marketing includes following:

- Observing global marketing environment
- To Decide whether to go international
- Markets identification to enter
- To decide how to enter the market
- Plan global marketing program
- Decide global marketing organisation.

Problems Faced by a Marketer of Services

Typical problems to be faced by a marketer of services are given below:

1. Sale, production and consumption of a service takes place almost simultaneously.
2. A service cannot be cent-ally produced, inspected, stockpiled and warehoused. It is delivered wherever the customer is, by people who are beyond the immediate influence of management.
3. A service cannot be demonstrated, nor can a sample be sent for customer's approval or trial in advance of purchase. The provider of a service can explain, promise and tell how the service has benefited others but, for the prospective customer, the service does not exist.
4. The importance of word-of-mouth (views) expressed by customers, his impressions about us, his or her belief in what people speak about us is an important factor in deciding whether or not he or she will avail of our services and do business with us.
5. A service is frequently an experience that cannot be shared, passed around or given away to someone else once it is delivered. Hence, every time there is an interaction, the customer goes back, not merely satisfied but also delighted.
6. The customer's perception of service quality is more directly linked to the morale, motivation, knowledge, skills and authority of the frontline staff of any service organisation.
7. The receiver's expectations are critical to his or her satisfaction with the service. What he or she gets, compared and contrasted to what he or she expects to get, determines customer satisfaction.
8. A service organisation such as a bank or a hotel cannot achieve customer satisfaction without first gaining employee satisfaction. Only happy employees can assure happy customers. Management must ensure high employee morale to achieve satisfied and happy customers of a service concern.

Benefits Due to the Growing Service Industry

1. Generation of Employment Opportunities:

Service industry has definitely given a lot of employment opportunities in the country. Service is needed in almost every sector like tourism, communications, trade, marketing, manufacturing, international technology and more. Many organisations are considering quality service to be their mission and vision and they are really working hard to render quality services to their customers and thus retain them.

2. Increasing the Standard of Living:

Due to the increase in service sectors, there has been an increase in the employment opportunities as well. Moreover, due to the increase in the employment opportunities amongst people, there has been increase in the earnings and incomes of every household. This in turn has automatically upgraded the standard of living of people as they can earn good incomes and spend the same to satisfy their growing needs and wants.

3. Optimum Utilisation of Resources:

India is bestowed with an ample variety of rich resources. Due to the increase in technology, the human resources have seen a slow fall in technology dominated fields like IT and manufacturing. On the other hand, it is the service sector that has given innumerable employment opportunities to all types of people.

4. Capital Formation:

Service sectors have been a major player in providing ample employment opportunities, increase in income and increase in the standard of living of people. With this, it has also expanded the capital formation of the country. Various areas of the economy are highly dependent on the service sectors.

5. Use of Environment-Friendly Technology:

Service industry is one of the fields which do not pollute or harm the environment in any way. Thus it is known as an environment friendly technology. Service sectors work closely only with the human resources and thus are harmless to the surroundings, unlike the manufacturing process which releases harmful gases, chemicals and wastes that harm the environment in various ways.

6. Economic Liberalisation:

The process of economic liberalisation started in India in the year 1991. Since then there have been visible changes in the overall business scenario of the country. Even the multinational players were allowed to enter the Indian markets thus giving further growth and development to the country's economy and trade. It also created ample policies and opportunities to the Indians to establish their own businesses and expand further.

7. Migration:

There has been a remarkable increase in the migration rate of the people from the rural and semi-urban areas to the urban areas. Desire for better jobs and better livelihood resulted in immense rate of migration. This in turn led to further expansion of businesses, trades, transport and other service sectors.

8. Export Potential:

India is considered one of the major exporters in the world. There are various services that India offers to different countries like insurance, banking, transport, tourism, data services, communications, construction labour, accounting services, maintenance services, design

engineering, education, entertainment, software services, healthcare and commercial services. Thus, the service sector has expanded the export potential of India.

9. Growth in Population of DINKS:

Due to increasing opportunities in the employment sector, both the spouses prefer to work and earn a decent livelihood. They prefer to choose their dream profession and dedicate themselves completely due to which they cannot or prefer not to have children. This situation has actually given a lot of growth in the DINKS population which is an acronym for Dual Income No Kids. **WHAT ARE THE CAUSES OF RAPID GROWTH IN THE SERVICE INDUSTRY?**

The service industry or sector includes a wide swath of the market. Business that do not deal in the extraction or manufacture of raw materials fall into the service category. The service sector has seen massive changes in recent history, many being attributed to outsourcing, automation and digital based business that have altered traditional business models.

Rising Demand for Services

Demand for services is on the rise with a stable middle class and growth in upper-income families. A sector of the economy becoming less concerned about material needs. In the consumer sector, this leads to increasing demand for services such as health, education and entertainment.

In business, companies recognize that many activities can be handled more efficiently by a service provider. Outsourcing services allows a business to concentrate on the activities that are critical to its success. These are called core activities in the world of professional services, and they include sales and marketing, accounting, technology, quality, product and service delivery, management, human resources, finance and product development.

Disruptive Technology

Outsourcing services is also important if a business is undergoing change or shifting the business model to capitalize on a growing freelance market that offers qualified service providers on a contractual basis. Technology is driving major shifts in the service sector as well with traditional roles like taxi services being replaced by Lyft, Uber and other options that connect a large, part-time workforce to a specific market. Airbnb opened the rental market to individual property owners by cutting out management companies and placing a large audience directly in touch with owners.

Assist With Complexity of the Business Environment

Another factor in the *growth of the service sector* is the continuing complexity of business, according to the Bureau of Labor Statistics. Firms that offer advisory services are helping small businesses to deal with legislative changes, emerging technologies and marketing challenges by giving them access to skills and knowledge that they do not have in-house.

Service Sector in India

The growth of the Services Sector in India is a unique example of leap-frogging traditional models of economic growth. Within a short span of 50 years since independence, the contribution of the service sector in India to the country's GDP is a lion's share of over 60%. However, it still employs only 25% of the labour force. Consequently, agriculture (which is stagnant) and manufacturing (which has not yet risen to its full potential) continue to sustain the majority of our employed population. This presents a unique challenge to future economic growth in India and requires out of the box solutions that will help rapidly harness the potential of the service industry in India. Invest India takes a look at the contribution of the services sector in the Indian economy, its successes and also explores potential enablers for future equitable economic growth.

Market Size of Service Industry

A quick comparison with the American and Chinese economy reveals the unique nature of India's GDP growth from the contribution of the Service sector and its linkages to employment and income distribution (Figures in bracket indicate employment). Over time, a robust manufacturing and productive agriculture sector leads to the Service industry in India becoming the mainstay of GDP and employment. In our context, the Service sector has become extremely important to grow not only our GDP, as well as make it the key vehicle for employment generation. However, the question is - how to increase value add to GDP from Service companies in India, while reducing employment dependency from agriculture, as well as boosting the manufacturing industry.

| Sector | India | USA | China |
|----------------------------|----------------|--------------|--------------|
| Agriculture and Allied | 15.4% (53%) | 8% (2%) | 7% (26%) |
| Manufacturing and Industry | 23% (22%) | 12% (19%) | 40% (28%) |
| Services* | 61.5% (25%) | 80% (79%) | 52% (46%) |

(*IT contributes the majority)

The current growth of service sector in India is based mainly on labour market arbitrage. Moving forward, India can no longer rely on 'low cost' for 'low value added' services. Therefore, we need solutions that address these:

- i) Boosting the manufacturing sector with both direct and indirect spin - off benefits for the growth of the service sector in India (e.g. Make in India)
- ii) Moving up the value chain, especially in the IT/ ITeS sector.
- iii) Broad - basing the Indian Services offering platform into sectors beyond the traditional IT/ITeS by identifying the global demand for such services, and meeting these demands based on our natural competencies and comparative advantages.

Service Marketing – Growth and Development of Service Marketing-

In present business scenario, the business offers is concerned with the specific elements like the complementary services as designed by several factors. There are several causes to be responsible for growth and development of service sector.

Some of them are stated here:

1. Innovational and Intelligence – Within business and industrial sectors, some of the persons create and innovate new ideas, views, assumptions, methods and systems in their working environment. It is the part of innovatives and intelligencies to make some ideas for service designs and performance.
2. Entrepreneurial Skills – There are certain qualities and skills that promote the entrepreneurial tactics

and skills. The skills may be as physical, mental, business and technological etc. These skills have been initiated to make an appropriate service process design and performance in organization.

3. Technological Skills and Development – The businessman utilize and adopt new and specific knowledge, technical know-how, mechanization and technical process for the interest of their enterprise. It may create new skills and ventures to promote service performance. Besides, the technological development as well as greater complexity of products also raise the growth of services.

4. Personal Traits – The successfulness and prosperity depends on attitudes, behaviour, loyalty, truthfulness, confidence and maturity of any person. All of them create the variety of qualities to promote entrepreneurial activities and personal traits within service sector.

5. Personal Freedom – Some of the persons are required to establish their identifications and recognition by separating their families and society. They want to develop their dignified and independent entity to achieve some new things. It has raised to motivate new services ventures.

6. Goal Oriented – Every businessman or entrepreneur are motivated to earn more profit and to achieve a high level of target. All their activities, behaviour and attitudes are oriented to achieve visions and goals. The firm determination and their devotional attitudes may be motivated to inspire the target of business and services.

7. Occupational Qualities – In business scenario there are certain knowledge, skills and qualities required to fulfill their major qualities in respect of different occupations. The emerging trends of new occupations have made increase new skills and qualities out of the service sectors.

8. Changing Life Styles – In our society, the quality of life has changed and improved. There are different patterns and composition of consumption level has been changed. The rising trends of smaller families have more disposable income to spend on fast food, hotel culture and hospitality services. Presently, in order to make more market expansion, the recreation and entertainment are also needful through service marketing.

9. Social Changes – There are several causes for emerging the service sector like changing social customs, values, behaviour, domestic life scenario, fashions, demands and family structure. Besides, the increased number of women in the workforce has also led to the service sector with multifarious aspects.

10. Increasing Affluence – Presently the modern society having a sufficient source of income and most of the families have enough money to afford some luxurious services. There is a greater demand of household furniture, jewellery, gold coins, interior decoration, laundry and care of garden and luxurious care etc. These services emphasise the demand of different services.

11. Increasing Complexity of Life – There are great practices and adverse tendencies of family and social conflict. The demand of civil courts, legal advisers, family counselors, marriage counseling, labour laws, tax consultation and medical practices have been an emerging trend to stimulate the service sector.

12. Human Values – In business, the human values and attitudes plays major role to initiate the service sector. The emerging trends of human and sociological environment initiate the desirable comfortable and motivational service practices by means of service sectors.

13. Management Consultancy Service – Within a wide area of management, the consultancy services has increased and new avenues of services emerged. The consultancy services like investment planning, HRD programmes, technological upgradation, sales promotion and market strategies have become the part of service sectors.

14. More Emphasize on Customers' Orientation – For the last two decades the market scenario and its several aspects have been oriented by customers' profile and their decisional role. Every aspects of market opportunities are required to achieve customers' acquisition and retention. These emerging

trends of market have an important and appropriate cause for the development of service sector.

15. Impact of Customization – A well-known scenario has emerged that all the business concerns should determine and manage all those methods and systems which may establish the customization scenario. Here, on the basis of targeted strategies for customers' orientation, the business initiates the role and emerging trends of customization. More emphasis has been given on customers' expectations and the concept of customer care and satisfaction becomes the inevitable part to develop the service sector.

16. Contributions of Banks and Financial Institutions – In our economy, the expansion and multifarious services of Banks and different financial institutions have been responsible to the growth and development of service sectors. They provide several benefits and services to service providers to promote their business in different areas.

17. Environmental Factors – There are several environmental factors responsible to develop the service sectors. The factors are multifarious marketing issues, new life style of customers, wide range of business expansions, development of retail trades, more emphasis on customers' performances, customers' oriented aspects, new technology and societal marketing etc.

18. Specialization – Within overall business scenario, in each and every field, increased specialization has led to greater reliance on specialist service providers. The core values of specialization become the decisional platform at different developmental stages in modern service sectors.

19. Professional Attitudes – The concept of profession is required to create and implement the learning attitudes, code of ethics, responsiveness and develop the service motives. All these aspects have led to increasing trends of service sector and its marketing phenomenon.

20. Consciousness towards Social Responsibilities – For any business the concept and targets of social responsibilities are foremost and signifying aspects in context of their social values. By the means of services, the business may easily follow this social responsibility.

21. Social Marketing – The emerging trends of social marketing are an important basement to develop the business as well as service sector also. The concept and profile of social marketing has led to emphasis on the framework of service performance. The upgradation of service marketing are based on social structure, systems and behaviour.

22. Products' Differentiates – In market trends phenomenon, there are different product lines having varied of nature, quality and composition etc. For proper implementation of product missions, line and strategies, there is a need to make some suitable services.

23. Advances in Information Technology – There are several emerging trends to stimulate the information systems and technology. Some of them are convergence of computers and telecommunications, creates more compact mobile equipments, wireless networking, more powerful softwares, appearance of audio video systems and growth of internet etc. have been stimulating the new ventures in service sector.

24. New Business Trends – Within purview of business, some of the emerging concepts and motivational aspects are much important to stimulate the new avenues of service sector. These aspects are more likely to emphasise on value added aspects, service motives, quality

movement, professional attitudes, to emphasise on productivity and cost savings and growth of retail marketing etc.

25. Government Policies – The changing and new developmental policies and regulations also stimulate the growth of service sector. The concept of welfare state, more emphasis on public services, privatization, consumer's protection and environmental issues have been the stimulation of service sector.

ROLE OF TECHNOLOGY IN SERVICE MARKETING PROCESS

Technology is influencing the practice of services marketing. It has resulted in tremendous potential for new service offerings. It is shaping the field of service enabling both customers and employees to get and provide customized services. The technology has been the basic force behind the service innovation. Automated voice mail, interactive voice response systems, fax machines, ATMs etc., are possible only because of new technology.

Role of technology in service marketing

The role of technology and physical aids in service delivery system are summarized below:

1. **Easy accessibility of service:** Internet based companies find that internet makes offer of new services possible. The Wall Street Journal offers an interactive edition where customers organize the newspaper's content according to their needs. Internet based bill paying service ensures convenience to the customers while availing services. The "connected car" will allow people to access all kinds of services while on the road. Cars are equipped with map and routing software which direct drivers to specific locations. Accessing the Web via cell phones is possible nowadays. Thus, technology is a vehicle for delivering existing services in more useful ways.

2. **New ways to deliver service:** In addition to providing new service offerings, technology has introduced new ways of delivering service. It is providing vehicles for delivering existing services in more convenient ways. It is true to say that technology facilitates basic customer service functions like bill paying, checking accounts records, tracking orders, seeking information, etc.

The face of customer service has changed with the influx of technology. Before the development of technology every customer service was provided face-to-face through direct personal interaction between employees and customers. Nowadays, large organizations

centralist their customer service functions. It is possible by establishing a few large call centres that could be located anywhere in the world. IBM's customer service calls are typical example for consolidating call centres by the large organizations.

3. **Close link with customers:** Financial service companies achieve a close link with their customers by employing the latest technology. Computers are linked into clients' information systems. Companies engaged in goods distribution install order terminals, inventory control terminals of other equipment at their customers' premises.

4. **Higher level of service:** Technology enables both customers and employees to be more effective in receiving and providing service respectively. Self-service technologies enable customers to serve access to their accounts, check balances, apply for a loan, transfer money among various accounts. Computer information system allows banks and insurance companies to furnish data to their customers without delay. By having immediate access to information about their service offerings, the employees are able to serve their customers well.

5. Global reach of service: Infusion of technology in service industry offers enormous scope for reaching out to customers around the globe. The internet is just one big service which knows no boundaries. Information, customer service and transactions can move across countries. The service provider can reach any customer who has access to the web. Technology allows employees of international companies to share information. Technology-based service can be extended to the customers living around the globe.

6. Cost rationalization: Customer expectations are high because of the excellent service they receive from some companies. They expect high quality of service at reasonable cost. Just as in the manufacturing sector, technology can be used in the service industries. It can replace less skilled people working in frontline service jobs. This substitution reduces the costs of services. For example, automatic car wash and automatic cash dispenser are desired by the customers for their promptness in work. Websites providing answers to specific disease, drug and treatment details are another standing example for cost rationalization.

Service Blueprints: Definition

Service design is the activity of planning and organizing a business's resources (people, props, and processes) in order to (1) directly improve the employee's experience, and (2) indirectly, the customer's experience. Service blueprinting is the primary mapping tool used in the service design process.

What Is a Service Blueprint?

Definition: A **service blueprint** is a diagram that visualizes the relationships between different service components — people, props (physical or digital evidence), and processes — that are directly tied to touchpoints in a specific customer journey.

Think of service blueprints as a part two to customer journey maps. Similar to customer- journey maps, blueprints are instrumental in complex scenarios spanning many service-related offerings. Blueprinting is an ideal approach to experiences that are omnichannel, involve multiple touchpoints, or require a crossfunctional effort (that is, coordination of multiple departments).

A service blueprint corresponds to a specific customer journey and the specific user goals associated to that journey. This journey can vary in scope. Thus, for the same service, you may have multiple blueprints if there are several different scenarios that it can accommodate. For example, with a restaurant business, you may have separate service blueprints for the tasks of ordering food for takeout versus dining in the restaurant. Service blueprints should always align to a business goal: reducing redundancies, improving the employee experience, or converging siloed processes.

Benefits of Service Blueprinting

Service blueprints give an organization a comprehensive understanding of its service and the underlying resources and processes — seen and unseen to the user — that make it possible. Focusing on this larger understanding (alongside more typical usability aspects and individual touchpoint design) provides strategic benefits for the business.

Blueprints are treasure maps that help businesses **discover weaknesses**. Poor user experiences are

often due to an internal organizational shortcoming — a weak link in the ecosystem. While we can quickly understand what may be wrong in a user interface (bad design or a broken button), determining the root cause of a systemic issue (such as corrupted data or long wait times) is much more difficult. Blueprinting exposes the big picture and offers a map of dependencies, thus allowing a business to discover a weak link at its roots.

In this same way, blueprints help **identify opportunities for optimization**. The visualization of relationships in blueprints uncovers potential improvements and ways to eliminate redundancy. For example, information gathered early on in the customer’s journey could possibly be repurposed later on backstage. This approach has three positive effects: (1) customers are delighted when they are recognized the second time — the service feels personal and they save time and effort; (2) employee time and effort are not wasted regathering information; (3) no risk of inconsistent data when the same question isn’t asked twice.

Blueprinting is most useful when coordinating complex services because it **bridges crossdepartment efforts**. Often, a department’s success is measured by the touchpoint it owns. However, users encounter many touchpoints throughout one journey and don’t know (or care) which department owns which touchpoint. While a department could meet its goal, the big- picture, organization-level objectives may not be reached. Blueprinting forces businesses to capture what occurs internally throughout the totality of the customer journey — giving them insight to overlaps and dependencies that departments alone could not see.

Key Elements of a Service Blueprint

Service blueprints take different visual forms, some more graphic than others. Regardless of visual form and scope, every service blueprint comprises some key elements:

- Customer actions

Steps, choices, activities, and interactions that customer performs while interacting with a service to reach a particular goal. Customer actions are derived from research or a customer-journey map.

In the our blueprint for an appliance retailer, customer actions include visiting the website, visiting the store and browsing for appliances, discussing options and features with a sales assistant, appliance purchase, getting a delivery-date notification, and finally receiving the appliance.

- Front stage actions

Actions that occur directly in view of the customer. These actions can be human-to- human or human-to-computer actions. Human-to-human actions are the steps and activities that the contact employee (the person who interacts with the customer) performs. Human-to-computer actions are carried out when the customer interacts with self-service technology (for example, a mobile app or an ATM).

In our appliance company example, the frontstage actions are directly linked to customer’s actions: the store worker meets and greets customers, a chat assistant on the website informs them which units have which features, a trader partner contacts customers to schedule

delivery.

*Note that there is not always a parallel frontstage action for every customer touchpoint. A customer can interact directly with a service without encountering a frontstage actor, like it's the case with the appliance delivery in our example blueprint. Each time a customer interacts with a service (through an employee or via technology), a **moment of truth** occurs. During these moments of truth, customers judge your quality and make decisions regarding future purchases.*

- Backstage actions

Steps and activities that occur behind the scenes to support onstage happenings. These actions could be performed by a backstage employee (e.g., a cook in the kitchen) or by a frontstage employee who does something not visible to the customer (e.g., a waiter entering an order into the kitchen display system).

In our appliance-company example, numerous backstage actions occur: A warehouse employee inputs and updates inventory numbers into the point-of-sale software; a shipping employee checks the unit's condition and quality; a chat assistant contacts the factory to confirm lead times; employees maintain and update the company's website with the newest units; the marketing team creates advertising material.

- Processes

Internal steps, and interactions that support the employees in delivering the service.

This element includes anything that must occur for all of the above to take place. Processes for the appliance company include credit-card verification, pricing, delivery of units to the store from the factory, writing quality tests, and so on.

In a service blueprint, key elements are organized into clusters with lines that separate them. There are three primary lines:

1. The **line of interaction** depicts the direct interactions between the customer and the organization.
2. The **line of visibility** separates all service activities that are visible to the customer from those that are not visible. Everything frontstage (visible) appears above this line, while everything backstage (not visible) appears below this line.
3. The **line of internal interaction** separates contact employees from those who do not directly support interactions with customers/users.

The last layer of a service blueprint is evidence, which is made of the props and places that anyone in the blueprint has an exchange with. Evidence can be involved in both frontstage and backstage processes and actions.

In our appliance example, evidence includes the appliances themselves, signage, physical stores, website, tutorial video, or email inboxes.

Secondary Elements to Include in a Service Blueprint

Blueprints can be adapted to context and business goals by introducing the additional elements as needed:

Arrows

Arrows are a key element of service blueprinting. They indicate relationships, and more importantly, dependencies. A single arrow suggests a linear, one-way exchange, while a double arrow suggests the need for agreement and codependency.

Time

If time is a primary variable in your service, an estimated duration for each customer action should be represented in your blueprint.

Regulations or Policy

Any given policies or regulations that dictate how a process is completed (food regulations, security policies, etc.) can be added to your blueprint. This information will allow us to understand what can and cannot be changed as we optimize.

Emotion

Similar to how a user's emotion is represented throughout a customer-journey map, employees' emotions can be represented in the blueprint. (Emotion is shown through the green and red faces in the example below.) Where are employees frustrated? Where are employees happy and motivated? If you already have some qualitative data regarding points of frustration (possibly obtained from internal surveys or other methods), you can use them in the blueprint to help focus the design process and more easily locate pain points.

Metrics

Any success metric that can provide context to your blueprint is a benefit, especially if buy-in is the blueprint's goal. An example may be the time spent on various processes, or the financial costs associated with them. These numbers will help the business identify where time or money are wasted due to miscommunication or other inefficiencies.

BENEFITS OR USES OF SERVICE BLUEPRINT

1. A blueprint is useful in several ways in managing a service. A blueprint can be used to **improve the design for an existing service** or to **design a new service**. When the current operation is explicit, managers know how they will operate in the future. The service system blueprint is **task oriented**. It describes about the object of the organization and enables the company to face its competition. It performs the task in such a way that the **customers are attracted** towards the organization.
2. A blueprint serves as a **guide for implementing the service plan** by showing the sequence of steps needed to deliver a service. It **coordinates the work** done by the service personnel in the organization by pointing out their role in the overall system.
3. Service unit managers employ blueprints in their **decision-making activities**. Decisions on setting

the right strategy, resources allocation, integration of service functions, and performance evaluation, are taken with the help of Service blueprints.

4. Detailed service blueprints **help marketing and communication** people. Marketing managers employ blueprint in consumer research in order to identify the key elements contributing to consumer satisfaction. Communication managers use them for the development of consumer materials for conveying the invisible actions.

5. Human resource managers use service blueprints in the preparation of job description, job specification, job evaluation, performance standards, training and appraisal schemes and compensation schemes.

6. Blueprinting **reinforces a customer-oriented focus** among employees.

7. It **helps in identifying weak links** in the chain of service activities and facilitates continuous quality improvement.

8. In blueprint, key action areas are separated by horizontal lines — The line of interaction represents the direct interaction between the customer and the organization. It illuminates the customer's role and demonstrates where the customer experiences quality.

9. The line of visibility separates activities of the front office where customers obtain tangible evidence of the service from the back office processing. Thus, line of visibility determines what customers should see and which employee will be in contact with customers.

10. The service blueprint through line of internal interaction **clarifies interfaces across departmental lines** thereby strengthening continuous quality improvement.

11. Blueprint **illuminates the elements and connections** that constitute the service leading to effective strategic discussions between the service personnel and customers.

12. Blueprint **provides a concrete basis** for identifying and assessing cost, revenue and capital invested in each element of the service.

13. Blueprint **supports both external and internal marketing**. The advertising agency can select essential message for communication through an overview of a service.

Linking Content Marketing with Human Resources

Whether it's communicating with prospective talent, with the existing workforce, or with managers and stakeholders, it's clear that communication is a key aspect of any successful HR strategy. And yet **communication is also cited as one of the top challenges affecting HR professionals today**.

A study by technology company Speakap attributes this to the shifting workforce, with the ever-increasing percentage of millennials in employment demanding improved communications as a result of having grown up in a world of texts, emails, and instantaneous responses.

By understanding what content is, its impact, and knowing some best practices, HR managers can create a strategic plan for communicating not only with their current workforce, but also with potential future employees.

Benefits of HR-Influenced Content

Whether you're looking to improve your recruitment strategy or keep your talented people engaged

and happy, content could be the tool you need to achieve your organization's goals.

1. Attract the Best Hires

The “best hire”... that's a phrase that means something very different today than it did 10, or maybe even just five years ago. Previously, the “best hire” was the candidate who exhibited the necessary skill and talent to conduct the duties of the role with excellence. Today, however, formal qualifications hold less weight. There's a new technique. It's called “**recruit for culture, train for skill,**” and it's based on the idea that we can train our employees to be good at their jobs, but we can't adapt their personalities and characteristics to fit in with the workplace environment.

The “best hire” is now more about cultural fit. And as you can probably guess, cultural fit is a lot harder to figure out from a resume than degrees and certifications. That's exactly why cultural fit should be addressed right at the beginning of the recruitment process... which content can help with.

By publishing content that not only engages with relevant talent, but also provides a glimpse into life at the organization, prospective applicants are clear from the start on whether or not the company's ways of working match their own values; a pretty important factor when you consider that three quarters of people have quit because of poor cultural fit.

2. Reduce Turnover

High rates of turnover are proving to be one of the biggest obstacles standing in the way of business success today, especially at a time when many organizations all around the globe, across a huge number of industries, are experiencing a talent shortage.

it is much more effective to prepare a potential employee for the environment, than to try and undo what may have been a bad hire. And this is where content comes into play. The effects of content are not short-lived. It can be used as a long-term HR marketing strategy to nurture and engage with prospective and current talent, the whole way through their career journey. By creating and sharing a wide range of content, offering various insights, and answering common questions through the art of storytelling, HR teams can ensure that anyone they bring on board has a **clear view of what to expect.**

3. Save Money

If good content holds the power to increase the quality of the hire and reduce staff turnover, as we've discussed, it naturally holds the potential to minimize costs and keep HR budgets in check. How? Although there are many different ways to calculate cost per hire, The Society for Human Resources Management recommends a calculation of: **(Total External Costs + Total Internal Costs) / Total Number of Hires.**

4. Show Off the Bigger Picture

So far, we've looked at the benefits that directly relate to new hires, but could content also be used to improve the existing employee experience? Improving the employee experience is important at a time when 30% feel undervalued at work. Absolutely. There are many ways that HR-influenced content can be used to engage with the current workforce, addressing concerns and motivating staff to

perform to the best of their ability, while enjoying their duties and experiencing great workplace satisfaction.

And one of these ways is to use content as a sharing and collaboration tool, helping employees to **visualize how their own individual efforts combine to impact the core business** and drive the organization toward success.

5. Boost Trust

The trust problem appears to be widespread, and while there are many potential reasons for this, one of the biggest probable causes is a **lack of transparency**. Transparency in the workplace is an issue that's highly debated, with some claiming that transparency can generate an improved employee experience and others believing that "airing dirty laundry" can create serious consequences for organizations. But there's certainly a middle ground that can be explored through HR-generated content that provides knowledge-sharing across departments.

DEFINING ASPIRATIONS

The customer experience an organization wants to provide can vary widely. For some companies, this transformed experience represents a step change. For others, the aspiration may, at least in the short term, require only more modest changes. Either way, the aspiration will translate into an overall mission and, ultimately, into guiding principles for frontline behavior.

One caveat: it is easy to err by aiming too low. In our experience, looking at historical performance and at whatever helped satisfy customers in the past can often make marginal tweaks seem good enough. Understanding the *fundamental* wants and needs of customers must be a step in determining what a great experience for them should look like.

For example, five years ago, a taxi company might have thought that decreasing the wait time when a customer ordered a cab would be sufficient. But some companies saw a competitive opportunity in addressing the wishes of customers trying to deal with a transportation challenge by getting more control, comfort, and safety, as well as lower costs. Understanding and addressing customer needs more effectively is a key reason successful start-ups disrupt industries in today's more customer-centric marketplace.

It is vital to define an aspiration centered on what matters to customers—and on how it affects your business. There may be no customer-experience location more demanding than major airports, and executives at one recently discovered how powerful and counterintuitive the responses to these questions can be. The executives formed a broad change team and spent several months determining what the airport should aim to deliver. Their aspiration at once captured the simplicity of the goal and the daunting complexity of the task: to provide the most enjoyable and efficient way possible for travelers to get from one destination to another.

Customer experience

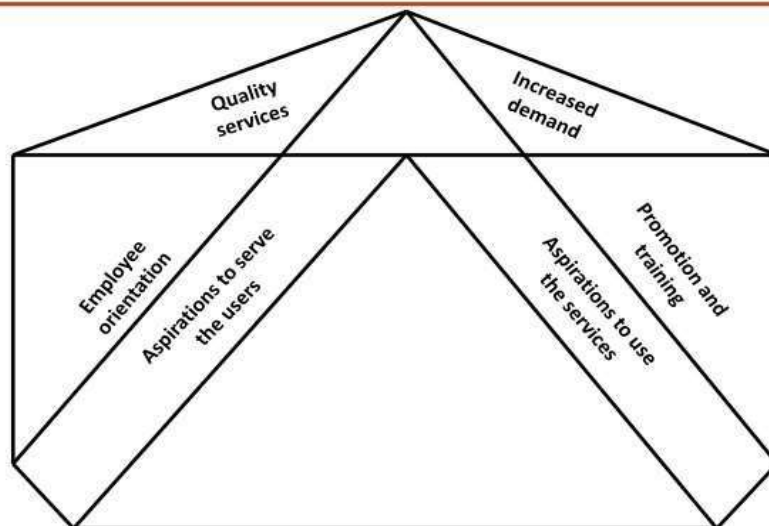
The effort to deliver that experience started with a multilayer diagnostic. It involved complex analyses, passenger tracking (via Wi-Fi) that yielded more than a million data points in the first few weeks, and employee focus groups that concentrated on the issues that matter to employees and customers. Traditional shop-floor observations were included as well. Combining these inputs, the airport's team developed a profile of what makes customers satisfied (or dissatisfied) with airports,

as well as actionable insights that led directly to the design of a new customer-experience program (exhibit).

Exhibit

We strive to provide individuals with disabilities equal access to our website. If you would like information about this content we will be happy to work with you. Please email us at: McKinsey_Website_Accessibility@mckinsey.com There were surprises because initial ideas about what matters to customers were not always accurate, so the airport was at risk of being pulled into aspects of its operations that did not really matter. Among the drivers that did, such as moving smoothly through security, what really satisfied customers was not always obvious. For example, satisfaction with interactions involving the Transportation Security Administration (TSA) had more to do with the customers’ perceptions of the way its officers behaved than with time spent standing in line.

Building Service Aspirations



Building Service Aspirations

The service generating organisations building service aspirations in the process of generating demand for the services. The aspirations may be generated in two ways, namely, generating aspirations to serve the users and generating aspirations to use the services.

Service aspirations of organisation engaged in generating services focus on offering quality services. Quality is generally conceptualised as an attitude towards service.

Introduction

To understand the services marketing mix framework, it's necessary to understand the nature of services. According to Wolak, Kalafitis & Harris, the characteristics of services are:

- Intangibility—the service cannot be touched or viewed, so it is difficult for clients to tell in advance what they will be getting.
- Inseparability (simultaneity)—the service is being produced at the same time that the client is receiving it (eg during an online search, or a legal consultation).
- Heterogeneity (variability)—services involve people, and people are all different. There is a strong possibility that the same enquiry would be answered slightly differently by different people (or even by the same person at different times). It is important to minimize the differences in performance (through training, standard-setting and quality assurance).
- Perishability—unused capacity cannot be stored for future use. For example, spare seats on one airplane cannot be transferred to the next flight, and query-free times at the reference desk cannot be saved up until there is a busy period.

7 P'S OF MARKETING MIX

The service marketing mix is also known as an extended marketing mix and is an integral part of a service blueprint design. The service marketing mix consists of 7 P's as compared to the 4 P's of a product marketing mix. Simply said, the service marketing mix assumes the service as a product itself. However it adds 3 more P's which are required for optimum service delivery.

The product marketing mix consists of the 4 P's which are Product, Pricing, Promotions and Placement. These are discussed in my article on product marketing mix – the 4 P's.



The extended service marketing mix places 3 further P's which include People, Process and Physical evidence. All of these factors are necessary for optimum service delivery. Let us discuss the same in further detail.

1) Product

The product in service marketing mix is intangible in nature. Like physical products such as a soap or a

detergent, service products cannot be measured. Tourism industry or the education industry can be an excellent example. At the same time service products are heterogeneous, perishable and cannot be owned.

The service product thus has to be designed with care. Generally service blue printing is done to define the service product. For example – a restaurant blue print will be prepared before establishing a restaurant business. This service blue print defines exactly how the product (in this case the restaurant) is going to be.

Place

Place in case of services determine where is the service product going to be located. The best place to open up a petrol pump is on the highway or in the city. A place where there is minimum traffic is a wrong location to start a petrol pump. Similarly a software company will be better placed in a business hub with a lot of companies nearby rather than being placed in a town or rural area. Read more about the role of business locations or Place element.

Promotion

Promotions have become a critical factor in the service marketing mix. Services are easy to be duplicated and hence it is generally the brand which sets a service apart from its counterpart. You will find a lot of banks and telecom companies promoting themselves rigorously.

Pricing

Pricing in case of services is rather more difficult than in case of products. If you were a restaurant owner, you can price people only for the food you are serving. But then who will pay for the nice ambiance you have built up for your customers? Who will pay for the band you have for music?

People

People is one of the elements of service marketing mix. People define a service. If you have an IT company, your software engineers define you. If you have a restaurant, your chef and service staff defines you. If you are into banking, employees in your branch and their behavior towards customers defines you. In case of service marketing, people can make or break an organization. Thus many companies nowadays are involved into specially getting their staff trained in interpersonal skills and customer service with a focus towards customer satisfaction. In fact many companies have to undergo accreditation to show that their staff is better than the rest. Definitely a USP in case of services.

Process

Service process is the way in which a service is delivered to the end customer. Let's take the example of two very good companies – McDonalds and FedEx. Both the companies thrive on their quick service and the reason they can do that is their confidence on their processes. On top of it, the demand of these services is such that they have to deliver optimally without a loss in quality. Thus the process of a service company in delivering its product is of utmost importance. It is also a critical component in the service blueprint, wherein before establishing

the service, the company defines exactly what should be the process of the service product reaching the end customer.

Physical Evidence

The last element in the service marketing mix is a very important element. As said before, services are intangible in nature. However, to create a better customer experience tangible elements are also delivered with the service. Take an example of a restaurant which has only chairs and tables and good food, or a restaurant which has ambient lighting, nice music along with good seating arrangement and this also serves good food. Which one will you prefer? The one with the nice ambience. That's physical evidence.

PRODUCT - Elements of Production Decisions

In decisions on producing or providing products and services in the international market it is essential that the production of the product or service is well planned and coordinated, both within and with other functional area of the firm, particularly marketing. For example, in horticulture, it is essential that any supplier or any of his "out grower" (sub-contractor) can supply what he says he can. This is especially vital when contracts for supply are finalised, as failure to supply could incur large penalties.

The main elements to consider are the

- **Production Process**
- **Specifications**
- **Culture**
- **The Physical Product**
- **Packaging**
- **Labelling**
- **Branding**
- **Warranty And Service.**

The key question is, can we ensure continuity of supply? In manufactured products this may include decisions on the type of manufacturing process – artisanal, job, batch, flow line or

group technology. However in many agricultural commodities factors like seasonality, perishability and supply and demand have to be taken into consideration.

Quantity and quality of horticultural crops are affected by a number of things. These include input supplies (or lack of them), finance and credit availability, variety (choice), sowing dates, product range and investment advice. Many of these items will be catered for in the contract of supply.

Specification:

Specification is very important in agricultural products. Some markets will not take produce unless it is within their specification. Specifications are often set by the customer, but agents, standard authorities (like the EU or ITC Geneva) and trade associations can be useful sources. Quality requirements often vary considerably.

Culture:

Product packaging, labeling, physical characteristics and marketing have to adapt to the cultural

requirements when necessary. Religion, values, aesthetics, language and material culture all affect production decisions.

Physical Product:

The physical product is made up of a variety of elements. These elements include the physical product and the subjective image of the product. Consumers are looking for benefits and these must be conveyed in the total product package.

Physical characteristics include range, shape, size, color, quality, quantity and compatibility. Subjective attributes are determined by advertising, self-image, labelling and packaging. In manufacturing or selling produce, cognisance has to be taken of cost and country legal requirements.

Packaging:

Packaging serves many purposes. It protects the product from damage which could be incurred in handling and transportation and also has a promotional aspect. It can be very expensive. Size, unit type, weight and volume are very important in packaging. For aircraft cargo the package needs to be light but strong, for sea cargo containers are often the best form.

The customer may also decide the best form of packaging. Increasingly, environmental aspects are coming into play. Packaging which is non-degradable plastic, for example is less in demand. Biodegradable, recyclable, reusable packaging is now the order of the day. This can be both expensive and demanding for many developing countries.

Labelling:

Labelling not only serves to express the contents of the product, but may be promotional

This could be very demanding for producers, especially small scale, ones where production techniques may not be standardised. Government labelling regulations vary from country to country. Bar codes are not widespread in Africa, but do assist in stock control. Labels may have to be multilingual, especially if the product is a world brand.

Product Development

The entire product development process is characterized by a number of factors which complicate its conduct. The first is that all functional units of the enterprise are involved at various points, and many of them throughout the entire process. They must be carefully mobilized and their natural resistance to cooperative action overcome.

Second, many different types of activity must be carried on concurrently. Practically all of these are necessary prerequisites to later activities. Thus, there is an acute problem of timing, requiring the establishment of target dates and follow-up to determine progress.

For products that require a substantial amount of technical research and development work, the period from the original concept of the idea until commercialization is typically five to ten years.

Third, is the need for several check points at which the project is considered in all of its aspects, and decisions are reached—whether it should be abandoned, put on the shelf, or continued at a given rate of work?

There is no magic number of such points, although the most obvious occur at:

1. Preliminary screening of new-product ideas.
2. The time substantial amounts of expenditures are authorized for research and development.
3. Authorization for prototype manufacture and market or use testing.
4. The decision regarding full-scale manufacture and marketing.

Elements of a product development system would vary from one firm to another, certain activities are basic to the process itself.

These include at least the following phases:

- 1. Generating new-product ideas.**
- 2. Preliminary appraisal of new product ideas and selection of projects.**
- 3. Product and market research.**
- 4. Process research.**
- 5. Prototype testing in production and marketing.**
- 6. Commercialization.**

With the exception of the second step, the appraisals that are likely to be made near the end of one phase and the beginning of the next have been omitted.

1. Generating New-Product Ideas:

It is almost a truism that new product ideas should match the capabilities of the enterprise and be generated in sufficient number to present a real choice of opportunities. Both internal and external sources should be consulted.

a. Internal Sources:

Stimulating a flow of ideas internally is largely a matter of gaining and holding the interest of groups in the organization. One means of doing this is to provide adequate machinery for prompt acknowledgement, review, and decision regarding new-product ideas submitted by insiders.

Delay in acting on such ideas is apt to be interpreted as lack of interest on the part of management and can dampen creative effort. Financial rewards can also be effective in generating ideas, particularly if they are offered promptly.

Some of the more obvious internal sources of new-product ideas are:

i. Research and Development Departments:

For companies large enough to support them, R&D departments are usually fruitful sources of new-product ideas. As a rule, research personnel are very imaginative and accustomed to working with new concepts.

Although they are not always fully aware of the commercial requirements of new products, this limitation can be met in part through the efforts of the research director to create in his staff an understanding of cost and profit problems.

An important characteristic of research personnel as a source is that they are typically thinking ahead to future technology and are not likely to be influenced by current industrial practices.

ii. Technical Service Staffs:

Technical service personnel are usually a good source of product ideas due to their close contact with the problems of applying company products to customer needs. Service personnel frequently specialize by customer industry and thus have an intimate knowledge of their changing needs. Dealing with complaints about the technical characteristics or performance of products often suggests new-product ideas.

Without proper encouragement, though, technical service men are likely to be interested only in improvements to present products rather than in new products. While the former are important, it is the latter which offers the greatest new business potential.

iii. Company Salesmen:

A salesman often displays the same tendency to relate ideas primarily to present products as do technical service personnel. However, a salesman is in a particularly good position to discover opportunities for new products because of his day-to-day contact with customers and his familiarity with competitive products.

If he is alert and has the right kind of contacts with influential managers inside the customer firm, he may be able to identify the direction of customer research and development. This provides important clues to the types of materials and equipment they are likely to need in the future.

The value of the industrial sales force as a source of new-product ideas depends in part on the marketing channels used by the company. If sales flow mainly through distributor channels, these provide a sort of insulation between user and company with regard to detailed knowledge of the user's needs and desires.

Even in this case, however, an alert sales force will maintain close contact with the most important customers of distributors and will attempt to keep in close touch with distributors and their salesmen about the problems and conditions of product use.

iv. Executive Personnel:

Executives in sales, production, research, and general management have an intimate view of the needs and probable future course of the company. They represent a source of ideas that should be consistent with company capabilities and potential.

Some of them are likely to possess an intuitive sense of profit opportunities and of the proper timing for maximum exploitation of them. In addition, they are apt to have access to the high-level trade grapevines that often carry surprisingly accurate news about the product planning and development activities of customers and competitors.

v. Company Sales Records:

Analyses of company sales results by product lines and by items is useful in indicating the need for redesign of some products and the approaching obsolescence of others, as well as the types of products that have won strong buyer acceptance.

vi. Company Patent Departments:

Personnel staffing patent departments should not be overlooked as sources of new-product ideas. They are trained to think in terms of new products. For the alert, motivated employee, patent searches as well as the writing of patent descriptions can generate new-product ideas.

b. External Sources:

A variety of sources of new-product ideas may be found outside the company. The most common are probably competitors, free-lance inventors, and trade literature.

i. Competitors:

Successful competitors can often be a source of valuable clues concerning the number of items or models which should be included in the product line. The concept of a full line is somewhat difficult to define. While it is often desirable to sell more than a single product or a single product line, the point of diminishing returns is difficult to identify.

The number of product lines and the breadth of these lines that competitors are selling successfully may serve as a crude yardstick in determining the product mix that is best for one's own company. If new products are called for, the general nature of these products is already outlined by competitors.

ii. Free-Lance Inventors:

Although not the important source of new-product opportunities they once were, free-lance inventors are still credited with some important product innovations. Business men will not soon forget C. F. Carlson's copying machine or Edwin Land's camera. Both men were turned down by blue-chip companies and forced to form their own enterprises—Xerox and Polaroid.

iii. Trade Literature:

Literature searches, both in United States publications and those of foreign countries, have proved fruitful for some companies. In a number of instances, equipment developed in foreign countries has later appeared in the United States through import channels.

The practice of following foreign technical literature enabled one domestic company to develop similar equipment and have it on sale in this country before imports appeared.

iv. Other Outside Sources:

These include professional society meetings, trade shows, exhibits, government research programs, university research programs, and consulting organizations. The problem in using such sources is how to tap them without an excessive expenditure of time and energy.

2. Preliminary Appraisal:

This phase has two major purposes. The first is to eliminate ideas that are clearly unworthy of further consideration. The second is to select from among the remainder those with enough promise to warrant exploratory work by technical research.

Great reliance is usually placed on the experience and judgment of executives in conducting the screening process. Because of the multiplicity of issues which affect the desirability of pursuing any specific new-product idea, it is often useful to develop a checklist of questions to be answered.

3. Product and Market Research:

This phase includes the technical, economic, and market research carried on after an idea has been selected as a project after the preliminary appraisal. The amount of technical research necessary will vary greatly, depending on the difficulties involved in achieving a satisfactory product. The more similar the new product is to those currently being manufactured, the less likely is the need for significant amounts of technical work.

4. Process Research:

In point of time, this phase may overlap the preceding one as the technical group begins to investigate the most feasible way of producing the new product and developing information needed for patent application. The best way to test various manufacturing techniques may be to build a pilot plant and produce the product in small quantities. Quality control problems are also investigated during this phase.

5. Prototype Testing:

With modest amounts of the product available, market development personnel can begin field testing with a selected group of customers who agree to cooperate, often in return for assurances of preferential treatment if the product proves satisfactory.

All information gathered from field evaluations is relayed back to the technical group who review it for clues to possible flaws in product design.

6. Commercialization:

New products approved for commercialization enter the final phase of the development process. During the period required to get into full-scale production various activities, such as package design, promotional literature, and advertising copy can be completed.

Depending on the similarity of the new product to present products and its estimated market potential, it might be assigned to an existing division, to a new division specifically established for it, or to a new

enterprise owned wholly or partially by the developing company.

PRODUCT – DETERMINANTS OF THE PRODUCT MIX

Conditions which appear to exert a major influence on the product- mix decision are:

1. Technology:

Comparatively little industrial research is basic in the sense that it is directed to the discovery of new principles or knowledge. By far the greatest industrial use of research and development is in the application of existing knowledge to the development of new products and processes or the improvement of existing ones.

The rate of technological change is accelerating, and technical research is unquestionably the most basic force affecting the product mix of the individual company.

2. Competition:

A second important determinant of a firm's product mix is changes in competitors' product offerings. Closely related is the introduction of competitive products by companies not now considered to be competitors.

This has happened increasingly in recent years, with the growing tendency of industrial firms to enlarge their product mixes to include product lines in fields and markets not previously served.

Changes in competitive products represent a direct challenge to a company, and if the change is a truly significant improvement, it may prove disastrous unless it can be matched or surpassed within a reasonable length of time.

3. Operating Capacity:

Another important factor influencing a marketer's product mix is underutilized capacity. Since production facilities are usually composed of complexes of interrelated machines, changes in production capacity can rarely be made in small increments.

When demand outruns existing facilities and a new equipment complex is brought on line, there may be a period in which it is not totally utilized in satisfying existing demand.

In such situations it is very common for management to be under pressure to find new products which the equipment can make. Similarly, when a marketing organization is established to serve a particular territory for a given product line, it often becomes apparent that salesmen could handle other lines as well, and pressure is generated to find other products they can sell profitably.

4. Market Factors:

Although declines in demand are disturbing to management and may result in an expansion of the product mix in an effort to replace lost business, upward changes are also of significance. Management's responsibility is to capitalize as fully as possible on expanding product fields just as much as it is to meet the challenge of declining markets.

These changes in demand are of various types:

i. Shifts in Customer's Product Mix:

Goods which enter into customers' products such as parts and components are vulnerable to changes in the product lines manufactured by customers. If the customer is himself an industrial goods producer selling to other industries, his shift may be triggered by changes his customers have found necessary. Depending on the direction of change, pressure for an expansion or contraction of his own product mix is apt to result.

In addition to the product demand shifts brought about by customers' changes in product line design to

meet their own customer needs, some regular customers may engage in diversification programs that expand their product mix.

This offers opportunities for the sale of additional quantities or for modification of the seller's product mix to capitalize on additional business available from them. Since diversification programs often grow out of a decline in business or the fear of a future decline, there may well be concurrent drops in normal demand.

ii. Changes in Availability or Cost:

A material or part used in making an end product may become scarce or its price may go up so as to distort the competitive relationships in either the component or the end product market. This necessitates product modification by the firm supplying the components and by consequence alters its mix of products.

iii. Changes in Manufacturing Processes:

Manufacturers of special purpose machines are particularly vulnerable to changes in the manufacturing processes of their customers. A change in process can render their machines obsolete, forcing a constriction in the product mix.

iv. Shifts in Location of Customers:

Transportation costs are important for many types of industrial goods. These costs limit the geographical extent of the market that can be profitably served by an industrial marketer, and any shift of customers out of this market area can result in major declines in sales and the necessity for replacing this lost business with other products.

Sometimes migration of industry into the area economically served by a producer helps offset losses from outward migration. Some manufacturers, however, have been so closely tied to particular industries—for example, textiles—that large-scale migration becomes a death sentence unless the supplier also moves.

v. Changes in Levels of Business Activity:

Nearly every producer faces some type of seasonal pattern of sales, and also is vulnerable in greater or less extent to major shifts in the level of general business. Some companies have extended their product mix by adding lines whose seasonal patterns offset those of their present lines, and thus have obtained a reasonably even rate of total production and sales activity throughout the year. This consideration also applies to distributors who may feel the need for a product mix that evens out seasonal fluctuations.

In somewhat similar fashion, some companies have sought to add product lines less sensitive to business-cycle fluctuations than are their existing ones. Many manufacturers of machinery, particularly in the major equipment groups, are concerned about their sensitivity to cyclical drops in demand and would like to meet this drop through diversification. Cyclical fluctuations are often of the rolling type in that demand does not decline in all industries at the same time.

vi. Government Controls:

The last several decades have been a period of war and general tension in international relations. It seems certain that for many years in the future there will be a high level of government spending for national defense, coupled with the possibility of limited scale military action.

Such government controls have widespread ramifications through industry, and tend to cause major changes in sales volume for particular product lines. When there is no possibility of substituting materials, little product action can be taken.

Frequently, however, such a tight material situation may encourage experimentation and research on substitute materials to perform the function. This leads to changes in product mix.

IMPORTANCE OF PRODUCT

1. Central Point for All Marketing Activities:

Product is the foundation of all the marketing activities such as, selling, purchasing, advertisement, distribution, sale promotion, etc. It is the product which is the vehicle of profitability for the business.

2. Starting Point of Planning:

The starting point of any marketing programme is the product. Planning for all marketing activities such as distribution, price, sales promotion, advertising, etc. is made on the basis of the nature, quality and the demand for the product. Product policies decide all other policies.

3. Product is an End:

The main objective of all marketing activities is to satisfy the customers. Various policies and techniques are formulated to provide the customers benefits, utilities and satisfactions through the product. Thus, product is the means for satisfaction of customers. The producer must insist on the quality and functionality of the product so that it may satisfy the customer's needs.

4. Product is Indispensable:

Product is a must for marketing activities. All marketing activities are done for the satisfaction of customer. The producers must know their customers and their needs. They should also know their product and its qualities.

The product must contain the qualities which can satisfy the customers, should make continuous and sincere efforts to know their product through marketing research and planning and to improve it wherever it is lacking.

PRICING STRATEGIES

DEFINITION OF 'PRICING STRATEGIES'

Definition: Price is the value that is put to a product or service and is the result of a complex set of calculations, research and understanding and risk taking ability. A pricing strategy takes into account segments, ability to pay, market conditions, competitor actions, trade margins and input costs, amongst others. It is targeted at the defined customers and against competitors.

11 Pricing Strategies for Service Businesses

There are many different pricing strategies to choose from. Here are 11:

1. Market penetration strategy: Set prices low to grow market share. Then increase your rates over time as your customer base grows. Admittedly, this isn't a common pricing strategy for service businesses, but it can help you grow your customer base quickly. The big problem with this approach is that some customers may associate the lower price with an inferior level of service. You will also have to work a lot harder to cover your costs.

2. Price skimming: The opposite of a market penetration strategy. Here you set a high price and lower it over time. Again, this isn't your typical pricing strategy for a service business. But

it may work if you have something special to offer. The pros are that you'll maximize your profits upfront and grow a more sustainable business. The big drawback, however, is that if you can't justify the price, you'll struggle to get your business off the ground.

3. Premium pricing: Charge higher prices because you have something that makes you unique. For example, do you offer a warranty or service guarantee that your competitors do not? Do you use exclusive tools or technology that make your business easier to work with and deliver results that stand out?

4. Economy pricing: Set low prices because overheads are low. Your costs may be low for several reasons. Perhaps you use software to organize and manage your business instead of hiring an assistant. Or maybe you have a special arrangement with one of your suppliers which allows you to get inexpensive

supplies.

5. Cost-plus pricing: Calculate the cost to deliver your services and add a margin for a profit. For example, if you know your time and materials cost \$200, and you want to make a 20% profit margin, simply charge \$240. This is a straightforward pricing strategy, but it can cost you money because you may end up setting a lower price than what customers are actually willing to pay.

6. Psychological pricing: Prices based on the psychological impact they have. For example, it's believed that odd prices like \$19.97 are more attractive than round numbers like \$20.00.

7. Competitive pricing: Charge according to what the competition charges. While competitors can give you a good idea of where to start, remember that your business is unique. Just because someone is charging a specific price doesn't mean you should match or undercut them.

8. Bundled pricing: Also known as packaged pricing, this strategy involves bundling various services together and charging one price. Bundled services are usually cheaper than if customers were to purchase each service individually. If done correctly, this technique is a great way to upsell more services and boost your profits

9. Tiered pricing: Offer clients the option of choosing between different levels of service or packages. In window cleaning, for example, you can offer a basic package for \$99 (outside cleaning only), a standard package for \$149 (inside and outside), or a deluxe package for \$199 (inside, outside, tracks and sills). Each package offers incrementally more value, and the difference in price gives the consumer a chance to consider what they are willing to spend.

10. Value-based pricing: Charge a flat fee based on the value (benefits) your service provides. Value, for example, could mean saving the customer time or giving them peace of mind. Before quoting a client, make sure you're clear on the benefits your service provides and, in turn, what they're actually paying for.

11. Hourly-based pricing: Estimate how long a job will take and multiply it by your hourly rate. Although this pricing strategy may be suitable when starting a business, do use it with caution as it has its downsides:

- You aren't rewarded for becoming better and faster at what you do
- Clients may feel you're purposefully taking your time on a job so you can earn more
- The focus is on the cost of the service rather than the value, which opens you up to price haggling

Factors to Help You Choose the Right Service Pricing Strategy

• **Your overheads.** If you have lower overheads, you can charge more competitive prices. Conversely, if your costs are high, then competing on price isn't viable. You're better off charging a premium based on a unique differentiator.

• **Your goals.** If you're a new business looking to get customers fast, you may opt for a market penetration strategy to achieve rapid adoption.

• **How established you are.** If you've been operating for a few years and want to grow faster and sustainably, offering packages is a good option. Providing packages helps you sell more by turning the intangible (your service) into something tangible (a product), which makes it easier for customers to buy.

The Bottom Line on Pricing Strategies for Service Businesses

The word "pricing" instills fear into many small service business owners—and with good reason.

Pricing services is generally harder than pricing products as each job is different, and you have to grapple with your own experience, insecurities, and specifics of each job. On top of that, pricing is complex with many different pricing strategies to choose from.

Of course, just because something seems difficult, doesn't mean it is or that you shouldn't try. After all, the more jobs you bid for, the more you'll learn about what works and what doesn't. It'll only be a matter of time before you find a pricing strategy that's right for your business.

PRICING MODELS AND POSITIONING FOR HIGH-TECH PRODUCTS

There are different methods of determining the price for high-tech products.

1. **Cost + profit margin:** Add a profit margin percentage to the costs associated with producing and distributing the product.
2. **Rate of return and break-even point:** Calculate the unit price: $\text{price} = \text{unit cost} + [(\text{rate of return} \times \text{investment}) \div \text{quantity sold}]$. Then determine the break-even point: the level at which sales figures cover related fixed and variable costs.
3. **Market price:** Set the price according to the main competitor's price.
4. **Bidding price:** Set the price according to available information about competitor bids and the customers' opinion of the product's advantages.
5. **Comparison with substitute products:** Set the price relative to products for which it will substitute.
6. **Value-based pricing:** Set the price based on how the customer values the product. (See below for further details.)

VALUE-BASED PRICING

Value-based pricing attempts to establish the return generated by the product's use from the customer's point of view. How a customer perceives product value, and the actual value the customer receives, can be estimated by identifying:

- the target customer (their budget, ability to purchase)—specifically, the value can be estimated by developing an application scenario
- buyer motivation (willingness to buy, the risk involved)
- the product and its complexity (its ability to meet customer's objectives)
- distribution (delivery, support)

5 common pricing strategies

Pricing a product is one of the most important aspects of your marketing strategy. Generally, pricing strategies include the following five strategies.

1. Cost-plus pricing—simply calculating your costs and adding a mark-up
2. Competitive pricing—setting a price based on what the competition charges
3. Value-based pricing—setting a price based on how much the customer believes what you're selling is worth
4. Price skimming—setting a high price and lowering it as the market evolves
5. Penetration pricing—setting a low price to enter a competitive market and raising it later

How do you arrive at a value-based price?

Dolansky provides the following advice for entrepreneurs who want to determine a value-based price.

- Pick a product that is comparable to yours and find out what the customer pays for it.
- Find all of the ways that your product is different from the comparable product.
- Place a financial value on all of these differences, add everything that is positive about your product and subtract any negatives to come up with a potential price.
- Make sure the value to the customer is higher than your costs.
- Demonstrate to customers why the price will be acceptable, which includes talking to them.
- If there is an established market, the current price range will help educate you about the customers' price expectations.

Value-based pricing: Best for differentiated businesses

Dolansky says entrepreneurs often used cost-based pricing because it's easier. They may also copy the prices of their competitors, which, while not ideal, is a slightly better strategy.

In an ideal world, all entrepreneurs should use value-based pricing, Dolansky says. But entrepreneurs who sell a commodity-like service or product, for example warehousing or plainwhite t-shirts, are more likely to compete on low costs and low prices.

For entrepreneurs offering products that stand out in the market—for example artisanal goods, high-tech products or unique services—value-based pricing will help better convey the value they offer.

3 ways value-based pricing can provide an advantage

In value-based pricing, the perceived value to the customer is primarily based on how well it's suited to the needs and wants of each customer. Dolansky says a company can gain an advantage over its competitors in the following ways.

1. The price is a better fit with the customer's perspective.
2. Value-based pricing allows you to be more profitable, meaning you can acquire more resources and grow your business.
3. When a price doesn't work, the answer isn't just to lower it, but to determine how it can better match customer value. That may mean adapting the product to better suit the market.

Pricing needs to match your target market

To sum up, pricing is one of the most important aspects of your market strategy, which also includes promotion, placement (or distribution) and people.

"It's important when you are considering your price that you realize it is not for yourself, but for your target customers," says Dolansky.

All pricing strategies are two-edge swords. What attracts some customers will turn off others. You cannot

be all things to all people. But, remember you want the customer to buy your product, which is why you must use a strategy that's appropriate to your target market.

PRICING STRATEGIES & PRICING TACTICS

These are adopted over the medium to long term to achieve marketing objectives They have a significant impact on marketing strategy.

Pricing tactics

These are adopted in the short run to suit particular situations Tactics have only limited impact beyond short-term sales of the product itself.

It may also be that the pricing strategies a business can implement are constrained by the competitive position of the business.

It is often said that there are **four categories of position** a business can find itself in which influence the control it has over pricing:

(1) Price taker

Here, a business has no option but to charge the ruling market price.

(2) Price maker

For a price maker, the business has a strong enough competitive position to be able to fix its own price – either higher or lower than the competition.

(3) Price leader

A price leader is often a market leader whose market share is so strong that its price changes are closely followed (and often copied) by rivals

(4) Price follower

A business that just follows the price-changing lead of the market leader (ignoring the rest of the competition)

Types of Pricing Strategies

1. Competition-Based Pricing
2. Cost-Plus Pricing
3. Dynamic Pricing
4. Freemium Pricing
5. High-Low Pricing
6. Hourly Pricing
7. Skimming Pricing
8. Penetration Pricing
9. Premium Pricing
10. Project-Based Pricing
11. Value-Based Pricing
12. Bundle Pricing
13. Psychological Pricing
14. Geographic Pricing

1. Competition-Based Pricing Strategy

Competition-based pricing is also known as competitive pricing or competitor-based pricing. This pricing strategy focuses on the existing market rate (or **going rate**) for a company's product or service; it doesn't take into account the cost of their product or consumer demand.

Instead, a competition-based pricing strategy uses the competitors' prices as a benchmark. Businesses who compete in a highly saturated space may choose this strategy since a slight price difference may be the deciding factor for customers.

With competition-based pricing, you can price your products slightly below your competition, the same as your competition, or slightly above your competition. For example, if you sold marketing automation software, and your competitors' prices ranged from \$19.99 per month to \$39.99 per month, you'd choose a price between those two numbers.

Whichever price you choose, competitive pricing is one way to stay on top of the competition and keep your pricing dynamic.

2. Cost-Plus Pricing Strategy

A cost-plus pricing strategy focuses solely on the cost of producing your product or service, or your COGS. It's also known as markup pricing since businesses who use this strategy "markup" their products based on how much they'd like to profit.

To apply the cost-plus method, add a fixed percentage to your product production cost. For example, let's say you sold shoes. The shoes cost \$25 to make, and you want to make a \$25 profit on each sale. You'd set a price of \$50, which is a markup of 100%.

3. Dynamic Pricing Strategy

Dynamic pricing is also known as surge pricing, demand pricing, or time-based pricing. It's a flexible pricing strategy where prices fluctuate based on market and customer demand.

Hotels, airlines, event venues, and utility companies use dynamic pricing by applying algorithms that consider competitor pricing, demand, and other factors. These algorithms allow companies to shift prices to match when and what the customer is willing to pay at the exact moment they're ready to make a purchase.

4. Freemium Pricing Strategy

A combination of the words "free" and "premium," freemium pricing is when companies offer a basic version of their product hoping that users will eventually pay to upgrade or access more features. Unlike cost-plus, freemium is a pricing strategy commonly used by SaaS and other software companies. They choose this strategy because free trials and limited memberships offer a "peek" into a software's full functionality — and also build trust with a potential customer before purchase.

With freemium, a company's prices must be a function of the perceived value of their products. For example, companies that offer a free version of their software can't ask users to pay \$100 to transition to the paid version. Prices must present a low barrier to entry and grow incrementally as customers are offered more features and benefits.

5. High-Low Pricing Strategy

A high-low pricing strategy is when a company initially sells a product at a high price but lowers that price when the product drops in novelty or relevance. Discounts, clearance sections, and year-end sales are examples of high-low pricing in action — hence the reason why this strategy may also be called a **discount pricing strategy**.

High-low pricing is commonly used by retail firms who sell seasonal or constantly-changing items, such as clothing, decor, and furniture. What makes a high/low pricing strategy appealing to sellers? Consumers enjoy anticipating sales and discounts, hence why Black Friday and other universal discount days are so popular.

6. Hourly Pricing Strategy

Hourly pricing, also known as rate-based pricing, is commonly used by consultants, freelancers, contractors, and other individuals or laborers who provide business services. Hourly pricing is essentially trading time for money. Some clients are hesitant to honor this pricing strategy as it can reward labor instead of efficiency.

7. Skimming Pricing Strategy

A skimming pricing strategy is when companies charge the highest possible price for a new product and then lower the price over time as the product becomes less and less popular. Skimming is different than high-low pricing in that prices are lowered gradually over time.

Technology products, such as DVD players, video game consoles, and smartphones, are typically priced using this strategy as they become less relevant over time. A skimming pricing strategy helps recover sunk costs and sell products well beyond their novelty, but the strategy can also annoy consumers who bought at full price and attract competitors who recognize the “fake” pricing margin as prices are lowered.

8. Penetration Pricing Strategy

Contrasted with skimming pricing, a penetration pricing strategy is when companies enter the market with an extremely low price, effectively drawing attention (and revenue) away from higher-priced competitors. Penetration pricing isn't sustainable in the long run, however, and is typically applied for a short time.

This pricing method works best for brand new businesses looking for customers or for businesses that are breaking into an existing, competitive market. The strategy is all about disruption and temporary loss ... and hoping that your initial customers stick around as you eventually raise prices.

9. Premium Pricing Strategy

Also known as premium pricing and luxury pricing, a prestige pricing strategy is when companies price their products high to present the image that their products are high-value, luxury, or premium. Prestige pricing focuses on the perceived value of a product rather than the actual value or production cost.

Prestige pricing is a direct function of brand awareness and brand perception. Brands who apply this pricing method are known for providing value and status through their products — which is why they're priced higher than other competitors. Fashion and technology are often priced using this strategy because they can be marketed as luxurious, exclusive, and rare.

10. Project-Based Pricing Strategy

A project-based pricing strategy is the opposite of hourly pricing — this approach charges a flat fee per project instead of a direct exchange of money for time. It is also used by consultants, freelancers, contractors, and other individuals or laborers who provide business services.

Project-based pricing may be estimated based on the value of the project deliverables. Those who choose this pricing strategy may also create a flat fee from the estimated time of the project.

11. Value-Based Pricing Strategy

A value-based pricing strategy is when companies price their products or services based on what the

customer is willing to pay. Even if they *can* charge more for a product, they decide to set their prices based on customer interest and data. If used accurately, value-based pricing can boost your customer sentiment and loyalty. It can also help you prioritize your customers in other facets of your business, like marketing and service.

On the flip side, value-based pricing requires you to constantly be in tune with your various customer profiles and **buyer personas** and possibly vary your prices where your customers vary.

12. Bundle Pricing Strategy

A bundle pricing strategy is when you offer (or "bundle") two or more complementary products or services together and sell them for a single price. You may choose to sell your bundled products or services *only* as part of a bundle, or sell them as *both* components of bundles *and* individual products.

This is a great way to add value through your offerings to customers who are willing to pay extra upfront for more than one product. It can also help you get your customers hooked on more than one of your products faster.

13. Psychological Pricing Strategy

Psychological pricing is what it sounds like — it targets human psychology to boost your sales.

14. Geographic Pricing Strategy

Geographic pricing is when products or services are priced differently depending on geographical location or market.

This strategy may be used if a customer from another country is making a purchase or if there are disparities in factors like the economy or wages (from the location in which you're selling a good to the location of the person it is being sold to).

Original Dimensions of Service Quality – Explained!

1. Tangibles:

The physical appearance of the facilities, staff, buildings, etc., e.g. Does the equipment appear modern? How clean is the waitress's apron?

2. Reliability:

The ability to reproduce the same level of service again and again e.g.. Is feedback regarding student progress always given? Are messages always passed on?

3. Responsiveness:

The speed with which queries etc. and dealt with e.g.. Are letters replied to by return of post, or does it take a month? Is feedback on assignments given within a week in time for students to assimilate the information,

or does the feedback come too late, after the examination has been taken?

4. Communication:

The clarity and understandability of the information given to the client, e.g. Does the doctor take the time to explain in terms the patient can understand, what is going to happen next? Does the solicitor explain clearly what the legal jargon means?

5. Credibility:

The trustworthiness of the service provider, e.g. Does the newspaper reporter report all the facts or only those which support his/her argument? Does the financial adviser present all the options or only those which earn him/her the most commission?

6. Security:

The physical safety of the customer or privacy of client information, e.g. Are the medical records of patients kept confidential? Are the stands in the football ground strong enough to support the weight of all the supporters?

7. Competence:

The actual technical expertise of the service provider, e.g. Is the doctor really qualified to perform heart surgery? Does the financial adviser have sufficient knowledge of all the relevant tax regulations?

8. Courtesy:

The attitude of the service provider and manner adopted by the server, e.g.. Is the receptionist friendly, helpful and polite? Does the doctor treat the patient as an inferior being?

9. Understanding:

How well the provider of the service understands the client's needs e.g. Does the bank recognize that most clients cannot get to the bank in working hours? Are there mirrors positioned in the hotel bathrooms which allow guests to see the back of their hair?

10. Access:

How easy is it to reach the service provider, geographically or by phone, e.g. Are there car parking facilities close to the solicitor's office? Does it always take five attempts to get the solicitor on the phone

Table 15.1 : GENERIC DIMENSIONS USED BY CUSTOMERS TO EVALUATE SERVICE QUALITY

| <i>Dimension</i> | <i>Definition</i> | <i>Examples of Questions That Customers Might Raise</i> |
|----------------------------|--|---|
| Credibility | Trustworthiness, believability honesty of the service provider | <ul style="list-style-type: none"> - Does the hospital have a good reputation? - Does my stockbroker refrain from pressuring me? |
| Security | Freedom from danger, risk, or doubt | <ul style="list-style-type: none"> - Does the repair firm guarantee its work? - Is it safe for me to use the bank's ATMs at night? - Is my credit card protected against unauthorised use? - Can I be sure that my insurance policy provides complete coverage? |
| Access | Approachability and ease of contact | <ul style="list-style-type: none"> - How easy is it for me to talk to a supervisor when I have a problem? - Does the airline have a 24- hour toll-free phone number? - Is the hotel conveniently located? |
| Communication | Listening to customers informed in language they can understand | <ul style="list-style-type: none"> - When I have a complaint, is the manager willing to and keeping them listen to me? - Does my doctor avoid using technical jargon? - Does the electrician call when unable to keep a scheduled appointment? |
| Understanding the customer | Making the effort to know customers and needs | <ul style="list-style-type: none"> - Does someone in the hotel recognize me as a regular customer? - Does my stockbroker try to determine my specific financial objectives? - Is the moving company willing to accommodate my schedule? |
| Tangibles | Appearance of physical facilities, equipment, personnel, and communication materials | <ul style="list-style-type: none"> - Are the hotel's facilities attractive? - Is my accountant dressed appropriately? - Is my bank statement easy to understand? |
| Responsiveness | Willingness to help customers and provide prompt service | <ul style="list-style-type: none"> - When there's problem, does the firm resolve it quickly? - Is my stockbroker willing to answer my questions? - Is the cable TV company willing to give me a specific time when the installer will show up? |
| Competence | Possession of the skills and knowledge required to perform the service | <ul style="list-style-type: none"> - Can the bank teller process my transaction without fumbling around? - When I call my travel agent is she able to obtain the information I need? - Does the dentist appear to know what he is doing? |
| Courtesy | Politeness, respect, consideration, and friendliness of contact personnel | <ul style="list-style-type: none"> - Does the flight attendant have a pleasant demeanour? - Are the telephone operators consistently polite when answering my calls? - Does the plumber take off his muddy shoes before stepping on my carpet? |

PROMOTION

What is Promotion?

Promotion is a type of communication between the buyer and the seller. The seller tries to persuade the buyer to purchase their goods or services through promotions. It helps in making the people aware of a product, service or a company. It also helps to improve the public image of a company. This method of marketing may also create interest in the minds of buyers and can also generate loyal customers. It is one of the basic elements of the market mix, which includes the four P's: price, product, promotion, and place. It is also one of the elements in the promotional mix or promotional mix or promotional plan. These are personal selling, advertising, sales promotion, direct marketing publicity and may also include event marketing, exhibitions, and trade shows.

Types of Promotion

Advertising means to advertise a product, service or a company with the help of television, radio or social media. It helps in spreading awareness about the company, product or service. Advertising is communicated through various mass media, including traditional media such as newspapers, magazines, television, radio, outdoor advertising or direct mail; and new media such as search results, blogs, social media, websites or text messages.

Direct Marketing

Direct marketing is a form of advertising where organizations communicate directly to customers through a variety of media including cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and targeted television, newspaper and magazine advertisements as well as outdoor advertising. Among practitioners, it is also known as a direct response.

Sales Promotion

Sales promotion uses both media and non-media marketing communications for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

Personal Selling

The sale of a product depends on the selling of a product. Personal Selling is a method where companies send their agents to the consumer to sell the products personally. Here, the feedback is immediate and they also build a trust with the customer which is very important.

Public Relation

Public relation or PR is the practice of managing the spread of information between an individual or an organization (such as a business, government agency, or a nonprofit organization) and the public. A successful PR campaign can be really beneficial to the brand of the organization.

Different Distribution Channels in a Service Business

Before you can reach your targeted audience in a service business, you must understand the different platforms that are available to sell your services. This is known as distribution of service, and refining this process is the difference between success and failure. Using different channels for distribution of service can help you manage demand for your core services. You can use different distribution of service channels to reach various market segments, and develop different pricing strategies that correspond to the income of market segment members. Once you understand that channels of distribution are different for different products, you can analyze examples of distribution channels in marketing to access new markets while bridging temporary reductions in demand.

Direct Sales Method

Some of the best examples of distribution channels in marketing are direct sales, which enable you to contact customers and prospects, without using an intermediary. Direct sales involve personal visits, mail order and online solicitation such as newsletters and email subscription. It gives you complete control over how you present your offers and the prices

you can offer to your customers. Direct interaction means direct feedback, which lets you adjust your marketing strategy accordingly.

Virtual Service Distribution

One of the newest examples of distribution channels in marketing is offering virtual service. For example, a sales consultant could offer his services through a combination of phone, email, or video conferences that would make use of software available on cloud platforms. Remote service delivery is also available to artists and writers who create content on a freelance basis. For example, if you're a website content writer, you can create content for clients and deliver them on platforms such as Basecamp, which enable you to post content and maintain milestones without ever having to speak to your clients. By exclusively distributing your services online, you can save the costs of owning an office that requires a monthly rental payment for space.

Agents or Referrals

Using an agent or a referral is one of the best examples that channels of distribution are different for different products. Let's say that you make a living as a marketing guru who attends conferences and training sessions. However, you may not enjoy the marketing effort it takes to gain profitable clients. You can take advantage of professional agents whose job is to find work that matches your talents. These agents would take a commission off the work you book, and can even keep your name relevant within the industry through marketing. You can also take advantage of referrals through industry professionals. For example, if you're a wedding planner, you could establish a referral program with a wedding photographer or a wedding gown boutique in which you offer cross-promotions that benefit both your service businesses.

Distribution Through Publication

Many service customers have become used to the proliferation of publications that provides them with exactly what they need. In an on-demand world, for example, you can deliver your service through a blog that amplifies and explains various services that you offer, a website that not only sells your service but also offers written and visual content that answers questions and concerns related to your service, or an e-book that customers can order directly

online. Keeping in mind that channels of distribution are different for different products, you may choose to monetize your publications or offer them as an incentive for your customers to buy a service. For example, if you own a customer-relationship management software company, you may choose to offer a specialized white paper about customer service marketing that prospects can download off your website. Once they download that white paper, you could offer a discount for them to purchase your software, or offer a free 7 -day trial.

DISTRIBUTION

There are four basic elements of the marketing mix- product, pricing, place and promotion. All the four elements must be paid attention to for successful marketing and sale of products or services. Distribution relates to the place element. Let us look at its importance.

Distribution

Distribution means the process by which we make the goods or the service available to the end consumer. Generally, the place of production is not the same as the place of consumption. So the goods have to be distributed to overcome the barrier of place.

Now the distribution of the products can be done by the organisation itself which is direct distribution. Or it can hire intermediaries and form distributions channel i.e. indirect distributions. The plan will depend on several factors, some of which are

- **Product:** Whether the product is perishable or durable will be a factor in deciding its distributions model.
- **Market:** The size of the market will be a factor. In a large market, the direct distribution may not be a perfect choice. Also if the markets are scattered indirect channel will be more suitable
- **Company:** The size of the company and its product-mix are also deciding factors in the decision about distributions.
- **Marketing Environment:** In a slow economy or depression a shorter distributions chain is preferable. In a healthy economy, there is a wider choice for alternatives.
- **Cost:** The cost of the channel like transportation, warehousing and storage, tolls etc are obviously a factor in this decision.

Types of Intermediaries

These are the middlemen that ensure smooth and effective distribution of goods over your chosen geographical market. Middlemen are a very important factor in the distribution process. let us take a look at the types of middlemen we usually find.

Levels of a Distribution Channel

Option 1: Zero Levels (Direct distribution)



Option 2: One Level



Option 3: Two Levels



1] Agents

Agents are middlemen who represent the producer to the customer. They are merely an extension of the company but the company is generally bound by the actions of its agents. One thing to keep in mind, the ownership of the goods do not pass to the agent. They only work on fees and commissions.

2] Wholesalers

Wholesalers buy the goods from the producers directly. One important characteristic of wholesalers is that they buy in bulk at a lower rate than retail price. They store and warehouse huge quantities of the products and sell them to other intermediaries in smaller quantities for a profit.

Wholesalers generally do not sell to the end consumer directly. They sell to other middlemen like retailers or distributors.

3] Distributors

Distributors are similar to wholesalers in their function. Except they have a contract to carry goods from only one producer or company. They do not stock a variety of products from various brands. They are under contract to deal in particular products of only one parent company.

4] Retailers

Retailers are basically shop owners. Whether it is your local grocery store or the mall in your area they are all retailers. The only difference is in their sizes. Retailers will procure the goods from wholesaler or distributors and sell it to the final consumers. They will sell these products at a profit margin to their customers.

In the reality of the market, all producers rely on the distribution channel to some extent. Even those who sell directly may rely on at least one of the above intermediary for any purpose. Hence the distribution channel is of paramount importance in our economy.

SERVICE QUALITY DIMENSIONS

Gronroos (1984b) identified two service quality dimensions the technical aspect that is “what” service is provided and functional aspect and “how” the service is provided. The customers perceive what he/she receives as the outcome of the process in which the resources are used that is the technical quality. But he also and more often importantly, perceives how the process itself functions that is the functions quality.

The SERVQUAL Instrument

The SERVQUAL instrument developed by Parasuraman et al (1991) has proved popular, being used in many studies of service quality. This is because it has a generic application and is a practical approach to any area. A number of researchers have applied the SERVQUAL model to measure service quality in the hospitality industry with modified constructs to suit specific hospitality situations.

Parasuraman et al (1985) developed the gap model and the subsequent SERVQUAL instrument designed to identify and measure the gaps between customers’ expectations and perceptions of the service received. Service quality from the consumer’s perspective depends on the direction and degree of difference between the expected service and the perceived service. Thus by comparing customer’s expected service with customer’s perceived service, hotels, for example can determine whether its service standard is appropriate. The gap between expectations and perceptions of performance determines the level of service quality from a customer’s perspective.

The servqual instrument consists of 22 statements for assessing consumer perceptions and expectations regarding the quality of a service. Respondent are asked to rate their level of agreement or disagreement with the given statements. Consumer’s perceptions are based on the actual service they receive while consumer’s expectations are based on past experiences and information received. The statements represent the determinants or dimensions of service quality.

The five dimensions of service quality measured by the SERVQUAL Instrument

The SERVQUAL Instrument measures the five dimensions of Service Quality. These five dimensions are: tangibility, reliability, responsiveness, assurance and empathy.

Tangibility

Since services are tangible, customers derive their perception of service quality by comparing the tangible associated with these services provided. It is the appearance of the physical facilities, equipment, personnel and communication materials. In this survey, on the questionnaire designed, the customers respond to the questions about the physical layout and the facilities that FFR offers to its customers.

Reliability

It is the ability to perform the promised service dependably and accurately. Reliability means that the company delivers on its promises-promises about delivery, service provision, problem

resolutions and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes. All companies need to be aware of customer expectation of reliability. Firms that do not provide the core service that customers think they are buying fail their customers in the most direct way.

Responsiveness

It is the willingness to help customers and provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer's requests, questions, complaints and problems. Responsiveness is communicated to customers by length of time they have to wait for assistance, answers to questions or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs.

Assurance

It means to inspire trust and confidence. Assurance is defined as employees' knowledge of courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for the services that the customers perceives as involving high rising and/or about which they feel uncertain about the ability to evaluate. Trust and confidence may be embodied in the person who links the customer to the company, for example, the marketing department. Thus, employees are aware of the importance to create trust and confidence from the customers to gain competitive advantage and for customers' loyalty.

Empathy

It means to provide caring individualized attention the firm provide its customers. In some countries, it is essential to provide individual attention to show to the customer that the company does best to satisfy his needs. Empathy is an additional plus that the trust and confidence of the customers and at the same time increase the loyalty. In this competitive world, the customer's requirements are rising day after day and it is the companies' duties to their maximum to meet the demands of customers, else customers who do not receive individual attention will search elsewhere.

CUSTOMER HAS NEEDS AND EXPECTATIONS

Customers buy goods and services to meet specific needs. Needs are often deeply rooted in people's unconscious minds and may concern long-term existence and identify issues. When people feel a need, they are motivated to take action to fulfil it. In many instances, purchase of a good or service may be seen as offering the best solution to meeting a particular need. Subsequently, consumers may compare what they received against what they expected, especially if it cost them money, time, effort that could have been devoted to obtaining an alternative solution.

Customer expectations embrace several elements, including desired service, adequate service, predicted service and a zone of tolerance that falls between the desired and adequate service levels

Desired and Adequate Service Levels

The type of service customers hope to receive is termed as desired service. It is a wished-for level: a combination of what customers believe can and should be delivered in the context of their personal needs.

However, most customers are realistic and understand that companies can't always deliver the desired level of service; which is defined as the minimum level of service customers will accept without being dissatisfied. The levels of both desired and adequate service expectations may reflect explicit and implicit promises by the provider, word-of-mouth comments, and the customer's past experience,

Predicted Service Level

The level of service that customers anticipate receiving is known as predicted service, which directly affects how they define "adequate service" on that occasion. If good service is predicted the adequate level will be higher than if poorer service is predicted. Customer predictions of service may be situation specific.

Zone of Tolerance

The inherent nature of services makes consistent service delivery difficult across employees in the same company and even by the same service employee from one day to another. The extent to which customers are willing to accept this variation is called the zone of tolerance. A

performance that falls below the adequate service level will cause frustration and dissatisfaction, whereas one that exceeds the desired service level will both please and surprise customers. Another way of looking at the zone of tolerance is to think of it as the range of service within which customers don't pay explicit attention to service performance.

According to Berry and Parasuraman (1991) discuss two levels of expectations and concluded: "Our finding indicates that customer's service expectations exist at two different levels; a desired level and an adequate level. The service level reflects the service the customer hopes to receive. It is a blend of what the customer finds acceptable. It is, in part, a function of the customer's assessment of what service will be i.e. the customer's predicted service level. The difference between the desired service level and the adequate service level can be called zone of tolerance, the extent to which customers recognize and are willing to accept heterogeneity.

PEOPLE IN THE MARKETING MIX

People are one of the most important elements ever of the marketing mix today. This is mainly because of the phenomenal rise of the services industry. Even products are being sold through retail outlets today.

And if the retail outlets are not handled with the right people, the product will not be sold. Thus, the right people are important in product as well as service marketing mix in the current marketing scenario.

There are many examples of total industries altogether relying on the expertise of the people hired by them. Who do you think MBAs from Harvard or Kellogg's are so highly paid? This is because they are the right people to be given the correct responsibilities. The salary of such people is directly proportional to the weight of the organization that they can carry on their shoulders. Thus, this old saying about society in general is absolutely correct in today's business environment.

Importance of People in the marketing mix

As per this article on Forbes, the most successful companies put the right people in the right job. But now, instead of companies which hire thousands of employees, let us think of small businesses. The lesser the

people, the more their importance rises.

For example, in the airline industry, a very high attention is paid to the attire and the presentation of Air hostesses. So much so that there are now training institutes for Air hostesses. Similarly, at a barber shop, if your hair cut is not proper even once, you might never enter the shop again. Thus, you can see how important people becoming to the marketing mix especially if its a small sized or a micro sized business.

The restriction of right people is not just for the front liners. Even marketing managers and sales managers are important as people in the marketing mix. For example – if the marketing manager does not understand the brand correctly, and implements the wrong marketing strategy, then the brand is sure to get affected.

Similarly all technical companies, time and time again advertise for “Sales engineers” and not sales executives. This is because if they hire a smart talk, they will lose their technical clients who want more of technical information and not some guy who talks without the proper background.

People as differentiating factors.

Large IT companies like Accenture and Infosys differentiate themselves with the quality of manpower that they have. These companies always make the statement that they have “highly skilled manpower”. Thus, people over here become a major differentiating factor.

Similarly in restaurants, the better the cook, the more is the success of the hotel. Besides the cook, the way the waiter handles you, the Spa’s that make you feel great, the way they serve you food, are all contributions by people who work in that industry.

Industries nowadays know the importance of holistic marketing – and how a single person who is in touch with the end customer, can make or break the relation with the end customer. Thus, most companies nowadays target the right people who match the companies requirement.

People in customer service As per the point made here by marketing teacher, with the rise in the services industry, people have the most important and the most critical job in the world

– Customer service. It was as if this P in the marketing mix was made for the proper service to the customer.

Customers come to the service department when they are irritated and frustrated with the product, or when they want prompt service. The service department of companies like Vodafone and Airtel are the reason these companies have been able to maintain the top position. Similarly, ICICI and HDFC are examples of banks which are at the top because of customer service.

Maintaining your cool, handling customer complaints properly, are some pre requisites required from people in the services industry. These qualities are in built in some people whereas other people need to be taught the same. Thus, many top companies have training departments and they have a strict training schedule as well as incentive provisions to motivate their employees to serve customers better.

People are so much under observation that even sales departments are audited for the number of complaints escalated in a single year. Most companies have got the clear message that the right hierarchy makes a difference to how the company is presented to the end customer.

PROCESS IN MARKETING MIX

The process is part of the marketing mix. It is the part of 7 P's of the marketing mix or extended P's of marketing mix. The number of perceptions regarding the ideology of the process as a part of the marketing mix.

Process refers to the flow of activities or mechanism that take place when there is an interaction between the customers and the businesses.

Example of the simple process would be when a customer decides to take membership of video service providers like Netflix or Amazon prime or Disney +, the steps involved would be first that the customer who decides on a particular service depending on the USPS and features. This will constitute one process. Then the customer will download the application which was constituted as the second process then the customer will register his account with it which will constitute as another process.

The marketers need to ensure that all of these processes are controlled tightly and consistent customer experience is to be ensured by them. All of this is usually written in the SOP documents which is also known as Standard Operating Procedure documents.

An ideal process should be taking the least amount of time amongst all the available options and should cost less to the company will delivering and efficient output to the maximum of its capacity.

1. The process delivers value to the marketing mix with the help of all the elements involved. The extended 3 P's of marketing ensures that the services enhanced and they are physical evidence, process, and people.
2. The marketing mix can be changed depending on the feedback which is received.
3. Customer retention and product extension are marked to them at each stage.
4. Depending on the needs and wants of various individuals the process can be treasured in itself which helps them to experience a similar service.

There are three basic elements in the process that is inputs, throughputs, and outputs. The different types of processes in the marketing mix. For example, technological processes which are used in the manufacturing of goods. For example, the process of manufacturing the Phantom car of Rolls-Royce is adapted to the individual client's requirements. Another example would be an electronic point of sale which scans phones during checkout.

The process includes in directors vs direct activities. While it is seen that direct activities ensure to add value to the interface of the customers as the customer experience is the service in case of indirect activities which is also known as back office activities this is not the case. In case of indirect activities, the ensured to support the direct activities of services before and after it has been consumed.

TYPES OF PROCESSES

1) Technological processes:

The process of creating tangible products is called technological process. The objectives to ensure that the customers feel the product to be theirs. The manufacturer should ensure that he creates the product that is wanted by the customers and should also make the products that he as a businessman would want to sell in

the market. The balance between both would ensure that the technological process would run smoothly.

2) Electronic processes:

Use of receipts or barcodes or forms or other methods of information about a particular product of a company that manufactures them is called an electronic process. This also includes the course which is used to scan with the help of an application using a mobile phone.

3) Direct activities:

Direct activities, as the name suggests, is about the reactions of the customers regarding the process. How did they feel about the process that they just underwent through is known thereby making any changes if necessary, in order to make the process more smoother. Direct activities are occurred and recorded in present time.

4) Indirect activities:

When the interaction does not take place in person and it happens before or after the product has been bought is termed as an indirect activity.

Mixing processes

Processes in something as a tool to create something enormous or monumental. For example, the combination of telemarketing and internet marketing is used to promote a certain service or a product to the targeted set of customers.

1) Workflow:

Movement of information or tasks for material from one participant to the other is termed as workflow. This includes but is not limited to people and tools procedures that are involved in every step of the marketing mix process.

The workflow may be sequential that is the consequent step is begin only when the prior step is completed or parallel that is multiple steps may occur at the same time. Single workflows may be combined in multiple ways to have an overall process.

2) Business process reengineering:

Business process reengineering commonly abbreviated as BPR is a means to enhance or improve the effectiveness of the organization along with its productivity. It consists of starting right from the beginning or from scratch and creating a major business process along with the application of IT or information technology in order to achieve significant improvement of performances.

3) Business process management:

Business process management is commonly abbreviated as BPM. It is defined as a discipline which has a mix of different business activities and their flows and which strives to support the vision and mission of

business within and also beyond many boundaries which one was people customers internal the employee's external stakeholders as well as external partners.

4) Total quality management:

Commonly abbreviated as TQM, Total Quality management is sought in order to improve the quality of the product. Six sigma method was used by Motorola in order to find out about total quality management.

It consists of methods in order to improve the processes in the business and thereby reduce the problems in the output increase the output and thereby maximize the profits.

Role of Information Technology in Process

Information technology has been advanced over the last few years and has entirely changed the processes from within. Earlier businesses had manual operations but now almost everything is automated.

Write from data storage up till business functions most of the things are automated in order to increase the output and maximize the share. Workflow management SAP, PeopleSoft, Oracles are few of the software's which have been introduced in business in order to who make the workflow management more effective.

Business Motivation Model (BMM) and Business Process Modelling Notation (BPMN) are widely used in order to standardize the business modeling. Cloud technology again becomes an integral part of most of the businesses along with the increase in social media, use of mobile technology and other analytical techniques.

PHYSICAL EVIDENCE IN MARKETING MIX

Physical evidence comprises of the elements which are incorporated into a service to to make it tangible and somewhat measurable. At the same time, it also helps in the positioning of the brand and for targeting the right kind of customers. The best example of Physical evidence in use is the hospitality industry. Airlines offer premium travel as well as economy classes. Similarly, restaurants are known to be 3 star, 4 star, 5 star. All such differentiation, and the target customer that accompanies such differentiation, is because of the use of physical evidence in marketing.

Role of physical evidence in marketing mix

The marketing mix is always made after segmentation, targeting and positioning. The objective of the marketing mix is to incorporate the right elements which attract the desired customer profile. Thus, in services, to attract the right segment and target, and to achieve the right positioning, physical evidence is used. Off course, in marketing it is not used for services only but also for products nowadays. This is because products are nowadays sold through mainly retail and e commerce. Both these areas are services within themselves. And hence retailers always focus on elements which can make their services better.

Tools which can be used

Ambiance – The look and feel of a restaurant can be described as the ambiance. For example

– the Sofa that the restaurant uses, the music that it plays, the lighting it has maintained etc.

Layout – Especially applicable in retail, the layout of the showroom contributes to the role of physical evidence in marketing. For example – in Ikea, the store is laid out in such a manner that the customer is able to get to his choice of furniture very fast.

Branding – Although part of promotions, the packaging, branding and use of corporate communications also plays an important role in physical evidence in the marketing mix.

Introduction to Demand and Supply Management:

Demand and supply management continues to be a challenge for service managers. Despite the importance of this aspect of management and the impact it can have on profits, little is understood about this sometimes ambiguous aspect of service management. Indeed, interviews show that although services use many demand and supply management options, managers do not think of this area as a whole — rather working at individual pieces without necessarily recognizing how these pieces fit together.

Definition of Demand Management:

‘All the activities and decisions management carries out in order to plan and implement how they will attempt to influence the level of demand for any service offered at any point in time’. Some DM efforts are aimed at increasing demand, and some at changing the timing of demand. This paper looks primarily at those actions that change the timing of demand, although these efforts may also have the effect of increasing or decreasing total demand. Note that demand can only be managed if patterns (time and/or place) can be predicted and influenced.

While it is sometimes assumed that influencing demand is impossible (based on discussions with managers and researchers), we will see that all services we studied already use DM. At the same time, the potential for influencing when customers demand service is limited for services that cannot schedule customers. For instance, a bank likely cannot eliminate the large demand on paydays, and a supermarket cannot entirely reduce the peak resulting from customers stopping on their way home from work.

The effectiveness of various Demand Management Options (DMOs) will depend on the particular service industry, the location, and the customer base. For instance, a supermarket manager revealed that it is easier to influence the timing of demand at a store that has retired people as its primary clientele, since these people are not restricted to non-working hours.

Meaning of the Nature of Demand:

A service firm with a fixed level of capacity encounters wide fluctuations in demand for its product. “It’s either feast or famine for us!” sighs the manager. “In peak periods, we’re turning customers away. In low periods, our facilities are idle and our employees are standing around looking bored.”

Service businesses, by contrast, can’t normally stockpile their output, because the time-bound nature of service delivery makes it impossible to inventory the finished service. For instance, the potential income from an empty seat on an airline flight is lost forever once that flight takes

off, and the “room-nights” which constitute the basic unit of production for every lodging establishment are equally perishable.

Likewise, the productive capacity of an auto repair shop (facilities, personnel, and equipment) is wasted if no one brings a car for servicing on day when the shop is open. Conversely, when demand for service exceeds supply, the excess business may be lost. If someone can’t get a seat on one flight, another carrier gets the business, or the trip is cancelled or postponed. And if an accounting firm is too busy to accept tax and audit work from a prospective client another firm will receive the assignment.

But demand and supply imbalances are not found in all service situations. The horizontal axis classifies organisations according to whether demand for the service fluctuates widely or narrowly over time; the vertical axis classifies them according to whether or not capacity is sufficient to meet the peak demand. As a generalisation, capacity problems are more likely to exist today in service organisations that involve physical processes than in those that involve information-based processes.

What are the strategic implications for marketing managers in each instance? Organisations in point—

(i) Could use increase in demand outside peak periods, those in point;

- (ii) Must decide whether to seek continued growth in demand and capacity, or to continue the status quo and those in point;
- (iii) May need temporary de-marketing until capacity can be increased to meet or exceed current demand levels. Service organisations in point;
- (iv) Face an ongoing problem of trying to smooth demand to match capacity, which involves both stimulation and discouragement of demand. It is the fourth category that offers the greatest marketing challenge.:

4. Determining the Demand Pattern:

Managing demand is a major challenge for many service marketers, especially in people — processing and possession — processing services when opportunities to manage the level of physical capacity (represented by facilities or personnel) are tightly constrained. For many service organisations, successfully managing demand fluctuations through marketing actions is the key to profitability.

To determine the most appropriate strategy in each instance, we need to seek answers to some additional questions. Are demand fluctuations cyclical and, if so, what is the typical cycle period? What are the underlying causes of these demand fluctuations? Do they reflect customer

habits or preferences that might be changed by marketing efforts? Or do they derive from decisions by third parties, such as employers and school setting working and classroom hours? Alternatively, are variations in demand caused by more random events, such as weather conditions and health emergencies?

One way of smoothen the ups and downs of demand is through strategies that encourage customers to change their plans voluntarily, such as offering special discount prices or added product value during periods of low demand. Another approach is to ration demand through a reservation or queuing system, which basically inventories demand rather than supply. Alternatively, to generate demand in periods of excess capacity, new business development efforts might be targeted at prospective customers with a counter-cyclical demand pattern.

It is necessary to have a clear understanding of demand patterns to manage fluctuating demand effectively in a service business, which are as follows:

(1) Charting Demand Patterns:

First, the organisation needs to chart the level of demand over relevant time periods. Organisations that have good computerised customer information systems can do this very accurately. Others may need to chart demand patterns more informally. Daily, weekly, and monthly demand levels should be followed, and if seasonality is a suspected problem, graphingshould be done for data from at least the past year’s data.

In some services, such as restaurants or health care, hourly fluctuations within a day may also be relevant. Sometimes, demand patterns are intuitively obvious; in other cases patterns may not reveal themselves until the data are charted.

(2) Random Demand Fluctuations:

Sometimes, the patterns of demand appear to be random—there is no apparent predictable cycle. Yet even in this case, causes can often be identified. For example, day-to-day changes in the weather may affect use of recreational, shopping, or entertainment facilities.

Although the weather cannot be predicted far in advance, it may be possible to anticipate demand a day or two ahead. Health-related events also cannot be predicted. Accidents, heart attacks, and births-all increase demand for hospital services, but the level of demand cannot generally be determined in advance. Natural disasters such as floods, fires, and hurricanes can dramatically increase the need for such services as insurance, telecommunications, and healthcare. Acts of war and terrorism such as that experienced in the United States on September 11,2001, generate instantaneous need for services that can’t be predicted.

(3) Predictable Cycles:

In looking at the graphic representation of demand levels, is there a predictable cycle daily (variations occur by hours), weekly (variations occur by day), monthly (variations occur by day or week), and/or yearly (variations occur according to months or seasons)? In some cases, predictable patterns may occur at all periods. For example – in the restaurant industry, especially in seasonal tourist settings, demand can vary by month, by week, by day, and by hour.

(4) Demand Patterns by Market Segment:

If an organisation has detailed records on customer transactions, it may be able to disaggregate demand by market segment, revealing patterns within patterns. Or the analysis may reveal that demand from one segment is predictable, while demand from another segment is relatively random. For example – for a bank, the visits from its commercial accounts may occur daily at a predictable time, whereas personal account holders may visit the bank at seemingly random intervals.

Health clinics often notice that walk-in or “care needed today” patients tend to concentrate their arrivals on Monday, with fewer numbers needing immediate attention on other days of the week. Knowing that this pattern exists, some clinics schedule more future appointments (which they can control) for later days of the week, leaving more of Monday available for same-day appointments and walk-ins.

5. Elements to Shape Demand Patterns:

There are many marketing mix elements. Those have a role to play in stimulating demand during periods of excess capacity and in decreasing it (demarcating) during periods of insufficient capacity. Price is often the first variable to be proposed for bringing demand and supply into balance but changes in product, distribution strategy, and communication efforts can also play an important role. Effective demand management efforts often require changes in two or more elements jointly.

(1) Product Variations:

Although pricing is the most commonly advocated method of balancing supply and demand, it is not quite as universally feasible for services as for goods. A rather obvious example is provided by the respective problems of ski manufacturer and a ski slope operator during the summer. The former can either produce for inventory or try to sell ski in the summer at a discount. If the skis are sufficiently discounted, some customers will buy before the ski season in order to save money.

However, in the absence of skiing opportunities, no skiers would buy lift tickets for use on a mid-summer day at any price. So, to encourage summer use of the lifts, the operator has to

change the product by installing a dry ski run or an alpine slide (a winding plastic channel for wheeled toboggans), or by maintaining hiking trails and promoting the views from the summit. In recent years, a growing number of ski resorts have created a booming summer business in mountain biking.

Customers rent bikes, buy a lift ticket, and are transported to the summit, from which they descend bike trails to the base (only the hardiest of bikers, it seems, are willing to ride up to the summit!). Similar solutions have been adopted by tax preparation firms that offer book-keeping and consulting services to small businesses in slack months, and by landscaping firms in many parts of the United States and Canada that seek snow removal contracts in the winter. These firms recognise that no amount of price discounting is likely to develop business out of season.

Many service offerings remain unchanged throughout the year, but others undergo significant modifications according to the season. Hospitals, for example, usually offer the same array of services throughout the year. By contrast, resort hotels sharply alter the mix and focus their peripheral services such as dining, entertainment, and sports to reflect customer preferences in different seasons. There can be variations in the product offering even during the course of a 24-hour period.

Restaurants provide a good example, marking the passage of the hours with changing menus and levels of service, variations in lighting and decor, opening and closing of the bar, and presence or absence of entertainment. The goal is to appeal to different needs within the same group of customers, to reach out to

different customer segments, or to do both, according to the time of day.:

(2) Modifying the Timing and Location of Delivery:

Rather than seeking to modify demand for a service that continues to be offered at the same time in the same place, some firms respond to market needs by modifying the time and place of delivery.

Three basic options are available:

The first represents a strategy of no change – regardless of the level of demand; the service continues to be offered in the same location at the same times.

By contrast, a second strategy involves varying the times when the service is available to reflect changes in customer preference by day of week, by season, and so forth. Theatres often offer matinees at weekends when people have leisure time throughout the day; during the summer in hot climates, banks may close for two hours at midday while people take a siesta, but remain open later in the evening when other commercial establishments are still active.

A third strategy involves offering the service to customers at a new location. One approach is to operate mobile units that provide the service to customers, rather than requiring them to visit fixed-site service locations. Travelling libraries and vans equipped with primary care medical facilities are two examples that might be copied by other service businesses.

A cleaning and repair firm that wishes to generate business during low demand periods might offer free pick-up and delivery of portable items that need servicing. Alternatively, service firms whose productive assets are mobile, may choose to follow the market when that, too is mobile. For instance, some car rental firms establish seasonal branch offices in resort communities. In these new locations, they often change the schedule of service hours (as well as certain product features) to conform to local needs and preferences.

(3) Communication Efforts:

Even if the other variables of the marketing-mix remain unchanged, communication efforts alone may be able to help smooth demand. Signing, advertising, and sales messages can remind customers of peak periods and encourage them to travel at un-crowded, off-peak times when service is, perhaps, faster or more comfortable.

Examples include postal service requests to “Mail Early for Christmas,” Public transport messages urging non-commuters— such as shoppers or tourists—to avoid the crush conditions of the commute hours, and communications from sales reps.

For industrial maintenance firms advising customers of periods when preventive maintenance work can be done quickly. In addition, management can ask service personnel (or intermediaries such as travel agents) to encourage customers with discretionary schedules to favour off-peak periods. Changes in pricing, product characteristics, and distribution must be communicated clearly. If the firm wants to obtain a specific response to variations in marketing-mix elements it must, of course, inform customers fully about their options.

(4) Pricing Strategies:

For price to be effective as a demand management tool, the marketing manager must have some sense of the shape and slope of a product’s demand curve (i.e., how the quantity of service demanded responds to increases or decreases in the price per unit) at a particular point of time. It’s important to determine whether the aggregate demand curve for a specific service varies sharply from one time period to another.

If so, significantly different pricing schemes may be needed to fill capacity in each time period. To complicate matters further, there may be separate demand curves for different segments within each time period, reflecting variations between segments in the need for the service or

in ability to pay. One of the most difficult tasks facing service marketers is to determine the nature of all these different demand curves.

METHODS OF MANAGING DEMAND:

In other methods of managing demand, there are three ways:

(1) Reservations:

One way to smooth demand and to reduce customer discomfort associated with waiting is through the use of reservations. The system can often direct customer arrivals into time periods that would otherwise be slow. However, the downside of a reservation-based system is that customers occasionally fail to show up for appointments.

This typically results in lost revenues, since there is too little time to contact and reschedule other customers to fill the gaps in the schedule. For this reason, services that are able to do so demand prepayments which are not refundable unless adequate cancellation time is given.

Hotels usually offer a mixture of reservation agreements. Because those that take reservations also have many unscheduled arrivals as well, they do not generally penalise customers who fail to arrive, since reserved rooms are not held past 6 p.m. and can often be resold if unclaimed. Only so-called guaranteed reservations, which are held all night, require non-refundable deposits because they provide the hotel with no chance of filling the lost capacity if the customers fail to show up.

A common strategy to deal with no-shows when customers suffer no penalties for not appearing is to overbook, i.e., to promise more reservations than there is capacity available. If the firm has a good understanding of the percent of customers who tend not to show up and uses this information to limit the amount of overbooking, this policy can work most of the time.

However, given the nature of random variation, the number of arrivals will occasionally exceed available capacity. In those cases, the firm must be ready to assuage angry customers with some form of compensation. Airlines, whether justified or not, are notorious among customers for overbooking, but are usually prepared to pay excess passengers with valuable free tickets to take later flights.

(2) Waiting Lines:

Intangible services cannot be inventoried in advance, but once a customer arrives, he or she may be willing to wait for service to begin – in effect one can inventory customer arrivals instead. Making a customer wait for service is the equivalent of a backorder to a manufacturer. However, the length of time a customer is willing to wait for service is generally much shorter than the time one is willing to wait for an ordered product to arrive. If a service firm can

determine the maximum length of time that customers consider to be acceptable and can predict the probability distribution of arrivals, it is then possible to use an area of applied mathematics called queuing theory to design the service delivery system's capacity to keep queue lengths to generally satisfactory lengths.

It is also possible to affect the perceived length of time that customers must wait by providing diversion. For example, many restaurants offer lounges where patrons can pleasantly pass the time (and provide additional profits for the firm) until they are ready to be served.

At Disney world's Epcot Centre in Florida, waiting areas for some of the attractions provide high-quality entertainment such as short films to help visitors pass the time until the actual shows begin. Many companies play recorded music or advertising messages for telephone callers who have been put on 'hold'. And of course, doctors stock their waiting rooms with magazines and children's toys to help waiting patients pass the time.

Although many queues operate on a first-come, first-served basis, other priority arrangements (known as "queue disciplines") are possible. Certain services, such as emergency rooms, provide service on the basis

of critical need (using a “triage” system) rather than order of arrival.

Retail stores with express lanes are segmenting customers into separate queues based on estimated length of service time. Some services also divide customers by segment, such as banks that have separate teller lines for retail and commercial customers, a good but imperfect predictor of the actual time needed to complete transactions.

In each of these queue disciplines, the marketer must balance the overall level of service provided against the aggravation of those who must be forced to wait the longest. If a customer feels that he or she has been forced to wait an unreasonable amount of time, there is usually an option of leaving the system and going to a competitor.

By segmenting customers into different queues, overall customer satisfaction can be maximised. With a few exceptions, grocery customers with full shopping carts expect to wait longer, whereas customers buying “six items or less” may be generally less tolerant and in more of a hurry.

(3) Letting the Market Figure it out:

It is not absolutely necessary that the service organisation take upon itself the task of smoothing demand. To some extent, it can be left to the customers to learn when the facilities are crowded and when they aren't. This allows customers to self-select the level of waiting and crowding they can tolerate. Those who are sensitive to these matters, will have an incentive to come at less busy times, whereas those who don't mind, will continue to arrive at peak periods. This

approach assumes that demand will remain high and that customer will continue to find the effort involved worthwhile.

Clearly some government offices use this approach, because their customers have no alternatives when demand is high and the managers do not have to worry about covering their fixed costs when demand is low. But commercial services that are truly concerned about customer satisfaction and profits must take active steps to match demand to available capacity.

7. Supply Management:

Supply management (SM) is defined in this text as:

“All the activities and decisions management carries out in order to plan and implement how they will serve demand”. Thus, these decisions influence the capacity of the service, which can take on several dimensions. For instance, the size of a facility is a longer term type of capacity than are staffing decisions. SM decisions also influence the quality of the service as experienced by the customer on several dimensions.

For instance, having an inadequate number of staff on hand may cause some customers to balk or wait a very long time and become irate. In one of the early texts on DSM, Sasser presented two alternatives for services to use – chase-demand and level-capacity. A number of factors contributed to the choice of alternative. For instance, if the skill level and training required was low, a chase demand strategy was recommended.

Heskett et al. expanded on Sasser's work to include a third alternative – “modified” chase- demand. This was for the cases where a service did not fit neatly into either chase-demand or level-capacity. They identified other factors that would favour a chase-demand strategy, including large fluctuation in demand, a low cost of poor service and a high cost of lost business.

Besides the overall strategies, numerous authors have developed and listed specific options, here referred to as supply management options (SMOs). We have combined these lists, attempting to eliminate overlap and adding a few more SMOs to fill in gaps. Some of those added were defined as a result of discussions with service managers.

One goal here was to separate SMOs from one another, being as inclusive and as exclusive with each definition as possible. This may be impossible in a practical sense due to the broad definitions sometimes found in the literature, but the exercise is helpful in defining more clearly what is meant by supply management.

While it is unlikely that this list is completely exhaustive of all potential SMOs, it is more comprehensive than any list found in current literature. It is important to note that most services will use a number of SMOs in combination and that the various SMOs are not independent of one another. For instance, a service that has the ability to cross train employees to help cover for each other when it gets busier will likely schedule fewer staff than a service that is not able to cross train. There are many specific examples in the literature of how SMOs have been used.

Managing Supply:

Services can manage supply through part-time employees, employees working overtime, peak-time operating procedures, cross-training of employees, customer participation, shared facilities, and outsourcing. Part-time employees offer the benefits of cost reduction and increased capacity. Marketing concerns include less training, lower performance, lower productivity, and poor attitude.

Customer concerns include the possibility of less knowledgeable employees, lower levels of service, less personalization, and higher turnover. Peak-time operating procedures offer the benefit of keeping the operation near capacity. The primary marketing concern is identifying the peak routines that will be done and the tasks that will not be performed. Customers are concerned about the lack of personal attention, an incomplete job, crowded facilities, and feeling cheated in terms of the service provided.

Cross-training offers the benefits of keeping operations near capacity, reducing bottlenecks in the service, and filling in for absent employees. Marketing concerns focus on potential for lower service quality and lower productivity. Customers are concerned about receiving inferior service quality. Increasing customer participation will increase productivity and maximize capacity.

From a marketing perspective, customers may lack expertise to do part of the job and it may also create a conflict with pre-learned scripts. Customers are concerned about the conflict of scripts and the reduced level of service quality. Shared facilities offer the benefits of reduced capital investment costs and maximization of facility utilization. Marketing concerns would be efficient scheduling and having access to the shared facility.

Customer concerns would focus on confusion about where or who is performing the service. Using third parties or outsourcing has the benefit of expanding capacity. Marketing concerns would be the level of service quality being provided by the third party and if they would steal customers. Customer concerns would be the quality of the service and the conflict of who was hired to do the work.

8. Yield Management:

Yield management is a term that has become attached to a variety of methods, some very sophisticated, matching demand and supply in capacity-constrained services. Using yield management models, organisations find the best balance at a particular point of time among the prices charged, the segments sold to, and the capacity used. The goal of yield management is to produce the best possible financial return from a limited available capacity.

Specifically, yield management has been defined as ‘the process of allocating the right type of capacity to the right kind of customer at the right price so as to maximise revenue or yield.’ Although the implementation of yield management can involve complex mathematical models and computer programs, the underlying effectiveness measure is the ratio of actual revenue to potential revenue for a particular measurement period. Yield is a function of price and capacity used.

Recall that capacity constraints can be in the form of time, labour, equipment, or facilities. Yield is essentially a measure of the extent to which an organisation’s resources (or capacities) are achieving their full revenue-generating potential. Assuming that total capacity and maximum price cannot be changed, yield approaches as actual capacity utilisation increases or when a higher actual price can be charged for a given capacity used.

For example – in an airline context, a manager could focus on increasing yield by finding ways to bring in more passengers to fill the capacity, or by finding higher-paying passengers to fill a more limited capacity.

In reality, expert yield managers will work on capacity and pricing issues simultaneously to maximise revenue across different customer segments.

Problems Involved in Yield Management:

(i) Incompatible Incentive and Reward Systems – Employees may resent yield management systems if these don't match incentive structures. For example – many managers are rewarded on the basis of capacity utilisation or average rate charged, whereas yield management balances the two factors.

(ii) Inappropriate Organisation of the Yield Management Function – To be most effective with yield management, an organisation must have centralised reservations. While airlines and some large hotel chains and shipping companies do have such centralisation, other smaller organisations may have decentralised reservation systems and thus find it difficult to operate a yield management system effectively.

(iii) Lack of Employee Training – Extensive training is required to make a yield management system work. Employees need to understand its purpose, how it works, how they should make decisions, and how the system will affect their jobs.

(iv) Loss of Competitive Focus – Yield management may result in over-focusing on profit maximisation and inadvertent neglect of aspects of the service that provide long-term competitive success.

(v) Employee Morale Problems – Yield management systems take much guesswork and judgment away from sales and reservations people. Although some employees may appreciate the guidance, others may resent the rules and restrictions on their own discretion.

(vi) Customer Alienation – If customers learn that they are paying a higher price for service than someone, they may perceive the pricing as unfair, particularly if they don't understand the reasons. Customer education is thus essential in an effective yield management program. Customers can be further alienated if they feel victimised (and are not compensated adequately) to overbooking practices that are often necessary to make yield management systems work effectively.

STRATEGIES FOR MANAGING DEMAND OF SERVICES!

At any given point in time, a fixed – capacity service organization may be faced with one of four conditions

1. Demand exceeds maximum available capacity with the result that potential business may be lost.
2. Demand exceeds the optimum capacity level; no one is turned away, but all customers are likely to perceive deterioration in the quality of service delivered.
3. Demand and supply are well balanced at the level of optimum capacity.
4. Demand is below optimum capacity and productive resources are underutilized; this poses the risk (in some instances) that customers may find the experience disappointing or have doubts about the viability of the service.

There is a distinction between maximum capacity and optimum capacity. When demand exceeds maximum available capacity, some potential customers may be turned away and their business lost forever, but when demand is operating between optimum and maximum capacity, there's a risk all customers being served at that time may start to receive inferior service. In such conditions, service managers need to employ what they call a coping strategy to control the fall in service standards and thus prevent customer dissatisfaction.

What Is Market Segmentation?

Market segmentation is the process of dividing a target market into smaller, more defined categories. It segments customers and audiences into groups that share similar characteristics such as demographics, interests, needs, or location.

Eight Benefits of Market Segmentation

The importance of market segmentation is that it makes it easier to focus marketing efforts and resources on reaching the most valuable audiences and achieving business goals.

Market segmentation allows you to get to know your customers, identify what is needed in your market segment, and determine how you can best meet those needs with your product or service. This helps you design and execute better marketing strategies from top to bottom.

1. Create stronger marketing messages

When you know whom you're talking to, you can develop stronger marketing messages. You can avoid generic, vague language that speaks to a broad audience. Instead, you can use direct messaging that speaks to the needs, wants, and unique characteristics of your target audience.

2. Identify the most effective marketing tactics

With dozens of marketing tactics available, it can be difficult to know what will attract your ideal audience. Using different types of market segmentation guides you toward the marketing strategies that will work best. When you know the audience you are targeting, you can determine the best solutions and methods for reaching them.

3. Design hyper-targeted ads

On digital ad services, you can target audiences by their age, location, purchasing habits, interests, and more. When you use market segmentation to define your audience, you know these detailed characteristics and can use them to create more effective, targeted digital ad campaigns.

4. Attract (and convert) quality leads

When your marketing messages are clear, direct, and targeted they attract the right people. You draw in ideal prospects and are more likely to convert potential customers into buyers.

5. Differentiate your brand from competitors

Being more specific about your value propositions and messaging also allows you to stand out from competitors. Instead of blending in with other brands, you can differentiate your brand by focusing on specific customer needs and characteristics.

6. Build deeper customer affinity

When you know what your customers want and need, you can deliver and communicate offerings that

uniquely serve and resonate with them. This distinct value and messaging leads to stronger bonds between brands and customers and creates lasting brand affinity.

7. Identify niche market opportunities

Niche marketing is the process of identifying segments of industries and verticals that have a large audience that can be served in new ways. When you segment your target market, you can find underserved niche markets that you can develop new products and services for.

8. Stay focused

Targeting in marketing keeps your messaging and marketing objectives on track. It helps you identify new marketing opportunities and avoid distractions that will lead you away from your target market.

TYPES OF MARKET SEGMENTATION

The four bases of market segmentation are:

- Demographic segmentation
- Psychographic segmentation
- Behavioral segmentation
- Geographic segmentation

Demographic Segmentation

Demographic segmentation is one of the most popular and commonly used types of market segmentation. It refers to statistical data about a group of people.

Demographic Market Segmentation Examples

- Age
- Gender
- Income
- Location
- Family Situation
- Annual Income
- Education
- Ethnicity

Where the above examples are helpful for segmenting B2C audiences, a business might use the following to classify a B2B audience:

- Company size

- Industry
- Job function

Because demographic information is statistical and factual, it is usually relatively easy to uncover using various sites for market research.

A simple example of B2C demographic segmentation could be a vehicle manufacturer that sells a luxury car brand (ex. Maserati). This company would likely target an audience that has a higher income.

Another B2B example might be a brand that sells an enterprise marketing platform. This brand would likely target marketing managers at larger companies (ex. 500+ employees) who have the ability to make purchase decisions for their teams.

Psychographic Segmentation

Psychographic segmentation categorizes audiences and customers by factors that relate to their personalities and characteristics.

Psychographic Market Segmentation Examples

- Personality traits
- Values
- Attitudes
- Interests
- Lifestyles
- Psychological influences
- Subconscious and conscious beliefs
- Motivations
- Priorities

Psychographic segmentation factors are slightly more difficult to identify than demographics because they are subjective. They are not data-focused and require research to uncover and understand.

For example, the luxury car brand may choose to focus on customers who value quality and status. While the B2B enterprise marketing platform may target marketing managers who are motivated to increase productivity and show value to their executive team.

Behavioral Segmentation

While demographic and psychographic segmentation focus on who a customer is, behavioral segmentation focuses on how the customer acts.

Behavioral Market Segmentation Examples

- Purchasing habits
- Spending habits
- User status
- Brand interactions

Behavioral segmentation requires you to know about your customer's actions. These activities may relate to how a customer interacts with your brand or to other activities that happen away from your brand.

A B2C example in this segment may be the luxury car brand choosing to target customers who have purchased a high-end vehicle in the past three years. The B2B marketing platform may focus on leads who have signed up for one of their free webinars.

Geographic Segmentation

Geographic segmentation is the simplest type of market segmentation. It categorizes customers based on geographic borders.

Geographic Market Segmentation Examples

- ZIP code
- City
- Country
- Radius around a certain location
- Climate
- Urban or rural

Geographic segmentation can refer to a defined geographic boundary (such as a city or ZIP code) or type of area (such as the size of city or type of climate).

An example of geographic segmentation may be the luxury car company choosing to target customers who live in warm climates where vehicles don't need to be equipped for snowy weather. The marketing platform might focus their marketing efforts around urban, city centers where their target customer is likely to work.

How to Create a Market Segmentation Strategy

Now, you know what market segmentation is, why it's important, and the four types of market segmentation. It's time to put this information into practice.

Use the following market segmentation process to learn about your audience and find new marketing and product opportunities.

1. Analyze your existing customers

If you have existing customers, start your market segmentation process by performing an audience analysis. An audience analysis allows you to learn about your customers and begin to identify trends that

exist within your current customer base. Use these market research questions to guide your research.

Interview your customers.

Go right to the source and conduct interviews with existing customers, past customers, ideal customers, and prospects and leads. Ask questions that help you fill in the details of all four types of market segmentation.

Interview your sales team.

If you have a sales team that spends a lot of time working with customers, use them as a resource. Interview them to find commonalities or trends they often see while working with your customers.

Refer to your business data.

Your business likely has loads of data that can help you get to know your customers. Use your customer relationship management tools and point-of-sale systems to find trends related to behavioral segmentation. Pull data that shows how much customers spend, how often they visit your store, and the type of products and services they buy.

Use your website analytics.

Your website also has data that can help you learn about your audience. Use Google Analytics to find details related to all four types of market segmentation. For example, you can learn about customer behavior by seeing what pages users visit, how long they stay on the site, and what referral sites led them to your site.

Research audience geography.

Get details for geographic segmentation and find out where your audience lives using Alexa's Site Overview tool. Enter your site URL, and the report shows you where your website visitors are located across the world.

Research audience interests.

Knowing your audience's interests can help you identify psychographic segments within your customer base. Use Alexa's Audience Interest tool to find topics and categories that your audience cares about. Enter your site URL to produce a report of categories that your audience is interested in.

Start by using the Audience Overlap tool to create a list of sites that your audience visits. Then, toggle to the list view, select up to 10 sites, and run the sites through Alexa's Competitor Keyword Matrix.

2. Create a buyer persona for your ideal customer

Once you complete an audience analysis, you'll have a good idea about who your current customers are. In the next step, take your data and use it to create a buyer persona that describes the exact type of customer you'd like to attract.

A buyer persona is a semi-fictional description of your ideal customer. It allows you to clearly visualize the person that your brand is trying to attract. Knowing whom you want to work with will make it easier to find the right market segment opportunities.

3. Identify market segment opportunities.

Once you have a buyer persona that describes your ideal customer, start looking for market segment opportunities.

A market segment opportunity is a trend that can drive new marketing tactics or offerings. To find them, first ask questions about your brand.

- What problems does your brand solve?
- What problems can you solve better than your competitors?
- What do you know a lot about or excel at?
- Who do you and your team like to serve?

Then, refer back to your audience analysis and buyer persona and ask questions that uncover opportunities.

- What large segments stick out?
- What customer characteristics or qualities are most common?
- What segments are currently not being served?
- What segments is your brand uniquely qualified to serve?

4. Research your potential segment.

Before you launch a marketing campaign for a new segment of your market, verify that it is a good option. Research to see what competition exists and if audiences are interested in your new market.

Gauge search interest. Perform keyword research to make sure audiences are searching for terms related to your new market segment. Enter search phrases into Alexa's Keyword Difficulty tool to measure audience interest and competition.

Research the competition.

If there is interest in your market, research to see what competition is already in the space. Use Alexa's Keyword Share of Voice tool to find brands already in the market. Enter a search phrase to create a report with brands that own the top share-of-voice for the phrase.

Share of voice represents the amount of traffic that a website receives for a specific keyword. It helps you identify brands already in the market, so you can see if you can compete with them and how you can differentiate your brand from their existing offerings.

5. Test and iterate

Once you find a new market you want to explore, don't go all in just yet. Create a few campaigns to test your idea.

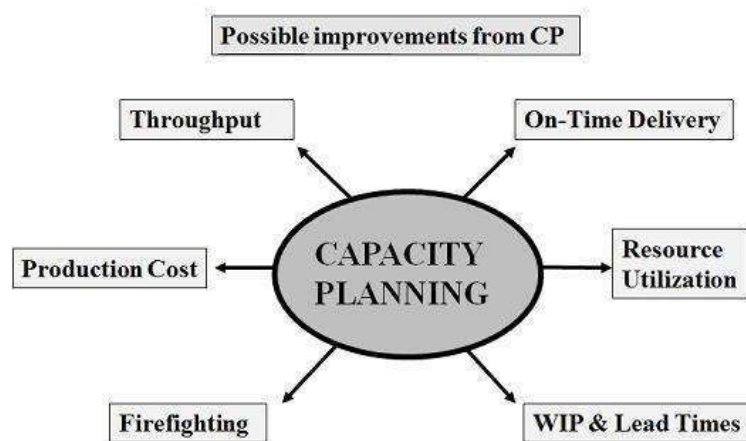
What is Capacity Planning?

Capacity Planning refers to the arrangement in which organizations or teams match employees together with the needs of a project. Capacity is the optimum level of work that can be done within an established period. Usually, it is measured in the quantity of work that is carried out by employees. Also, planning equates to the scheduling work hours against a specified amount of work.

An example of this is when a firm has 20 employees that work for like 20 hours a week, then the firm has 400 weekly working capacity. Without putting overtime in the equation, it means the firm can take care of a maximum of 400 hours in a week.

Defining capacity planning

Businesses can't afford to guess when it comes to new services and opportunities. Mistakes can be costly, which is one reason why capacity planning is crucial in considering their input requirements, conversion process, and output.



Concept of Capacity Planning

- **Design Capacity**

It means the optimum level of output that can be gotten within a specified period.

- **Effective Capacity**

It means the optimum level of output, given the changes in product mix, equipment maintenance, programming and operating issues, labor problems, etc. It usually is less than the total design capacity.

- **Actual Output**

It is the level of output that is achieved actually. It cannot be more than the sufficient capacity because of breakdowns in the machine, labor absenteeism, the inconsistent supply of raw materials, abnormal delay in supply of equipment, power outage, etc.

Meet your budget

When service organizations use capacity planning, the goal is to meet demand with the least amount of waste, or increase their utilization rates. Often, organizations assume or “guess” they can meet demand instead of having a real plan in place based on their projected sales or demand forecast. This stresses the need for capacity planning.

Capacity planning includes categories that help businesses based on the timelines they have established:

- **Short-term capacity:** This is typically used for daily or weekly time frames. It can include quarterly time frames. Short-term capacity doesn't look at trends and cycles, but customer demand and seasonal variations.
- **Medium-term capacity:** Represents a one to three year timeframe.
- **Long-term capacity:** This is the maximum time frame, which varies depending on the type of service industry. Long-term capacity requires forecasting; the forecasts are converted into established capacity requirements.

How service organizations benefit from capacity planning

Capacity planning helps businesses with budgeting and scaling so they can identify their optimal levels of operations:

- **Budgeting benefits:** Capacity planning helps determine how services are offered, and the appropriate time frames and staff required to meet current demand and cover all operational costs. This is an important consideration when establishing yearly budgets to effectively allocate money for expenses. The use of demand planning software and demand forecasting software helps with developing financial projections.
- **Scaling benefits:** If a business is considering taking on more staff to help meet anticipated demand based on their capacity plans, they might find that aside from increasing employees by 10%, they need specific skills or a larger location for their staff and any new equipment they may need.

Factors that affect capacity planning

Capacity planning can accelerate an organization's innovation while decreasing risk. To help organizations meet demand, they must look at the different service demand factors that can affect capacity, including:

- **Process:** Skills, quantity, and/or quality capabilities
- **Staffing:** Job descriptions, total labor, training, compensation, and turnover rates
- **External factors:** Unions, governmental policies, and budget cycles

When considering demand, service organizations benefit from the use of demand planning software. Its features help match the needs of the business and offer “what-if”

scenarios. Demand forecasts help service organizations with their financial plans and capacity to drive procurement that's used to deliver their services.

Capacity planning that uses demand forecasts helps with pricing and contract terms that assist with times, locations, and timeliness of their services. When these are aligned, the service organization can better determine the future profitability of service contracts.

Procedure For Capacity Planning

1. Assessment Of Present Capacity

The capacity of a department can be measured in their output or inputs. Output measure is allowed in case of manufacturing firms such as automobile plant (number of vehicles), iron and steel plant (tons of steel), brewery (barrels of beer), cannery (tons of processed foods), Power Company, (megawatts of electricity), and a lot more.

Also, service industry such as hospitals (number of beds), airports (number of planes), cinemas (number of seats), restaurants (number of tables and chairs), university (number of students), warehouse (spaces), and a lot more, can be used to measure capacity in terms of inputs.

2. Estimating Future Capacity Needs

Short term capacity requirements can be estimated by forecasting product demand at different stages of the product life cycle. It is more challenging to anticipate long-term capacity requirements due to the uncertainties of market and technology.

Capacity forecast helps to determine the gap between the existing capacity and estimated capacity so that necessary adjustments may be made. For example, a company that engages in the manufacturing of two products may find that one product has low demand in summer (e.g., coffee or tea) while another product has low demand in winter (e.g., cold drink).

3. Identifying Alternative ways of Modifying Capacity

In a situation where the present capacity is not enough to meet the estimated demand capacity, an expansion will be needed to meet up with the shortage. This way, more shifts or overtime will be needed to improve the capacity. In the same vein, the expansion will offer to scale and help in meeting the demand forecast, but it needs extra investment and a danger of falling short of expectations in future demand.

When the present capacity more than the one forecasted, there is a need to cut down on excess capacity. Building new products, selling present facilities, laying off workers, or getting more jobs from other companies are all ways to stay on top of this.

4. Evaluation of Alternatives

Different alternatives for capacity improvement or reduction are calculated from economic, technical, and other standpoints. The reactions of staff and locals should be considered during the evaluation to get the correct analysis. Some main evaluation techniques include cost-benefit analysis, queuing theory, decision theory, and others.

5. Choice of Suitable Course of Action

After carrying out the cost-benefit analysis of different alternatives to increase or reduce the capacity, the best alternative is now closed.

Importance of Capacity Planning

Capacity planning is essential because of the following:

1. It Ensures Availability:

Before you put pen on that paper to seal the next contract, are you sure you have the team readily available to work on it? Capacity planning explains what you need to do and how to carry out your projects. For

example, you need people that can take care of the tasks or decide if you need extra hands to help you take over the projects. Capacity planning helps you determine all these and ensure you do not disappoint your clients.

2. Manage Your Skills

Capacity planning is also crucial in measuring the skill inventory of your team. A skill inventory is a piece of information about who can carry out a specific task and the skills they possess. This is especially important in a technical setting like a programming or software company. For example, you can list out each team member's core competency, such as:

- Mobile app development
- Website development
- Cloud computing
- Cybersecurity

When you have a task for someone, you can quickly determine if they meet up with what is needed. Whether you want to create a mobile app, or a beautiful and functioning website, you already know your go-to man and this will make work easier and straightforward. Also, you can easily update the skill inventory when a worker adds new skills or expertise.

3. It Helps to Identify Easily Any Skill Gap

A typical example of this is a situation where your firm has just won a big contract and it involves an extensive level of work with varying skills you might not have in your company.

A great thing about capacity planning is that it allows you to identify any problem early. You don't need to begin the project before you know that you need to get people that can help you with it. When you plan effectively, you can see who fits in and what they have to offer to the cause.

When you can identify the skill gap, you have the opportunity to prepare your team in advance for future opportunities that may arise from that kind of gig. For example, if you don't have a mobile app developer in your team this year for a mobile app development gig, capacity planning can help you prepare for this in subsequent time.

MARKETING STRATEGIES FOR SERVICE COMPANIES

1. Market Research

Research is the bedrock of all present-day marketing efforts. From marketplace to brand research, exhaustive scientific studies can help you to take more informed decisions. It will lend you an objective basis for service marketing and also extend valuable baselines to measure your results. Research helps you to understand your customers better. Market research gives you an insight about how your business processes are performing. You will know on what counts your company is performing and what marketing strategy in service sectors you need to spruce up.

2. Niche strategy

One of the most important business considerations for service marketing is niche targeting and specialization. Research has shown that some of the fastest growing service firms are specialists in a

carefully selected niche. The niche must be a sector of the industry which you thoroughly understand, a space where you can become an undisputed leader and expert.

Specialization can make the all the difference to your marketing efforts. It defines what you do exactly and distinguishes you among competition. Specialization is a differentiator which proves itself.

3. High performance website

In the professional service marketplace today, your company's website will be one of the most important asset. It's more than just a digital billboard, as many companies believed in the past. A good website is at the center of a service firm's online presence as well as an info-rich projection of your expertise in the marketplace.

The website is a major tool to build brand visibility. Prospective clients usually search online to hire service providers. You must have an easily navigable website where people find all the information they need and you land a better chance of winning a business. Besides, the website will help you to demonstrate your expertise and grab better acceptability in the marketplace. It's usually seen that around 80% of people hunt online for service marketing firms. The internet has also emerged as the commonest source of all information. The second component of the website which you must consider is the design. Graphic and web designs can greatly influence audience perception and aid recall, and intuitively and swiftly differentiate business.

The power of a good website design is often undermined. This, in turn, gives a tremendous opportunity to a company to set it apart from the rest of competition and convey the credibility that's needed to drive home the rewards.

The compatibility of your website over a wide range of devices is also important. These include computers, androids, tabs, mobiles, and others. Responsive design, which allows a website to suit a viewer's device, has become one of the key features for business as more people are using mobile and handheld devices for business. Google have already begun to rank websites that are "mobile friendly" higher up the search results. Making a website responsive is now a necessity for service marketing firms.

4. Search engine optimization (SEO)

As already said before, the target audience must be able to land on your site without any problem. The website must be effective in that way. And this were SEO comes in. So much is its importance in the online service marketing puzzle that high-growth companies consider SEO as one of the most important strategies available to drive traffic.

SEO is an always evolving, yet complex discipline. It comprises of two major components.

- **Onsite SEO:**

This technique uses targeted keywords for communicating the content of your website which will appeal to your target audience. Keyword phrases typically focus on the services that you offer and helps search engines to come up with more relevant data to the searchers. And when the audience searches for some insight on service area of your specialization, they'll land on your website.

- **Offsite SEO:**

It takes the form of back-links to your website, wither via guest articles on other websites, or through third-party engagement. These efforts increase the website's authority as an acknowledged leader in your area of interest. As more relevant and high quality websites link to your sites, popular search engines will understand your credibility, leading to higher rankings.

5. Social media

If you require more evidence about the relevance of social media for professional services, here's some info. More than 60% of all buyers check new service providers over the social media which makes it one of the commonest used information sources than formal recommendations or referrals. In fact, the nature of referrals has changed with the arrival of social media. A recent referral marketing study found that nearly 17% of all expertise-based referrals are carried out on the basis of social media interactions. Simply put, the social media acts as an accelerator to reach your expertise, reputation and content to your target customers. It helps you to connect to valuable influencers and contacts, along with monitoring your brand via social listing.

6. Advertising

There are several platforms on which you can advertise your service marketing firm. These commonly include the following.

- Service Industry websites and publications
- Social media
- Google AdWords, search engine marketing (SEM), Yahoo, Bing and other portals.
- Retargeting: A cookie-based technology which uses a JavaScript code for anonymously following your audience across the internet and serve relevant advertisements.

Advertising doesn't merely promote your service marketing. It also plays a major role to drive content downloads, thereby increasing both visibility and expertise.

Remember to use the various forms of advertising that best matches your professional service. Networks like LinkedIn and other service industry oriented advertising, often works best. These networks allow to directly target the appropriate customer segment which leads to more conversation, better click rates and lower download cost.

SEM, on the other hand, is usually more expensive and harder to target for extending professional services. Facebook advertisements, at the same time, could be less than effective because it is less used by professional service customers than other similar networks.

It needs to be remembered at the same time that there are several variations of each type of advertisement. A service marketing firm may find them somewhat successful depending upon the advertisement purpose, budget, targeting or industry niche.

7. Referral service marketing

The nature of professional service referrals have changed over the years. This has impacted service

marketing strategy in a big way. It has been found out that more than 81% of service providers have received referrals from people who were never a client.

8. Marketing automation, CRM, and lead nurturing

- **Marketing automation:**

It replaces repetitive manual repetitive and high-touch manual processes with the automated ones. The changeover is supported by technology. Automation brings together all the online service marketing channels into a single centrally managed system to create, manage, and measuring campaigns and programs.

Like any other technological tool, it's important that you select the correct service marketing automation software most suitable for your company. The complexity, scalability, and size of the solution must be a good match for your requirements.

- **CRM:**

Another valuable software is the customer relationship management (CRM) system. A large number of companies use CRMs for tracking and organizing client information and scouring opportunities. A CRM module, in short, can help you to stay connected and organized, regardless of how complex your operations become.

The CRM system functions as a database for all the connected information about clients and opportunities, including detailed notes about interactions. Information can be keyed in, stored and accessed by the staff as and when needed. It leads to the synchronization of efforts across various departments in your firm.

- **Lead nurturing:**

CRM is not the end of bagging new clients. Remember the lead-nurturing funnel given in the diagram earlier? The website is an important part of the puzzle. Email marketing is also equally important. Analytics driven and targeted email service marketing campaigns help you deliver both hard and soft offers for particular types of buyers, tailored to their demands. Drip email campaigns, on the other hand, allow you to send targeted offers for segments in your audience over a particular period of time. It forges a much closer engagement between the service provider and the client and educates via relevant and successive offers and content.

9. Testing and optimization

Testing and optimization allows you to schedule your marketing efforts and take decisions based on hard facts and not presumptions. While research is at the base of marketing, testing and optimization is a continuous guide. Testing of marketing campaigns should never stop. But they can be adjusted according to market demands.

- **A/B testing of landing pages and emails:** Using popular A/B tools like Unbounce or Optimizely, learn which of the landing pages or emails most successfully convert users in various designs, languages or other elements.

- **Landing and email page rendering:** Using tools like Email on Acid for testing the rendition of pages on various platforms and devices, ensure they function as they are supposed to.

10. Analytics and reporting

It's always important to analyze the proper metrics to measure results effectively. But you must have the tools in place for collecting the accurate data. This includes social media, your website and SEO.

IMPORTANCE OF SERVICE STRATEGY:

1. The cost of getting a new customer is much more than entering the retention of the existing customers. The customer strategy for service strategy should be in sync with the marketing strategy of the company.
2. It is a well-known fact that to get a new customer the cost would be 5 to 10 times more than that of the cost of retaining a current customer. More often than not customers are lost because of poor services and bad treatment which gives them unsatisfactory. It is also estimated that an unhappy customer will talk about his dissatisfaction to at least 8 to 16 other potential customers. Adding social media and that the satisfied customer's voice will reach 1600 more people which is why customer retention is of crucial importance to the organization.
3. Looking on the other side of service strategy a customer who is satisfied or who is loyal will cost not even a single penny but will add value to the business by being word-of-mouth ambassador. This will save millions of bucks of the company since it is free publicity from the customer to a potential customer. This is the reason why every customer should be satisfied with the service strategy.
4. It is also stated that customer loyalty can have any impact on the business. Making the customer important creates all customers and those all customers will continue to do business in spite of increasing competition. Higher customer loyalty translates into higher customer retention and better competitive advantage.
5. Companies should ensure that the service strategy is in sync with the vision and mission of the organization. They should complement the strategy of the organization. Companies to take time in order to develop and implement an efficient service strategy which will be responsible for the retention of the existing customers.

7 Steps to create an efficient service strategy

1) Crafting a service vision

The primary step is to communicate the vision of the service to the employees associated with the business. The employees associated with the organization should understand and comprehend the organizational goals and the vision of the organization and should be able to write their responsibility to help the company achieve that vision.

2) Contemplating the customer needs

More often than not the companies fail and waste their valuable resources in creating services of product that the company thought customers would want only to know that the offering was not what the customers wanted at all.

The important part is to know what the customer needs and to put it in sync with the organization's vision and mission. Taking the feedback of customers is the first step in order to know and determine what their expectations are so that the company can form a strategy around the feedback obtained in order to deliver and meet the expectations of customers.

The market needs for customer needs can be assessed using a method such as satisfaction surveys for focus groups and the customer feedback forms. Development of such feedback forms and questionnaires is very important and should focus on the questions that need to be answered by the customers.

3) Right hiring

When it comes to facing the customers it is not the company who is going to face them rather it is the employees who are going to face the customers. Employees are the face of the organization and organization has to ensure that the face is represented correctly. The employees should have the right skill set which meets the goals of the organization and helps to form a strong network and backbone to provide service to the customers. Having a right attitude and personality is something which companies cannot develop in the employees which is why they should take care of these things with hearing.

4) Goal setting for the service team

Wednesday identification of customer needs and the parameters for customer satisfaction is done then the organizations have to create goals for the service team in order to achieve customer satisfaction. These goals should be measurable and quantifiable so that the organization can grow the employees as well as along with the growth of the business.

The employees should be able to understand the vision and mission and the target of the organization so that they can align themselves to reach chief and exceed those objectives. An example of customer satisfaction can be given as follows:

The service team of a refrigerator company provides after sales service. Once the customer causes about the breakdown of the machine the time taken by the service team to reach the place of the customer and correct the machine is measured.

The lesser the time to attend the customer breakdown calls the higher would be the customer satisfaction. This can be a measurable parameter in order to appraise the employees.

5) Constant training and development

Once the hiring is done in a proper and correct way the employees will have some inborn cause it is which the organization will be able to utilize them in order to serve the customers correctly. The other part of having a good service team is providing them with constant training in order to upgrade their technical skills. The training should focus not only on technical skills but also on interacting with customers. Right service strategy requires suitable training to the service team so that not only the customer but also your organization benefit from it.

6) Accountability

Organizations should ensure that the employees have a suitable understanding of the importance of good

customer service and how their actions affect the organization's performance overall. The organizations should also ensure that the employees are held accountable in order to achieve the service goals.

This also forms the part of the performance management system and should be embedded in the culture of the company.

For example, rewarding the employee with the highest customer satisfaction and working on the employee with over customer satisfaction.

7) Awards and recognitions

Positive reinforcement always works in every organization which is why it is very important to recognize the performing employees who are responsible for excellent customer service. This will help the other employees to perform well and live up to the set goals or exceed them.

This also reinforces the vision and mission of the organization and the service strategy which is chalked out for everyone. A successful organization is categorized by strong customer service.

Services Marketing Triangle

The Services Marketing Triangle (or Services Triangle) shows the key actors involved in marketing a service business. It also shows the key marketing activities that occur between those actors.

Before we look at the model it is important to note that we are only concerned with the marketing of services. The model does not apply to products. We define services using these criteria:

- **Intangible:** you cannot see, taste, or touch them.
- **Inseparable:** you cannot separate production from consumption.
- **Perishable:** you cannot store them, save them, or return them.
- **Heterogeneous:** you cannot mass produce them as they are unique. Examples of services include hotel rooms, flights, and health club membership.

Services businesses are marketed on promises. These are the promises we make to customers and whether we keep or fail to keep those promises. The Services Marketing Triangle is a visual strategic model. It reinforces the importance of people in a company's ability to keep its promises.

The Services Marketing Triangle

The Services Marketing Triangle is shown in the following diagram. It shows the key marketing activities that happen between the key actors within services businesses.



Each actor works together to develop, promote, and deliver a company's service. As you can see from the diagram we represent actors by the points of the triangle. Our actors are:

- **Company:** refers to the leadership team of the company in question.
- **Employees:** refers to all employees, including subcontractors who deliver the company's service.
- **Customers:** refers to all customers and potential customers of the company. The lines between the points show the different types of marketing that must occur:

- **External Marketing:** occurs between the company and its customers.
- **Internal Marketing:** occurs between the company and its employees.
- **Interactive Marketing:** occurs between the employees and the customers.

External Marketing

Companies use external marketing to make promises to customers. External marketing is any communication to customers (or potential customers) that happens before service delivery starts.

Forms of external marketing include:

- Advertising
- Personal selling
- Public relations (PR)
- Direct marketing

We use external marketing to achieve many aims including:

- Creating awareness.

- Setting price expectations.
- Setting service level expectations.
- Informing customers if any prerequisites that must be in place before they can use the service.

Internal Marketing

Within a services business, we view employees as internal customers. They are a market which we must please first as a company. The leadership team should be focused on satisfying its employees so that they want to better serve customers.

Internal marketing involves motivating employees to work as a team to make customers satisfied. This is obviously true for customer service representatives. It can equally be applied to all employees. This results in everyone, at all levels of the organization, being empowered to deliver great customer service.

Key components of internal marketing include:

- Motivating employees
- Teaching customer satisfaction techniques
- Communicating company goals regularly
- Management of change
- Training staff on how to use the company's services
- Good pay and working conditions

Interactive Marketing

Interactive marketing occurs when employees and customers interact. It is here where the promises made during external marketing are either kept or broken by employees or sub-contractors.

Each significant interaction between an employee and a customer is known as a service encounter.

Interactive marketing is important because it establishes both short-term and long-term satisfaction. That is, if the customer is satisfied with the service they received in the short-term, they are more likely to be satisfied over the longer term.

Services Marketing Triangle Example

To wrap things up let's consider a simple example, that of a luxury hotel.

First, let's consider external marketing. A luxury hotel may want to educate customers through advertising

and public relations. Here, they will want to inform customers that their rooms have the finest quality fixtures, fittings, and toiletries. They are likely to also want to convey that their staff are knowledgeable and very willing to help with whatever request a customer may have.

To deliver these promises the company focuses on internal marketing. It establishes more concierge roles within the hotel than the industry average. This helps ensure that staff feel they have the time they need to help each customer to the best of their ability. Employees are also trained on the local area, local activities, and excursions. The company also teaches every employee how to handle and diffuse difficult guests and situations.

One of the ways that the hotel handles interactive marketing is as follows. They employ someone to manage their social media presence and reputation.

INTERNAL MARKETING

What is Internal Marketing?

Business-to-business (B2B) and business-to-consumer (B2C) represent two different models of externally marketing products and services to different types of customers. **External marketing** describes the promotion and distribution of brands and products to customers of the business. Marketers at most organizations spend the majority of their time creating and executing on external marketing strategies that drive revenue and sales target attainment for the organization.

While organizations focus most of their marketing resources on external marketing, there's a separate area of marketing that gets comparatively little attention: internal marketing. **Internal marketing** refers to the promotion of a company's objectives, processes, culture, brands, products, and services to employees and staff members within the organization.

When companies market internally, they typically have different goals and intentions than when they market externally. The goal of internal marketing is to keep employees engaged, spread knowledge about the organization's activities and help ensure that employees have a positive image of the organizational culture and brand. In contrast, the goal of external marketing is usually to generate brand awareness that yields increased numbers of leads, opportunities, and sales for the business.

Ultimately, internal marketing has more to do with selling the company vision and mission than selling products, but internal marketing still plays an important role in moderating employee behaviors and ensuring the success of the firm in the marketplace.

Why is Internal Marketing Important?

While external marketing focuses primarily on helping a company achieve its goals through brand awareness, lead generation, and sales, internal marketing plays a different but equally important role in business success. The most important objectives of internal marketing can be summarized as:

- Increase **employee engagement** with the organization and its goals
- Foster **brand advocacy** among employees

- **Empower staff** to deliver the best information to prospective customers

When we consider what can happen when employers fail to meet these objectives, it should be clear that internal marketing is necessary to ensure ongoing business success.

Employee engagement is all about creating conditions where employees feel passionate about the work they do and are motivated to perform their best. Engaged employees are involved in, enthusiastic about and committed to the organizations where they work.

Researchers have found positive relationships between employee engagement and key business metrics like employee retention and turnover, increased productivity and profitability, greater levels of loyalty and less absenteeism among workers.

Every business should use internal marketing to turn its employees into brand advocates. A **brand advocate** is someone that will positively publicize your brand through word-of-mouth advertising, recommend it to their friends and family, and use their own personal platform to promote your business.

In the same way that your sales team works to convince prospective customers of the value of your product, internal marketing efforts should work to convince employees of the value of your brand, product, and solutions.

Internal marketing can create a competitive advantage for your organization by providing a consistent flow of information and talking points that your staff can bring up when interacting with customers.

This **empowers staff** to use the most current available information when interacting with prospects. If your organization achieves a huge success, spreading the word through internal marketing can equip your sales team with new tools and discussion points to bring up with prospects.

Key Components of Effective Internal Marketing

We have already defined internal marketing and identified why it is important for businesses today. Let's look at some of the most common internal marketing techniques and how they relate back to employee engagement, brand advocacy and empowering employees.

Corporate Strategy

Internal corporate strategy documents set forth the company's objectives for the future, including its mission and values, how it will allocate resources, what markets it will participate in and how it will achieve a competitive advantage. From an internal marketing perspective, the corporate strategy creates an opportunity for managers and executives to generate buy-in from staff who can align their behaviors with organizational objectives and drive goal attainment.

Two-Way Trust Relationship

Maintaining a trusting relationship between the business and its employees is an essential aspect of internal marketing. If a business withholds information from its employees, misrepresents product features to prospective buyers or engages in other untrustworthy behavior, employees will not be motivated to recommend the brand to their family and friends.

Internal Communication

Effective internal communications play an important role in internal marketing. Messages and communications must flow seamlessly through the organization to ensure that the business can engage employees at all levels. If the business lands a big account or achieves a huge operational success, spreading the word throughout the company can increase employee engagement, build brand advocacy and equip staff members with additional talking points for customer interactions.

Onboarding Experience

The onboarding process lasts between two weeks and six months at most organizations and represents the first time that new hires are exposed to the company's internal workings. The onboarding experience should be designed to set up a new hire for success while ensuring that they buy into the organizational culture, objectives and their role in helping the business reach its goals.

Workplace Culture

The culture of your workplace plays a significant role in internal marketing. If employees feel respected by their manager, believe that their opinions matter and their voices are heard, and enjoy coming to work each day, they're much more likely to do their best work on a consistent basis. In contrast, an employee that dreads coming into work each morning is unlikely to ever act as a brand advocate for your organization.

What are the Benefits of Internal Marketing?

Internal marketing helps create alignment between organizational goals and objectives and the efforts and behavior of employees. Effective internal communications ensure that messages are spread throughout the company, keeping everyone up-to-date on the latest news and updates and constantly giving employees new reasons to feel proud of the organization they work for.

When employees believe in the company and its mission, feel positive about their workplace culture and environment and receive consistent communications about company success, you have created the ideal conditions to develop brand advocacy and marketing-sales alignment that leads to business success.

DELIVERING QUALITY CUSTOMER

Quality customer service entails providing efficient, quick and friendly **service**, building strong relationships with customers, handling complaints quickly and responding to customers' issues on time. Quality customer service is the best way to keep customers coming back, thus ensuring long-term success.

What is great customer service?

Great customer service means following best practices like valuing customers' time, having a pleasant attitude, and providing knowledgeable and resourceful resources, but that you also take things a step further to exceed — rather than just meet — expectations.

To exceed your customers' expectations and deliver great customer service, follow the suggestions below.

Service Quality

Quality needs to be understood and managed throughout a service organization. Four areas in particular may serve as an arena within which the question of quality can be addressed.

Service encounter – the customer interacts with animate (the service employees) and inanimate objects (the physical evidence, e.g., an information sign).

1. How knowledgeable and courteous is the service employee?
2. How effective is the sign in terms of visibility, information provided, positioning?
3. How can the customer contribute to the quality of the encounter?
4. What contribution do script theory and role theory make?

Service design – the customer goes through a process to obtain a service.

1. How well designed is the process?
2. Is there a blueprint/flowchart of the process?
3. To what extent is there flexibility in the system?
4. Does the process require customization of standardization?

Service productivity – there is a relationship between the quantity and quality of goods or services produced and the quality of resources used to produce them.

1. What are the possible relationships between changes in quality and changes in quantity? i.e., if quantity

increases (number of patients seen by a general practitioner) what effect could that have on the quality of service?

2. What role should the customer play in the productivity equation?

3. Service organization and culture – the culture of an organization and the way it is organized can affect the quality of service.

4. How do the various organization cultures (power, role, achievement and support) act as a key to understanding the kind of service produced?

5. What characteristics/features of an organization enable it to respond positively to customer needs and deliver a quality service?

Approaches to service quality:

The word 'quality' has different meanings and can be used in different ways.

Garvin (1984) identified five categories or approaches to the concept of quality:

1. The transcendent approach

2. The manufacturing – based approach

3. The user – based approach

4. The product-based approach.

5. The value-based approach

1. The transcendent approach:

The transcendent approach follows the Pocket Oxford Dictionary's definition degree of excellence, relative nature. Quality in this sense is innate excellence. It reflects the 'best' there is. So, for example, a five-star hotel would be classed as a quality hotel, as opposed to a one-star, family-run hotel

2. The manufacturing-based approach:

The manufacturing-based approach relates to conformance with design or specification. A quality service or product would be one which was free of errors, where an error would be defined as non-compliance with specification. The performance of a child playing a simple piece of music with no wrong notes and the correct timing could, with this approach, be classified as a quality performance, while a concert pianist playing a difficult piece of music by A.R. Rahman and hitting the odd wrong note, could be classified as of lower quality.

3. The user-based approach:

The user-based approach adopts the attitude that, if a service/product meets the requirements of the user, then it is a quality service/product. Another phrase commonly used with this approach is fitness for purpose. A cheap watch which keeps time accurately and meets the requirements of the wearer would be

classified as a quality watch. On the other hand, if one of the requirements of the watch was to help create the 'right' image for a successful, well-off, power-wielding young executive, then a gold Titan would be more appropriate, and the cheap but accurate watch could not be considered a quality watch.

4. The product-based approach:

The product-based approach is a quantitatively based approach, and considers measurable characteristics. In most cases, more equates with better, and is thus deemed to be of higher quality. A car with acceleration of 0-60 mph in 6 seconds would be of higher quality than one which took 8 seconds.

On the other hand, less would sometimes be classified as of higher quality. For example, a dentist who took only 5 minutes, as compared with 10 minutes, to complete a filling would be considered as providing a higher-quality service! The value-based approach is based on customs and traditions. If the service conforms to traditional beliefs and emotions, it is perceived to be of high value.

Service gaps:

Gap 1- this is the overall gap between service provider and consumer. It states that many organizations just do not understand what consumers expect in a service.

Gap 2 -service organization often experience great difficulty in even meeting far less exceeding consumer expectations. This is invariably attributed to a number of factors – absence of total management commitment to service quality, lack of resources, and excessive demand.

Gap 3 – even when formal standards or specifications for maintaining service quality are in existence, the delivery of quality service is by no means certain. The main reason given is that the performance of customer contact personnel can be so variable.

Gap 4 – advertising other forms of communication by a service organization can affect consumer expectations. The danger is that promises made are not kept. Many service organizations use the brochure or prospectus (some very glossy) for communication with potential customers. It should be a statement of what the customer will receive, not an attractive set of promises that cannot be delivered.

Gap 5 – this gap represents the key challenge, to ensure good service quality the provider must meet or exceed customer expectations. Perceived service quality is the result of the consumer's comparison of expected service with perceived service delivery.

Causes of service quality problems:

Several reasons have been put forward as explanations of poor service quality: Inseparability of production and consumption and labour intensity.

The provision of service, as distinct from the manufacture of goods, occurs in the presence of customers. Inevitably as with any human encounter, problems do arise. The service employee may exhibit poor presentational skills, conduct himself improperly and dress inappropriately. All of these and more may influence the customer's perception of service quality. The intensive involvement of humans in service delivery will always have the potential to pose problems for quality.

Inadequate services to intermediate or internal customers.

The frontline employee is by definition at the 'sharp-end' of the service delivery system. To execute the service effectively, the employee requires proper support from further back in the organization.

The support will emanate from the main management functions (operations, marketing and human resource) and involve:

1. Equipment e.g. tools, materials, uniforms'
2. Skills training
3. Information e.g. of a new service launch's operating procedures.

Communication gaps:

Good communication is the life-blood of a healthy organization, and its contact with customers.

However, it is a problem of some magnitude and manifests itself in the followings ways:

1. Failure to deliver promises made
2. Failure to keep a customer informed
3. Failure to communicate in a manner the customer can understand
4. Failure to listen.

Viewing customers as statistics:

For a service organization there are often compelling reasons for offering a standardized service, not least of which are the efficiencies to be gained from treating a large number of customers in a standardized manner. For the customer, this approach to service delivery is often welcomed.

By contrast, customization of the service seeks to recognize the particular needs of individual customers. Service organizations should be sensitive to how their customers feel about how they are treated. A remark made by a student perhaps exemplifies the issue. He said, 'In my two years at college, not once did a lecturer recognize me by name'.

Short-run view of the business:

Organizations take a short run view of the business when it comes to performance evaluation. Management is frequently required to meet targets on a yearly basis. The obsession inevitably becomes one of cost reduction and productivity increases to meet a profit target. This is understandable but detrimental to building a quality service in the longer term.

10 ways to deliver great customer service

While you can use many different methods to delight your customers and have them raving about your support to their friends, here are our 10 best ways to deliver great customer service.

1. Know your product

As a customer support agent, you spend all day troubleshooting for customers, and that means you need to be a product expert.

Expansive knowledge of your product is an essential customer service skill. Ideally, you should believe in your product, be able to discuss features and use cases in an insightful way, and show your customers how the product can benefit them — not to mention troubleshoot anything that's not working right!

Your job is to help your customers get the most out of their purchase and feel like they have gotten true value for their money. Make it your goal to learn everything there is to know about your product so you can amaze your customers with timely recommendations for using new features and services.

2. Maintain a positive attitude

Attitude is everything, and a positive attitude goes a long way in providing excellent customer service.

“The right attitude changes negative customer experiences into positive customer experiences,” says Flavio Martins, VP of Operations and Customer Service at DigiCert, Inc. Since most customer interactions are not face-to-face, your attitude should be reflected in your language and tone of voice.

It's easy to misinterpret the tone of written communication, and email or live chat can come across as cold. The brain uses multiple signals to interpret someone else's emotional tone, including body language and facial expression, many of which are absent online.

Don't be afraid to use emojis to convey warmth and good humour, or pick up the phone if you find an email or chat conversation getting tense.

3. Creatively problem-solve

Over 80% of customers have churned because they experienced bad customer service. That's why you must thrive on solving problems for your customers and make it a central part of your support role – and there will always be problems to solve.

Everyone has heard of the legendary customer service at Zappos. For example, they once sent a best man free shoes the night before the wedding after his order was sent to the wrong location due to a mistake by the delivery company. Zappos solved a problem and exemplified excellent customer service — they won a customer for life and gave the man a story that he couldn't wait to share.

Don't be afraid to wow your customers as you seek to problem-solve for them. You could just fix the issue and be on your way, but by creatively meeting their needs in ways that go above and beyond, you'll create customers that are committed to you and your product.

4. Respond quickly

66% of people believe that valuing their time is the most important thing in any online customer experience. Resolving customer queries as quickly as possible is a cornerstone of good customer service. Speed should be

of the essence — especially for smaller issues that don't take much time to solve. That being said — great customer service beats speed every time.

Customers understand that more complex queries take time to resolve. There's a difference between the time it takes you to respond and the speed at which you resolve their problems. Customers don't want to languish in a ticket queue, but they'll spend as much time as it takes to resolve their issue. You should, too.

5. Personalize your service

40% of customers say they want better human service. That means they want to feel like more than just a ticket number. They get angry when they're not being treated like an individual person, receiving boilerplate responses, or being batted like a tennis ball to different people. Customers want to interact with a person — not a company. It's part of the reason why many businesses send gifts to their customers on their birthdays.

6. Help customers help themselves

That said, customers don't always want to talk to someone to get their problem solved — often, they want to quickly resolve their issue themselves. Among consumers, 81% attempt to take care of matters themselves before reaching out to a live representative. Further research shows that 71% want the ability to solve most customer service issues on their own.

Self-service is a scalable, cost-effective way to make customers happy — that's the thinking that led to Help Scout's Beacon, which puts help content front and center so customers can find answers right where they are without leaving the page. Then if they're unable to answer their own question, help from a real person is just a couple clicks away.

7. Focus support on the customer

Your customers are the most integral part of your business, and they come before products or profit. Treat them like they are the center of your world — because they are.

According to Kristin Smaby in "Being Human is Good Business," "It's time to consider an entirely different approach: Building human-centric customer service through great people and clever technology. So, get to know your customers. Humanize them. Humanize yourself. It's worth it."

8. Actively listen

Paying attention to customer feedback includes looking back over the data, as well as listening in real-time. Show your customers you hear them when they take the time to speak to you.

Listening increases the chances that you'll hear your customers' real problems and can effectively solve them, resulting in happier customers.

9. Keep your word

If you promise something, making sure you deliver on it is common-sense customer service. Don't let your customers down. Keeping your word is about respect and trust.

For example, if you promise an SLA uptime of 99%, make sure you keep to that standard. If you promise to develop a certain feature in your software in a particular time frame, make sure you deliver on that.

When you break your word, like saying you'll get back to a customer within 24 hours and you don't, offer something to make up for it. If your customer's delivery goes awry, offer to replace it and refund their money for their trouble. You might lose some money in the short term, but you'll gain a loyal customer.

Interestingly, customers do not feel extra grateful when you deliver more than you promised. They do, however, feel angry if you break a promise. It's still better to under-promise and over-deliver so you can make sure you never break this important social contract.

10. Be proactively helpful

Going the extra mile is one of the most important things you can do to deliver great customer service. This is when you have ticked all the boxes, yet you still want to do more.

Sometimes being helpful means anticipating your customers' needs before they even have to articulate them. In fact, sometimes customers may ask for one thing without realizing that they really need another. It's your job to anticipate their needs and provide for them.

SERVQUAL MODEL FOR MEASURING CUSTOMER SATISFACTION

Origins of SERVQUAL Model

Managers in banking industry are under increasing pressure to demonstrate that their services are customer – focused and that continuous performance improvement is being delivered.

Given the financial and resources constraints under which banks must manage it is essential that customer satisfaction are properly met and measured and that from the customer satisfactions, any gaps in services quality are identified. This information assists a manager in identifying cost – effective ways of closing services quality gaps and of prioritizing which gaps to focus on – a critical decision given scarce resources. SERVQUAL Model which is a popular model of quality research of services and the most common application in the marketing research as well as other industries such as hospitality and economy.

It can be said that the origin of SERVQUAL Model is derived from the study of Parasuraman, Zeithaml, and Berry in 1985 based on expectation – perception gap model. In 1985 work, Parasuraman, Zeithaml, and Berry illustrated that consumers' quality perceptions are influenced by a series of four distinct gaps occurring in organizations. These gaps on the service provider's side, which can impede delivery of services that consumers perceive to be of high quality, are:

Gap1: Difference between consumer expectations and management perceptions of consumer expectations.

Gap2: Difference between management perceptions of consumer expectations and service quality specifications.

Gap3: Difference between service quality specifications and the service actually delivered.

Gap4: Difference between service delivery and what is communicated about the service to consumers.

Gap5: Difference between service expectation and perceived service quality

According to Parasuraman, Zeithaml, and Berry (1985), perceived service quality is defined in the model as the difference between consumer expectations and perceptions, which in turn depends on the size and direction of the four gaps associated with the delivery of service quality on the marketer's side.

In addition, Brown and Bond (1995) stated that the conceptual of service quality also called the expectation – perception gap model is one of the best received and most heuristically valuable contributions to the services literature. The model identifies the key discrepancies or

gaps relating to managerial perceptions of service quality, and tasks associated with service delivery to customers. The Gap 1, Gap 2, Gap 3 and Gap 4 are identified as functions of the way in which service is delivered, whereas Gap 5 pertains to the customer and as such is considered to be the true measure of service quality (Shahin A., 2006).

Dimensions of SERVQUAL Model

As Shahin A. (2006) concluded that one service quality measurement model that has been extensively applied is the SERVQUAL model developed by Parasuraman et al. (1985, 1986, 1988, 1991, 1993, 1994; Zeithaml et al., 1990). SERVQUAL as the most often used approach for measuring service quality has been to compare customers' expectations before a service encounter and their perceptions of the actual service delivered (Gronroos, 1982; Lewis and Booms, 1983; Parasuraman et al., 1985). The SERVQUAL Model is derived from the study of Parasuraman, Zeithaml, and Berry in 1985 and originally 10 dimensions of service quality were reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer, tangibles.

Later, Zeithaml, Berry and Parasuraman, 1988 tested the variables and reduced them to five factors including tangibles, reliability, responsiveness, assurance (combining communication, credibility, security, competence and courtesy) and empathy (combining understanding and knowing the customer with accessibility (Saleh, F. and Ryan, C., 1991).

SERVQUAL MODEL

- Reliability
- Responsiveness
- Customer satisfaction
- Services quality
- Tangibles
- Assurance
- Sympathy

Reliability

Reliability shows the ability to provide services accurately, on time, and credibly. This requires consistency in the implementation of services and respects commitments as well as keeps promises to customers.

Responsiveness

This criterion measures the ability to solve the problem fast, deal with customers' complaint effectively and the willing to help customers as well as meet the customers' requirements. In other words, responsiveness is the feedback from banks to what customers want.

Tangibles

Tangibles are the images of the facilities, equipment, machines, attitude of staffs, materials, manuals, and information systems of the bank . In others words, the tangibles refer to the effect of physical facility, equipment, personnel and communication materials on customer. The atmosphere also called servicescapes influences directly both employees and customers in physiological, psychological, sociological, cognitive and emotional ways.

Assurance

This element creates credibility and trust for customers, which is considered through professional services, excellent technical knowledge, attitude courtesy, and good communication skills, so that customers can believe in the quality of firm's services.

Sympathy

Sympathy is the caring, consideration, and the best preparation for customers, so that they can feel as 'guests' of the firm and are always welcome at any times, anywhere. Human factors are the core of this success and the more caring the bank gives to customers, the more customer understanding increases.

Applications of SERVQUAL Model

There is no doubt that a firm wants to survive in a competitive environment, they have to ensure about the quality of products and services they are supplying to the market. Some firms provide only services therefore the quality of services is an important issue for all of these firms. Competing goods firms such as department stores, supermarket may sell a wide range of products and quality of services is a primary means of competitive differentiation. Firms that supply only services like telecommunication companies, airlines etc. have a little to offer if their quality is not good (Berry, 1986).

It can be said that SERVQUAL is multiple – item scale with good reliability and validity that help firms to have better understanding evaluation the services expectations and perception of customer and improve the services as well. Parasuraman et al. (1988) claimed that 'SERVQUAL provides a basic skeleton through its expectations/ perceptions format encompassing statements for each of the five service quality dimensions. The skeleton, when necessary, can be adapted or supplemented to fit the characteristics or specific research needs of a particular organization'.

SERVQUAL shows its best valuation when it is used to track service quality trends as well as in combination with other forms of service quality measurement. Moreover, SERVQUAL is used to evaluate the firm's quality according to the five services dimensions by averaging the difference scores on items

making up the dimensions (Parasuraman et al.,1985). Similarly, an overall measure of service quality in the form of an average score across all five dimensions. Determining the relative importance of the five dimensions affecting customers' overall quality perception is one potential application of SERVQUAL. Another application of SERVQUAL is used in categorizing a firm's customers into several perceived – quality segments on the basis of their individual SERVQUAL scores (Parasuraman et al.,1988).

Theories and concepts of SERVQUAL Model Definition

Service quality

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). Besides, there are many different definitions of what is meant by service quality. The most common definition used to define service quality is the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994; Asubonteng et al ., 1996; Wisniewski and Donnelly, 1996). Service quality can also be defined as the difference between customer expectations of service

and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and the result is customer dissatisfaction (Parasuraman et al ., 1985; Lewis and Mitchell, 1990).

Customer Satisfaction

There are several definitions of customer satisfactions that come from the different point of views of researchers on customer satisfaction. For example, in opinion of Oliver (1981) 'Satisfaction is a psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience'. While Kotler (2000) defined satisfaction as: 'a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his other expectations'. Hoyer and MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. While Hansemark and Albinsson (2004) stated 'satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire'.

Service Quality

Realizing the growing importance of services quality to compete on the service dimensions of the augmented product, several scholars have examined the problems of measuring and managing service quality (Baumann, Burton, Elliott and Kehr, 2007; Bitner, Booms and Tetreault, 1990; Boulding, Kalra, Staelin and Zeithaml, 1993; Gilbert and Veloutsou, 2006; Parasuraman, Berry and Zeithaml, 1985, 1988, 1990, 1991, 1993; Robledo, 2001). However, service quality is more difficult to measure than goods quality (Gronroos, 1982) due to the intangibility of services. For this reason, firms actually find it more difficult to understand how customers perceive services and evaluate service quality (Zeithaml, 1981).

According to Lewis and Booms (1983) service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis. Parasuraman et al. (1985, 1988) also shared the opinion with Lewis and Booms (1983) by the statement: 'Service quality perceptions result from a comparison of consumer expectations with actual service performance'. To demonstrate the above statement, Parasuraman et al (1985, 1988) proposed the SERVQUAL scale for

measuring the service quality. Cronin et al. (1992) summarized four different measurement models for service quality these are SERVQUAL, SERVPERF, Weighted SERVQUAL, and Weighted SEVPERF. However, SERVPERF was regarded as the best of four models. Furthermore, Martilla et al. (1977) conducted the Importance – Performance Analysis which was considered as another measurement for service quality.

Customer Satisfaction

Customer satisfaction is generally considered among the most important long term objectives of firms. The marketing concept suggests that a satisfied customer will be more likely to repurchase products or use the services again than those are dissatisfied (Al – Wugayan et al., 2007). Al – Wugayan et al, (2007) also concluded that it is generally accepted that satisfaction is a psychological state that results from consumer experiences after consumption. Additionally, the basic conceptualizations focus on either or both of two aspects: the customers' initial expectations in relation to product attributes and the customers' perceptions of the product performance in relation to these expectations.

There are many different factors influencing customer satisfaction these are friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick services (Hokanson, 1995).

In order to gain the customer satisfaction, first of all firms have to understand and satisfy their customer needs and wants (La Barbera and Mazursky, 1983). According to Kotler (2000) customers' needs illustrate the felt deprivation of a customer. Meanwhile customers' wants refer to the form taken by human needs as they are shaped by culture and individual personality.

Singh, H. (2006) indicated that customer satisfaction affect positively and directly to an organization's profitability. Hoyer and MacInnis (2001) claimed that satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth. To some extents, the consequences of a lack of customer satisfaction need to be taken into account. According to Hoyer and MacInnis (2001), dissatisfied consumers can decide to discontinue purchasing the good or service; complain to the company or to a third party and perhaps return the item, or engage in negative word – of – mouth communication. From summarizing a numerous previous researches about satisfied customer and dissatisfied ones, La Barbera and Mazursky (1983) made a conclusion that 'satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase'.

Moreover, customer satisfaction affects positively and directly customer loyalty as well as customer retention. According to Sivadas and Baker-Prewitt (2000), there is an increasing recognition that the ultimate objective of customer satisfaction measurement should be customer loyalty. It can be denied that high customer satisfaction will result in increased loyalty for the firm and that customers will be less prone to overtures from competition (Fornell, 1992). Anton (1996) also shared his opinion with statement: 'satisfaction is positively associated with repurchase intentions, likelihood of recommending a product or service, loyalty and profitability'. Clearly, customer loyalty brings customer retention to repurchase or use the products and services the firms supply. In addition, long-term customer retention in competitive markets requires the business to go beyond mere basic satisfaction and to look for ways of establishing ties of loyalty that will help ward off competitor attack (Clare, 2001).

Relationship between Service Quality and Customer Satisfaction

Customer satisfaction is often defined as the customers' post-purchase comparison between pre-purchase expectation and performance received (Oliver, 1980; Zeithaml et al., 1993). The relationship between service quality and customer satisfaction has been discussed in numerous previous papers during the past decade.

First of all, many researchers present that service quality has positive related relationship with customer satisfaction. In other words, service quality influence customer satisfaction and vice versa customer satisfaction influence quality (Jun and Cai, 2010). There is no doubt that in the world's today intensive competition, once a business wants to survive, they have to improve the service quality that helps them to achieve a different advantage over their rivalries. Service quality, therefore has become one of the critical factors for satisfying and retaining valued customers in every industries and banking is not an exception. Many scholars indicate that high service quality results in customer satisfaction and loyalty with the product or service. A satisfied customer will have the willingness to recommend someone else, reduction in complaints and the bank can achieve the customer retention. Furthermore, a satisfied customer is likely to be a loyal customer who will give repeating business to the firm (Heskett et al., 1997). More importantly, according to Bedi (2010), the cost of retaining existing customer by improving the quality of product and services is perceived to be significantly lower than the cost of achieving the new customers.

On the other hand, when regarding the relationship between service quality and customer satisfaction in some industries as banking, some scholars point out that service quality is not related to customer satisfaction under certain circumstances. For example, through numerous studies, Parasuraman et al. (1985) indicated that even though customers were satisfied with a particular service, they did not think that it was of high quality. Another scholar also agrees with this idea, Storbacka et al. (1994, pp. 24) stated that: 'A customer could, therefore, respond on a questionnaire that a particular bank is of high quality, even if this did not mean this customer was satisfied with using the bank. Its interest rates on loans may be too high or it might not fit the customer's preferences for some other reason'.

Mind the Gap: Understanding the Gap Between Customer Expectation and Customer Perception

Between your thoughts about the customer experience your company provides, and your customers' actual perception of your performance, lies a gap. But this gap isn't vacant. It contains five customer service outcomes which, depending on how you handle them, can boost or break your reputation.

What are Customer Expectations?

Customer Expectations are the beliefs and assumptions of what an organisation's products, services and all-round customer service will be like. These ideas can come from an array of sources, including the company's marketing function - such as, adverts, website and social media - online review sites, public perception of an industry, a friend's recommendation or previous experience, either with the organisation or similar provider. It's also influenced by factors such as the customers personal need for the product or service, lifestyle choices and background.

What are Customer Perceptions?

Customer Perceptions are how consumers feel and regard an organisation's product or service after experiencing their offering first-hand.

There are several emotional and physical determinants customers apply when evaluating their experience. These include, accessibility, brand image, service promises communication, competence, courtesy, credibility, reliability, responsiveness and product or service attributes - the tangible characteristics of a product or service, for example, if buying a car, its size, colour, shape and engine size.

GAP MODEL OF SERVICE QUALITY

In order to effectively manage the customer experience, retailers need to have that same front and center focus on minding the gap. The framework used to identify and address potential service gaps is the Gap Model of Service Quality, also referred to as the 5 Gap Model. As thesecond reference indicates, the model involves 5 different gaps.

Originally proposed in a 1985 Journal of Marketing article titled “A Conceptual Model of Service Quality and Its Implications for Further Research,” the Gap Model of Service Quality is framework for analyzing common customer satisfaction issues. In the following sections, we will drill down into each gap individually, identifying root causes and actions to address customer satisfaction issues and close the corresponding service gap.

In the Gap Model of Service Quality, the first gap is the gap of knowledge, reflecting the difference between customer expectations and management’s understanding of those expectations. That is, management doesn’t know what customers expect. Common reasons for this disconnect include and ineffective transfer and analysis of available information. For example, this gap might occur if management fails to solicit and factor in information and insights from front-line employees, field personnel and customer surveys. In a big data world where customers have free access to rating platforms and the inclination to share their experiences, this gap is sometimes referred to as a “listening” rather than information gap. That is, in many cases, the information is there. The key challenge is prioritizing information sources, making sense of and acting on the available information. Outline how a retailer can close the customer expectations and management perceptions gap

- Outline how a retailer can close the management perceptions and quality specs gap
- Outline how a retailer can close the quality specs and service delivery gap
- Outline how a retailer can close the service delivery and communications gap
- Outline how a retailer can close the actual performance and perceived service gap

Gap 1: Customer Expectation vs. Management Perception

Gap between consumer expectation and management perception: This gap arises when the management or service provider does not correctly perceive what the customer wants or needs. For instance – hotel administrators may think guests want better food or in-house restaurant facilities, but guests may be more concerned with the responsiveness of the staff or the cleanliness of their rooms.

Factors that affect the size of the knowledge gap include:

- Market research: Before introducing a new product or service into the market, a company must conduct market research to understand whether there would be any demand for the product,

and what features should be incorporated. The better this process is conducted, the smaller the knowledge gap will be. There are methods of ensuring that customer desires are taken on board. These include comprehensive studies, gauging satisfaction after individual transactions (surveys immediately after a purchase is made), customer panels and interviews, and through customer complaints.

- Communication channels: The fewer the layers between management and customer contact personnel, the more likely that customer preferences will be incorporated into higher-level decision making on the product.

Gap 2: Management Perception vs. Quality Specifications

Gap between management perception and service quality specification: This is when the management or service provider might correctly perceive what the customer wants, but may not set a performance standard. An example here would be that hospital administrators may tell the nurse to respond to a request ‘fast’, but may not specify ‘how fast’.

The second gap in the service quality framework in the policy gap, reflecting the difference between management’s perception of customer expectations and actual customer service specifications. In this scenario, management may have an accurate understanding of customer expectations but that understanding hasn’t been effectively implemented as operating policy.

Specificity is the key here. For example, an expectation that the phone be answered in a timely manner is open to interpretation. Is “timely” 2 rings or 3? What if service personnel are already working with customers? For clarity and operational effectiveness, policies should be developed with the SMART – Specific, Measurable, Actionable, Relevant and Timely – goal-setting acronym in mind. Note, however, that situational factors can complicate matters. Policy that is actionable when things go according to plan may not work when staff calls in sick or there’s an unexpected influx of customers or a power outage or [fill in the blank]. SMART is good. Hiring employees who are able – and empowered – to improvise to achieve the overall customer satisfaction objective is best. Consider whether you should factor in Nordstrom’s Rule #1: “Use best judgment in all situations.”^[1] It’s not appropriate for all circumstances, but if so, by all means factor in a personal judgement override.

In order to address the policy-practice gap, companies should clarify, train on, measure and reward performance relative to customer service standards. To be specific:

- Clearly articulate service levels and business (i.e., budget) assumptions
- Develop, communicate and train to specific customer service standards
- Factor service level performance into evaluations for all related personnel
- Measure performance and adjust resources as required to meet service level objectives
- Monitor industry service level standards and update policy as appropriate

Gap 3: Quality Specifications vs. Service Delivery

Gap between service quality specification and service delivery: This gap may arise in situations pertaining to the service personnel. It could happen due to poor training, incapability or unwillingness to meet the set

service standard. An example would be when a doctor's office has very specific standards of hygiene communicated but the hired staff may have been poorly trained on the need to follow these strict protocols.

The third gap in the model is the performance gap, reflecting the difference between service quality specification and service delivery. Given that service is largely a function of human rather than robotic resources, resources versus robotics – at least to date – service quality may be affected by a range of factors including training, aptitude, attitude and health and cultural factors. The interactive nature of the customer service situation is a factor as well, with customer changes, special requests and the attitude and communication skills they bring to the situation impacting a service representative's ability to deliver to an established standard.

In a performance gap situation, the issue is generally not the lack of specific service policies but a failure to consistently and reliably meet those service expectations. In order to close this gap, companies should review financial and operating assumptions to ensure that service specifications are achievable. Human Resources-related activities from job analysis and job descriptions to candidate screening, selection, training and evaluation should be reviewed to ensure new employees are capable of and willing to meet service position demands. Developing a well-structured onboarding process, providing product/service training and cultivating a customer-centric team environment can help new service employees get up to speed with a minimum of stress. Indeed, onboarding is a topic onto itself, contributing to productivity, engagement and retention. And, speaking of retention, one critical way to mind the performance gap is to recognize and reward top performers. To summarize:

Validate service quality expectations and align people, processes and culture to support those goals.

Gap 4: Service Delivery vs. External Communications

Gap between service delivery and external communication: Consumer expectations are highly influenced by statements made by company representatives and advertisements. The gap arises when these assumed expectations are not fulfilled at the time of delivery of the service. For example – a hospital printed on its brochure may have clean and furnished rooms but in reality, it may be poorly maintained – in this case, the patient's expectations are not met.

The fourth gap in the model is the communication gap, reflecting the difference between the level of service promised and what is received. Consumer expectations are shaped by a range of communications including promotional advertising, website copy and photographs and statements made by company representatives. This gap is commonly due to over-promising or, at the extreme, false advertising.

Specific actions to close this gap:

- Review communications across all touch-points, including digital (email, website, social media and partner sites), print, and on-premise materials, to ensure accuracy and consistency
- Implement a “reality check” review and approval process for new campaigns and updates.
- Conduct mock customer interactions and listen in and provide coaching on point-of-contact conversations to ensure services are being represented realistically
- Incorporate employee input and customer reviews to make advertising real. Similarly, incorporating actual employees and customers in advertising puts a real face on the business.

Gap 5: Actual Performance vs. Perceived Service Gap

Gap between expected service and experienced service: This gap arises when the consumer misinterprets the service quality. The physician may keep visiting the patient to show and ensure care, but the patient may interpret this as an indication that something is really wrong.

The fifth or Customer gap represents the overall difference between the customer's expectations for and perception of the level of service received. This gap can occur due to service issues from gaps 1–4 or can reflect an error in the customer's judgement of the service received. The customer's perception is influenced by a range of factors including personal experience and needs, advertising and word of mouth. For example, a customer may have experienced excellent service during a meal but incorrect charges on the bill or boisterous diners at the next table may taint the experience and leave the customer dissatisfied overall. The key point to recognize is that the fifth gap can't be closed directly; in order to close the customer gap, a retailer needs to close gaps 1–4. Obtaining customer feedback is the key to identifying the root cause(s)—that is, the underlying service gap(s)—and, ultimately, closing the Customer gap.

But how do you know which customer satisfaction-raising initiatives will maximise your return on investment?

Many companies facing a drop-off in customer satisfaction, whether it manifests itself as an increase in customer complaints or a decline in visitors, turn to in-house or outsourced customer satisfaction surveys to pinpoint the strengths and weaknesses of their performance. And while, traditional customer research may have been the sharpest tool to extract customer opinions 30 years ago, the rise in mobile technology has led to a whole-sale shift in consumer purchasing behaviour. As well as changing the way brands engage with consumers, it's redefined how we mine and track customer preferences.

- **Multiple Customer Touchpoints** – Consumers can now encounter a brand before, during and after purchase, from reading buyers' online testimonials pre-purchase, to live-chatting with customer service staff for product and returns support. Acquiring meaningful customer experience metrics requires evaluating every customer touchpoint and the value it provides.
- **Social Media Monitoring** – How a company handles queries and responds to positive and negative feedback on its social media feeds, drives and shapes customer perception. Gaining the complete customer experience picture requires companies to leverage and analyse social media data, and that of their most successful competitors, to get to the root of customers' desires.
- **Self-Service Customer Surveys** – The adoption of DIY customer surveys and questionnaires, each varying in quality and design, has led to many organisations reaching out to consumers to garner transactional feedback. If carried out correctly, DIY surveys can go some way to pinpoint customers frustrations, but factors, such as, inadequate survey design, poorly structured questions, need for brevity and lack of competitive insight, can led to a low response and valueless data.

Tailored Customer Gap Analysis and Insights

Recognising the changing consumer landscape and the need for companies to access detail-rich customer insights, TTI Global has developed Customer Experience Quality Analysis (CEQA) , an agile new breed of customer research.

CEQA's success not only lies in crafting a customer satisfaction questionnaire perfectly in-tune with an organisation's interests and goals, but in its merging of qualitative and quantitative data collection methods which breathe life into the figures, highlighting the precise improvement actions needed to make customers happy.

360° Customer View – CEQA places the customer at the centre of the research framework and looks at every step of the customer journey from their point of view. This approach allows customers to voice exactly how they expect their problems to be resolved and the limitations of current processes; enabling companies to make targeted enhancements across all touchpoints.

Competitor Benchmarking - CEQA customer experience research not only gives companies a holistic view of their performance but benchmarks their closest competitors' customer experience, identifying where they sit in comparison and revealing best practice customer service activities.

Prioritised Action Plan – Self-service research methods often deliver a tangle of data that makes it difficult for managers to translate into effective actions. CEQA data is presented via matrix summaries which outline clearly the gap between customers' expectations and customers' actual experiences.

As well as showing exactly where kinks in customer service lie – right down to the business function and process responsible – results flag which items require urgent attention. Understanding which survey questions have the highest expectation also enables companies to prioritise areas where improvement and on-going tracking is needed most.

Future-proofing – A strong customer experience strategy can detect and adapt to market changes. As well as outlining areas where customers perceive over-delivery, so a company can reduce effort, CEQA outlines attributes which are likely to emerge as future priorities. For example, break-through technology customers want to give them a better, speedier service.

5 Gap Analysis Tools to Identify and Close the Gaps in Your Business

Gap analysis can help you compare your business's or project's actual performance against the performance you planned for.

What is Gap Analysis?

- *How to Do a Gap Analysis*
- *Tools for Gap Analysis*
 - *SWOT*
 - *Fishbone*
 - *McKinsey 7S*
 - *Nadler-Tushman*
 - *Burke-Litwin Causal Model*

What is Gap Analysis?

Gap analysis is used to compare where you are against where you would like to be. This helps you identify the gaps between these two states, and come up with an action plan to close them.

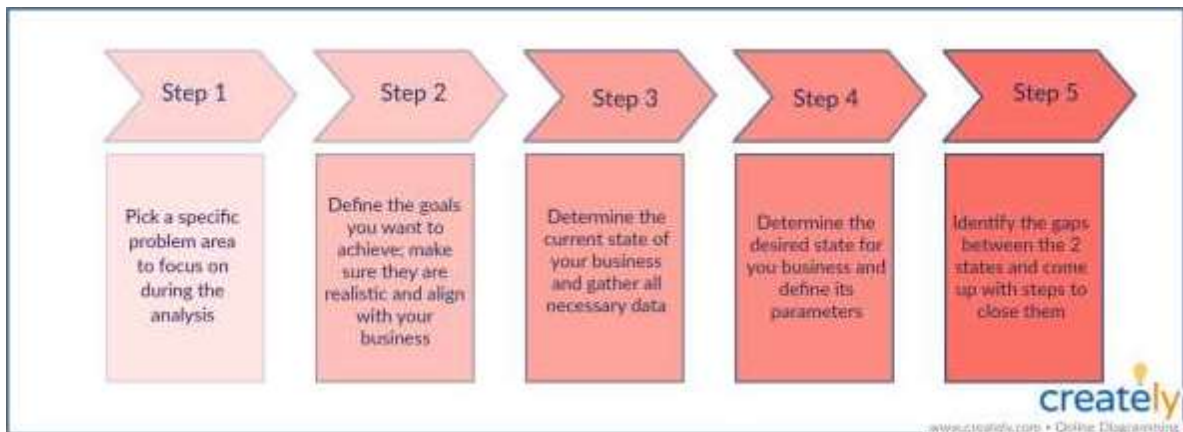
Basically, it helps you find solutions to issues that are holding you back from growing as a business.

It can be performed on

- A strategic level – comparing the condition of your business with that of the industry
- Operational level – comparing the current state of your business performance with the state you desire

How to Do a Gap Analysis

There's no standard process for doing a Gap analysis since it should usually be tailored to meet your business needs. But here are the steps a typical Gap analysis would follow.



Step 1: Pick an Area to Focus on

First of all, you need to know where to focus on during the analysis.

Whether it's from finance, product quality, marketing etc., pick that specific problem area you need to drill down on. For example, if it's marketing, a specific area would be social media marketing.

Being specific will help you focus better during the Gap analysis.

Step 2: What are Your Targets/ Goals?

Now that you know the area you need to improve, it's time to set goals or targets. Not only these goals should be realistic, which mean that they should be achievable within a certain time limit you set, but they should also align with your business goals.

These goals you set will help you define the future state in the 4th step.

Step 3: Determine the Current State of Things

Before you step forward, you need to know where you are standing. In this step, you'll figure out the current state of things.

By looking into reports or process documentation, doing interviews, brainstorming etc. gather as much data

as possible to clarify how you are performing at present.

Step 4: Determine the Future State of Things

Remember the goals you set in step 2? Achieving these goals will help you get to the future state or the desired situation you want your business to be in.

Step 5: Identify the Gaps between the Two States

Now you have an understanding of the attributes of your current state and the future state, it is easier to identify what is stopping you from reaching your goals.

After identifying these gaps, come up with the steps you need to take to close them.

Gap Analysis Tools

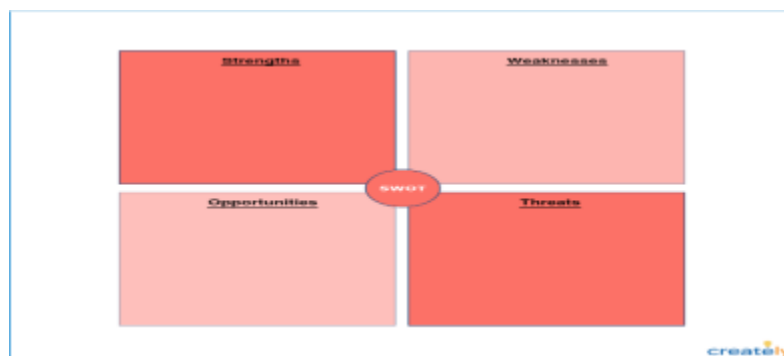
Once you have identified what the gaps are, you need to look into why they exist and what you can do about them. There are a few gap analysis models you can use for this task. Following we have listed a few Gap analysis tools that you can use.

SWOT

SWOT analysis focuses on Strengths and Weaknesses in the internal environment and Opportunities and Threats in the external environment. It helps you determine where you stand within your industry or market.

How to do it;

1. Gather around a team from relevant teams/ departments
2. Create a SWOT analysis matrix; you can either use the one below or choose from these SWOT analysis examples
3. List down the internal strengths and weaknesses of your business
4. Note down the opportunities and threats present in the industry/ market
5. Rearrange each bullet point in the order of highest priority at the top, and lowest at the bottom
6. Analyze how you can use your strengths to minimize weaknesses and fight off threats, and how you can use the opportunities to avoid threats and get rid of weaknesses

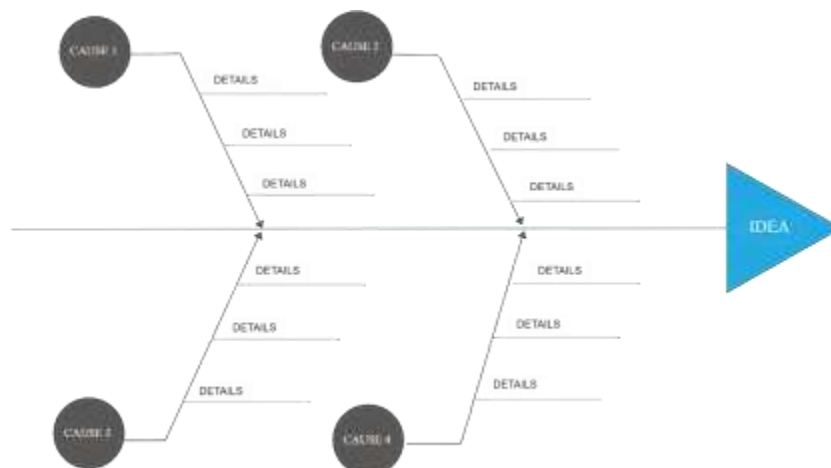


Fishbone

Fishbone diagram, also known as cause and effect diagram or Ishikawa diagram, helps you identify the root cause of an issue or effect. It lists the 6 Ms (listed in the diagram below) and helps you see how they relate to the central problem.

How to do it;

Here's a quick guide on fishbone diagram to help you understand how to do a cause and effect analysis.

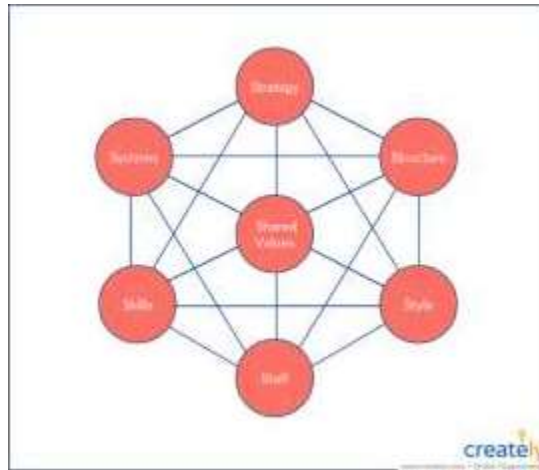


McKinsey 7S

McKinsey 7S can help you with any of the following purposes

- To help understand the gaps that may appear in the business
- Identify which areas to optimize to boost business performance
- Align processes and departments during a merger or acquisition
- Examine the results of future changes within the business

The 7s refer to key interrelated elements of an organization. They are as follow,



These elements are divided into two groups; hard elements, which are tangible as they can be controlled, and soft elements which are intangible as they cannot be controlled.

Hard elements

- Strategy – the plan of actions that will help your business gain a competitive advantage
- Structure – the organizational structure
- Systems – business and technical infrastructure employees use to do their daily tasks

Soft elements

- Shared values – a set of beliefs or traits the organization upholds
- Style – the leadership style of the organization and the culture of interaction
- Staff – the general staff
- Skills – key skills of employees

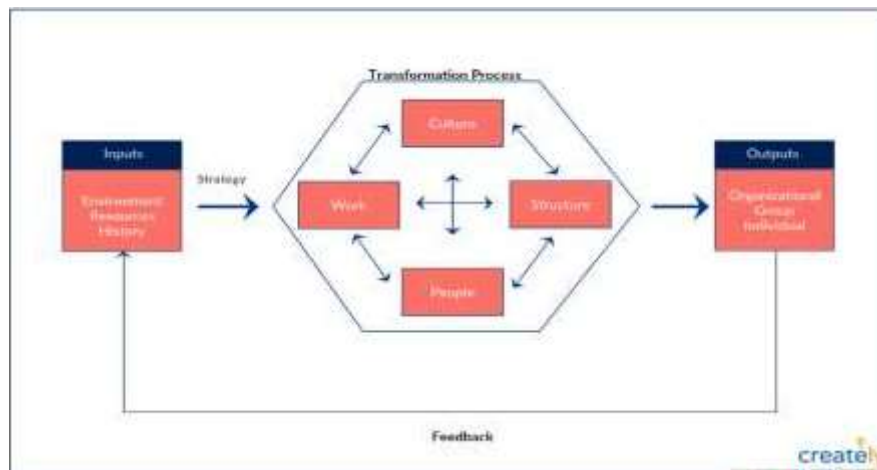
How to apply it;

1. Gather around a competent team
2. Check whether the elements are properly aligned with each other (look for gaps and weaknesses in the relationship between the elements)
3. Define the state where these elements would be optimally aligned
4. Come up with an action plan to realign the elements
5. Implement the changes and continuously review the 7s, moving forward Here’s a more detailed look at how to apply the McKinsey 7s model.

Nadler-Tushman's Congruence Model

The Nadler-Tushman's congruence model is used to identify performance gaps within an organization.

It is based on the principle that a business's performance is a result of these 4 elements; work, people, structure and culture. The higher the compatibility among these elements, the greater the performance will be.



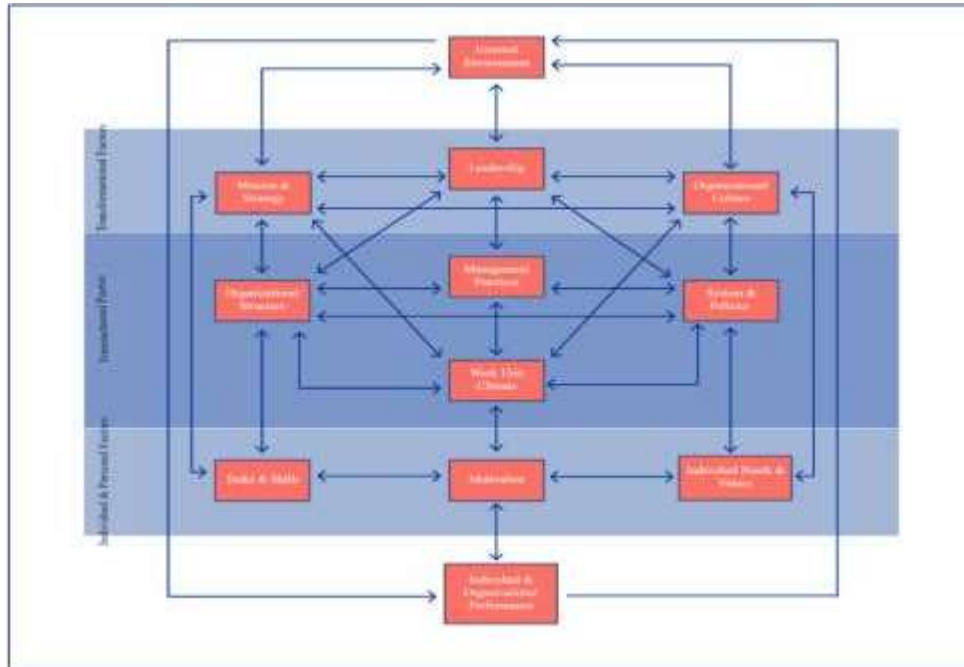
How to apply it;

1. Gather all data that points at the symptoms of poor performance
2. Specify and analyze inputs which include the environment, resources and history. And define your organization's strategy.
3. Identify which outputs are required at individual, group and organizational levels to meet the strategic objectives
4. Figure out the gaps between desired and actual output and the problems associated with it (and mark down the costs associated with them as well)
5. Collect data on and describe the basic nature of the 4 major components of the organization
6. Assess the degree of congruence among these components
7. See how poor congruence and problems related to outputs are correlated. Check if the poor 'fit' of the 4 major components are related to the problems
8. Come up with action steps to deal with the problem causes

Check out this resource for more in-depth instructions on how to apply the Congruence model.

Burke-Litwin Causal Model

This tool helps you understand the different components of an organization relate to each other when going through a period of change. There are 12 components that are interrelated and they are as follow,



How to apply it:

1. Find out where the need for change is coming from; whether from the external environment, transformational factors etc.
2. Identify which of the elements in each group is responsible for the situation
3. Examine the key element along with the other 11 elements; pay special attention to those that are closely linked to the identified element
4. Figure out the changes you need to make to the main element along with the other few elements it is closely linked to

Customer Relationship Management

What is CRM?

CRM stands for **Customer Relationship Management** which is a software solution that delivers functionalities to help businesses organize and access customer data. It provides an

infrastructure which organizes activities, notes and metrics that helps each stakeholder of the organization to easily connect with various departments, from marketing to conversions to customer service, all through one cohesive system. Every user connected to the organization's network can gain easy access to the client data whenever there is a need. CRM, therefore has revolutionized the way you connect with customers with unparalleled coordination.

Benefits of CRM for Business

- **Improves Informational Organization** - CRM identifies, documents and records all the interaction that customers have with the organization. This helps businesses to understand their customers better and provide instant solutions.
- **Ensures Enhanced Communication** - CRM is cloud-based and never disappoints customers as it makes information accessible from any device. All the customer needs is an internet connection.
- **CRM enhances Your Customer Service** - With CRM customer support becomes a cake walk. This is because, when the customer reaches out to the company, the executive would be all equipped to retrieve information on the activities like the recent purchases made, priorities and any other assistance that customer requires.
- **Automates our day to day tasks** - A CRM is developed to automate performance of multiple tasks of the employees. This would help employees to focus more in converting leads and addressing customer issues while the CRM is at their disposal to take care of the details.
- **Greater efficiency for multiple teams** - The stored information entitles the users of different teams to access emails, phone calls, and calendar details from a secure and easily accessible console. The best part of CRM is that users can same data by multiple teams at the same time by tagging the required team to access the information. This new find, simplifies the work for the teams and gives the possibility to seamlessly work together to enhance the bottom line.
- **Delivers accurate analytical data and reports** - CRM systems archive data in one place that prompts enhanced data analysis. The tool is developed to easily integrate with plugins and other tools that can generate the possibility to generate automatic reports to maximize your time. This helps the users to make effective decisions to reap the rewards in customer trust and get good revenue in the long run.

Following are the factors to consider knowing which CRM is the right for business

Implementation – Implementation plays a vital role. If you are changing or installing a new software to the existing process – there is a phase of implementation that has to be gone through. Understand if factors of implementation like training and testing and the associated cost incurred would be able to fit in your requirements.

User Adoption - The new change should be easy to adopt by the users of the team. Involving the teams in selecting the CRM process helps associates accept the change and the new system. The more the ownership the employee gets in selecting the new tool, the easier it is to adopt to the change

Mobility - Employees in the teams are more adoptive to the newest technology. So it is critical to choose a CRM tool that can be updated regularly and remain current with latest technology.

Customization - Each business process is unique and different and the demands are different too. The CRM you choose must be flexible and versatile to handle your business processes. It should also be adaptive and scalable to the changes in business processes without any replacement.

Compatibility - It is important to choose a CRM that is compatible with other existing applications involved in the process.

Product Demo - As a part of the user adoption, it is important to get access to product demonstration. This would help you understand the strengths and weaknesses of the tool and understand if it would be the right tool for your business needs.

Reporting - While you sit back and enjoy the functionalities of the product, it is important to check on the reporting capabilities that can assist you to successfully thrive amidst your competitors.

Essential features of a CRM Software

- Contact management
- Reporting and dashboards
- Lead management
- Deals and Tasks
- Campaign management
- Email tracking
- Social media management
- Mobile version

What is CRM Software? CRM or Customer Relationship Management refers to various strategies and techniques used by organizations to maintain a healthy relationship with its existing as well as potential customers. It includes learning ways to manage the happiness of the customers by giving them what they want and adapting the products and services to increase effectiveness and profitability.

There are many **CRM software** available in the market, but most of them can be availed only on a trial basis. ITarian **Customer Relationship Management** solution is completely of cost.

In today's dynamic business world, business owners are in a close race with each other to gain the top spot. Keeping pace with the incoming leads, and prospects is a critical task for any business. Customer Relationship Management systems or **CRM software programs** help achieve that by tracking everything related to your customers.

Businesses that meet the customers' requirements is more likely to win customer loyalty and, eventually, succeed.

Hence, CRM or Customer Relationship Management system is like a foundation to grow your business. Let's take a closer look at how a **CRM system** can be the best allies for improving your customer experience.

FOUR STEP EVALUATION PROCESS FOR LAYING THE FOUNDATIONS OF YOUR CRM

STRATEGY:

- 1. Identify internal challenges - Look for any bottlenecks and hurdles that your customer may have when buying from you. Similarly, identify areas that make it difficult for your team to communicate with prospects and customers.**
- 2. Map the customer journey- Document how your prospects find you, interact with your brand and consume your content. Your sales process should work alongside the customer journey and guide your customers to where they need to go.**
- 3. Define your metrics-Start by setting benchmarks for your current sales results. From here, you can identify the sales activities that will improve these KPIs.**
- 4. Business milestones- When adopting a new CRM, be aware of any product launches and events that you'll need to work around. Make sure these are noted in order to avoid technical hiccups.**

External Marketing Communication

External marketing communication is the process of delivering targeted marketing messages to customers, prospects and business partners, such as distributors or retailers. An effective external marketing communication program can generate greater demand for your products or services and increase revenue and profits. Small businesses can develop external marketing communication programs themselves or appoint a consultancy to manage the process.

Role

External marketing communication can help you achieve a number of important sales and marketing objectives. You can use it to increase awareness of your products and services, or to highlight the benefits of your offerings over those of your competitors. If you want to enter a new market, external communication makes prospective customers aware of your company and your products. Marketing communication also plays a part in building or improving relationships with customers, helping to increase loyalty and repeat sales.

Advertising

Small businesses can use many different types of marketing communication tools to reach customers and prospects. Advertising in newspapers, magazines or local radio can help you to launch new products, announce a sale or promotional offer, or generate inquiries for your sales team to follow up. Advertising costs include the cost of the space or time, together with any professional fees for designing and writing the advertisements.

Direct Marketing

Direct marketing offers an alternative to advertising. Communicating with specific customers and prospects by mail or email enables you to make targeted offers and personalize the messages. If you manufacture sports goods, for example, you could develop a direct marketing campaign that makes different offers to school teams, amateur teams and professional clubs. Direct marketing costs include charges for buying or creating a mailing list, professional fees for creating the mailing campaign, distribution charges and the costs of any promotional item that forms part of the campaign.

Publications

Publications play an important role in external marketing communication. Product brochures provide customers and prospects with information on your products and services. You can use brochures as part of a direct marketing campaign or as a presentation tool for your sales team. By publishing a newsletter, you can keep customers and prospects informed on developments in your company, in addition to details of new products and services. Regular communication through newsletters helps you to maintain regular contact and build relationships with customers and prospects.

Events

You can communicate with customers and prospects by organizing or participating in events, such as trade shows, seminars or conferences. Taking a booth at a trade show, for example, gives you the opportunity to meet prospects who are interested in the types of products featured at the show. By speaking at a seminar, you can demonstrate that you are an authority in the market and build confidence in customers and prospects.

Lead Generation Activities

Lead generation is the process of collecting contact details of prospects so that a sales team can follow up and convert them to paying customers. Lead generation ensures that companies can continue to grow revenue by increasing the number of customers they serve. Marketing teams collect contact details by running advertisements that include a response mechanism such as a reply coupon, telephone number, email address or website address where prospects can submit their details. In return, respondents receive a special offer, such as a gift or discount for consumers or a valuable report for business prospects.

Generating Leads Through Telemarketing

Telemarketing is a form of marketing conducted over the telephone. One of its most important roles is supplementing the sales force. A telemarketing team contacts prospects who respond to a lead-generation campaign. By asking questions, telemarketers qualify the leads to assess whether they are strong or weak prospects. They ask about the prospects' intentions to buy, their time frame for buying and their current suppliers. The telemarketing team passes the strongest leads to the sales force for follow-up. They may also arrange appointments for a sales visit to strong prospects.

Market Education and Price Justification

Market education is a valuable tool for companies that market complex products or services whose benefits may not be immediately obvious to customers and prospects. A product that cuts customers' maintenance costs by incorporating high-quality, long-life components may sell at a higher price than competitive offerings. The company must convince customers that the savings they make over the life of the product outweigh the difference in price. By commissioning and publishing independent reports on performance and operating costs, the company aims to educate the market and justify its premium pricing.

Channel Marketing Activities

Channel marketing is important to companies marketing their products through retailers or distributors.

Channel marketing consists of support and training to ensure that channel partners have the skills, product knowledge and commitment to market the company's products effectively. Channel marketing activities include product training and marketing support material, such as advertising and direct marketing templates, brochures and point-of-sale material.

Social and Relationship Marketing:

Relationship marketing helps companies strengthen customer loyalty and increase the revenue they earn from each customer. Relationship marketing aims to increase the level and quality of contact between customers and company and build a greater understanding of individual customers' needs and preferences. Activities include newsletter publication, courtesy calls from a telemarketing team, personalized offers and loyalty discounts for repeat purchases.

What is the delivery promise gap?

The Delivery Promise Gap is the difference between what customers expect and what retailers can offer in terms of delivery speed and cost.

THE BRAND PROMISE & EXPERIENCE GAP

Metrics and goals. Brand – and by extension, Marketing – tends to focus on top-of-funnel metrics that aim to grow customer reach and revenue, such as brand awareness, consideration, and marketing mix optimization. CX, on the other hand, is largely steeped in growing customer loyalty, as typically measured by retention, lifetime value, and satisfaction. What lies between is often the 'kitchen sink' of the experience itself. Not only is there often no real way to measure the gap between brand promise and reality, but many organizations take a less-than-deliberate approach to deliver on the brand promise in the first place.

Prioritization. Prioritization is ultimately a function of your company's goals. As described above, when Brand and CX aren't focused on the same KPIs and measures of success, the result is often competing priorities, unbalanced and disproportionate budgets, and disjointed experiences. The outcome? Unhappy customers and an unfulfilled brand promise.



Siloed brand and customer promises. A vast gap typically exists between the brand promise and the customer experience. Too often, the 'starting gun' and 'finish line' don't match. It's as if one side is preparing for a sprint (awareness and consideration), while the other anticipates a marathon (customer retention). It doesn't stop at metrics alone – strategies, tactics, and touch points are all driven by these siloed KPIs. Both the brand and customer

promise capture an aspirational view of how customers think, feel, and act. Both are driven by perception. Yet despite how cyclical and intertwined these two things are in the customers' minds, organizational silos, diverging strategies and goals often lead to discordant experiences and results.

THE PATH FORWARD

The good news: through shared processes, activities and operating models, organizations can find significant ways to bridge the brand/CX gap in meaningful and sustainable ways.

Co-create experience design and delivery. Starting with the brand promise, Brand, CX, Product, and operational teams should work together to define and design 'proof points'. If Brand has identified tangible ways the brand should show up to deliver on its promise, all stakeholders should be involved in mapping how those proof points surface throughout the experience – from messaging, to touch points, to the emotional feeling and connection it creates for the customer. Facilitated as a quarterly or bi-annual workshop (because experiences will naturally need to evolve and change with consumer preferences, technology, and process), it's a great way to align and educate teams on what the brand promise really means, to examine how well it does/doesn't show up throughout the experience today, and to garner ownership and buy-in around future experience creation.

Align on a shared North Star: Value. We've seen that when Marketing focuses too narrowly on traditional brand health metrics, it misses other key customer signals of effort, effectiveness, satisfaction, and loyalty – metrics that ultimately serve as indicators of the brand experience and the bottom line. Instead, organizations which prioritize *customer value* tend to create sustainable brand and customer growth. This is because value requires the customer to consider not just the brand promise, but the actual utilization of said product or service (aka the experience) relative to cost. As such, one can imagine the transformative effect that a value metric has in galvanizing teams to focus on not just one, but all aspects of the experience. Consider what would change if your Brand, Marketing, Product, and CX departments were all accountable to customer value – or any shared brand experience metric – that delivers on the brand promise throughout the customer lifecycle. (Hint: chances are there'd be much more coordinated and deliberate focus on downstream experience creation.)

Streamlined prioritization. Now that we've settled on shared measures of brand and experience success, imagine, if you will, how much easier budget and prioritization discussions could be. Following the steps outlined above, companies co-creating experiences that amplify and deliver on brand proof points, as measured by customer value, have a simpler time determining the key priorities that seek to improve or optimize the brand experience. No longer is it a trade-off between developer resources for landing pages vs. billing pages. Instead, there's a shared understanding and agreement of which touch points, experiences, or processes are most critical to delivering on brand promises (proof points) and key moments of truth (pain points) – making the case for "customer value" as a single and primary input of project and budget prioritization.

7 RULES FOR EFFECTIVE CUSTOMER SERVICE COMMUNICATION

In customer service interactions, communication means everything. Whether a customer needs help with a product purchase or is completely frustrated to the point of leaving the brand, customer service agents need to use the right skills to connect with customers in a way that leaves them calmer, satisfied, and confident in the brand. Here are seven rules for effective customer service communication that will empower agents and customers alike.

Personalize the interaction. Customers often seek a human touch when contacting a brand, so agents should be sure to personalize the experience right from the start. It's important for agents to introduce themselves, address the customer by name, and ask in an authentic tone just how they may be of service. Customers should be able to feel the agent's willingness to help them, so a cheerful tone on the phone and positive language in written communication are essential to a personalized experience.

Avoid negative phrases. Simply put, there's no place for negativity or doubt in customer service. A frustrated customer wants to hear that there *is* a solution to a problem. Agents who may not have immediate answers should refrain from using any language that suggests an inability to solve a problem or lack of knowledge. For example, they should avoid words such as "can't" or "don't" and offer to find the solution with determined, positive language. Negative phrases may not only frustrate a customer but make him or her lose confidence in a brand.

Use positive language with a touch of empathy. Agents who use positive language and show confidence are far more likely to appease and satisfy customers. Agents should use positive phrases such as "I can," "I will," and "I understand" to connect with customers. Such language is reassuring, proactive, and empathetic and restores customer confidence.

Listen closely and avoid interrupting the customer. Customers want to be heard, so agents need to listen as much as they offer support. Agents should always welcome customers to explain their issues in full before providing solutions. Interrupting a customer implies a lack of respect or empathy for a problem, so it's important to let them talk and politely offer a solution once they are ready to hear it.

Use consistent brand vocabulary. One critical aspect of effective customer service communication is using consistent brand terms that customers will understand. When agents communicate with customers, the vocabulary used to describe products or services should match the language on the company website, mobile app, IVR menu options, and social media sites. Brands should be consistent in the vocabulary they use across all channels, and agents should be skilled in the brand lexicon and use it accurately during service interactions for faster, more efficient service.

Give thorough answers to technical questions. Customers may not possess the technical knowledge needed to understand a problem, and agents need to be sensitive to this. Consider, for example, a situation in which a customer contacts a telecommunications company regarding a technical issue or perhaps a retail company for a problem on the website's checkout page. Agents should make customers feel at ease when the situation is technical and offer clear explanations in terms the customer can understand.

Make communication clear and concise. Customers want thorough answers, but they also value their time. Agents therefore need to remember that one aspect of effective customer service communication is keeping the exchange fairly concise and always relevant, whether it be verbal or written. This point is especially vital on social media, chat, and SMS, as they are channels defined by concise communication. Emails should be kept to a length that gives just the right amount of relevant information. Lastly, agents should strive to use a natural, conversational tone in their communication both on the voice channel and in written form to keep a personal connection with the customer. On non-voice channels, it's especially necessary to humanize the experience. Effective customer service communication combines a personalized approach with efficient practices that save customers time and frustration while ultimately winning their loyalty.

THREE COMPONENTS OF EXCELLENT SERVICE QUALITY

Service quality is one of the most important competitive factors in today's business landscape.. Defining excellent service is not a one-way street. It depends on how the customer

experiences the service. That being said, one fact is without question; if the service quality is not sufficiently high, the service provider is likely to disappoint its customers regardless of their expectations.

Great service climate is a key to excellent service quality

The concept of service climate plays an important role in understanding how to deliver excellent service quality, as it captures what employees experience in terms of organizational practices regarding service delivery. It also influences employee motivation regarding service behavior.

If employees experience excellent service quality on the inside, they are more likely to be motivated to deliver excellent quality on the outside of the organisation. Thus a strong service climate leads to service quality.



Service Strategy

With a service strategy, the service provider can decide the service parameters, build the service value chain and design the internal service platform. The stronger each of these elements are - the better and more robust the service strategy will be.

Service Performance

Research highlights that training, empowerment and rewards are the three most significant factors, which determine the level of performance and, in turn, lead to delivery of service strategy and excellent service quality.

Training

Training of service employees has long been identified as the most important factor behind higher service quality. For years, studies have proved that there is a strong correlation between the number of employee training hours and the degree of service quality.

To make it a success, the employer should focus on more than the basic service-specific competencies. The main emphasis should rather be on training of service management and other soft skills such as social skills, attitude and language abilities.

This will enhance the overall capabilities of service employees and improve the overall performance of the service system.

Empowerment

Empowerment means providing employees with enough autonomy to allow them to handle unforeseen

situations and challenges and let them be more self-sufficient in their work.

Rewards

Service employees should be properly rewarded for their work. The term *reward* should in this context be understood as a broad term referring to more than just monetary reward. Contrary to common perceptions, monetary rewards play a much smaller role in aligning performance with the service organization's value and goals compared to non-monetary rewards. For both types of goals, it is of high importance that the goals are realistic and achievable and that the employee has been involved in the goal-setting process. The intangibility of services means that performance can be difficult to measure. Therefore employees must be trusted to monitor their own performance. Performance appraisals should include input from employees as well as customers and the appraisal results must be used in determining training needs.

Customer Results

As detailed above service quality is centered on the perception and experience of the customer. Hence, measuring and tracking customer results are ways to provide feedback to the service delivery chain and to increase the value of each customer relationship.

To make this successful it is of high importance that the service provider and the customer organization are aligned on the purpose, objective and goal of the service exchange

MARKETING STRATEGIES FOR FINANCIAL SERVICES

3 MAJOR MARKETING TRENDS FOR FINANCIAL SERVICES

Marketing for financial institutions has always been an ever-changing, fast-paced challenge. Evolving technology and customer habits have shaped marketing strategies for those working in the financial services industry for as long as there have been banks.

It's no wonder that 51% of financial services marketers said that their largest challenge was keeping up with new marketing techniques.

We've taken a look at emerging trends that have been shaking up the marketing world and how those in the financial services industry can apply them to their strategies.

1. Providing a personalized and data-driven customer experience is the key to earning trust and reaching the right customers at the right place

Data & Analytics

As with marketing for any industry, putting a focus on analyzing your audience data will only lead to more effective tactics down the road. Aside from benchmarking your performance, regularly tracking certain KPIs will shape your strategy.

Some questions to consider:

- What keywords do people use to find your site?
- Which pages do browsers spend the most time on?
- What gated assets are your visitors downloading most often?
- What type of device are people using to visit your page?

Using the data you find, you'll be able to start creating your list of buyer personas.

Audience Segmentation

Personalizing your customer's experience is a non-negotiable in present-day marketing. Those who work in financial services know more than anyone that one of the most important ways to gain trust and credibility is by meeting your customers where they're at.

What does that mean exactly?

It means that customers are savvy, and they know when they're being marketed to in a broad, impersonal way. And that means that when customers ARE communicated to in a helpful and genuine way, tailored to their specific needs, they'll think a lot more highly of the company.

Keep in mind your various audience personas and what type of messaging they'd like to hear on each step of their buyer's journey, whether you're constructing your email campaign plan, creating audiences for social ads or planning out your content calendar.

2. Financial service marketers need to continue evolving with technology, including with voice search optimization, mobile marketing and AI

Voice Search Optimization

Siri, Alexa, "Hey Google" ... chances are that you've asked a machine to do a search for you recently. Whether you were driving (and lost) or in the kitchen with your hands covered in flour, voice-activated search assistants are extremely handy and becoming more and more prevalent.

Optimizing your page to better match the way that people are searching will only lead to more SEO success in the future. (Note: *near* future ... voice search is set to account for 50% of all searches by 2020.)

When you're writing your content and developing your strategy, keep in mind the types of queries your customers will have while visiting your site. Blog posts and on-page copy should include conversational types of answers to common questions (i.e., Who, What, Where, When and How).

Mobile Marketing and Optimization

Creating mobile-friendly content can no longer be a second priority. If your website isn't mobile-compatible in 2019, you're running the risk of falling way behind your competitors. In fact, just being compatible isn't good enough — your content, interface and entire online presence should be built to excel on smartphones and tablets.

Financial service institutions also have a unique opportunity for the types of apps they develop. A study completed by the Wharton School of the University of Pennsylvania found that people visit a bank's physical location only once or twice a year, but instead interact with the institution on their mobile device — sometimes up to 30 times a month.

Upgrading your tech offerings can help you meet your customers where they are — whether you're helping them transfer funds to cover rent, checking their credit score or helping them stick to their monthly budget.

The budgeting software company You Need a Budget gives their clients a few ways to interact with their product. There's the standard browser version of their budget tracking program, as well as apps for multiple devices (phones, tablets, even Alexa) that seamlessly integrate with the user's account.

3. Content marketing is only growing in importance at financial service institutions

Video marketing remains important

The majority of financial marketers say that video is the most effective content type they use, and 72% of customers say they'd prefer to learn about a product or service by watching a video.

Incorporating video into your financial service marketing strategy can help with a few things:

1. You'll be able to break down complex concepts for your visitors

2. Videos can help introduce a more human element to your brand, lending to credibility and trust
3. Google will notice — pages with video content are prioritized to rank higher than ones without

In this video posted on Bank of America's Instagram page, they use customer testimonials to promote the bank's business loans and their work with the Tory Burch Foundation. It's one thing to write a bullet point list of what types of businesses take loans from Bank of America, but it's a lot more impactful to show the type of entrepreneurs who are clients of the company and highlight their unique stories.

Align departments for stronger content

As with our agency's mission to promote sales and marketing alignment within our organization, the financial industry should also look toward breaking down walls between departments.

While so many areas of a business are separate — all running with different goals and projects and timelines — they all have one common denominator: the customer. Without a happy client, there would be no company.

Encouraging communication and collaboration between marketing, sales, data analysts and customer service will help to develop a content marketing strategy that truly reflects what a company's specific customer wants and needs.

5 Most Effective Marketing Strategies for Financial Services:

1. Customer Outreach
2. Self-Service and Digitization
3. Social Media
4. Automation and Big-Data
5. Digital Storytelling

1. Customer Outreach

Customer outreach is one of the oldest and simplest marketing strategies for banks and financial institutions to adopt. However, it's also one of the most effective. Customer outreach is quite simply the concept of reaching out to customers to fill existing needs surrounding education, awareness, and help. This scales to a small organization in the form of free consultations and webinars and to larger ones in the form of financial education such as debt management programs or financial education in schools.

2. Self-Service and Digitization

Where baby boomers and previous generations largely preferred to receive products through sales representatives who could advise them and set up personalized (or not) accounts for them, millennials and Generation Z often want to do everything themselves with as little contact with human representatives as possible. Setting up and promoting digitized financial products and customer service or experience portals that enable customers to sign up for services online, change products and services online, and view their

information without going into a branch is an effective and increasingly necessary trend for financial organizations. However, it is not a marketing strategy that applies to every organization, as you may not sell products only services.

3. Social Media

81% of the United States population is on a social media account and many use social for up to 4-5 hours per day. Your smart and consistent use of one or more social media platforms is a valuable financial marketing strategy that you cannot afford to ignore. Millennials, Generation Z, and even Baby Boomers use social media platforms to connect with brands, learn from peers, and follow current events and news. Maintaining a steady presence on one or more sites with a strategy in place to offer value to followers will help you to build brand trust, create marketing opportunities, and grow your customer base.

Many financial and banking organizations use social media to connect with consumers for the purpose of building trust. For example, by showing that real people work at banks and in financial services, showcasing customers and success stories, and delivering customer service. For example, financial organizations can typically cut the cost of customer service by over 70% by switching from phone to social media. A good social media marketing strategy requires smart use of storytelling, content, and creative humor as well as consistency and the willingness to offer value for the customer rather than the bank. However, it is well worth the effort in terms of building trust, awareness, and relationships with consumers in their space.

4. Automation and Big Data

Most financial organizations have more data than they know what to do with, but that is quickly changing. Today, customer experience platforms and automation tools make it easier than ever to utilize and apply data as part of your marketing strategy for financial services. For example, big data can tell you who is saving up for a big purchase and most likely to need pre-approval for a loan, big data can help you identify and offer services before or after they are needed, it can help you to target specific customers for additional customer service or digital financial education, and can help you to cut down on needed customer service.

For example, JP Morgan uses bots to respond to internal IT access requests, cutting the need for 40 full-time employees, and speeding up the process. Other banks are using automation to tailor services, offer more specific or personalized solutions, and to create custom data and dashboards for customers in ways that would have been prohibitively expensive without automation.

5. Digital Storytelling

Storytelling is still one of the most effective marketing mediums, whether on social media, video, ads, or cross-channel platforms extending into the real world. Here, your marketing strategy should encompass telling a story that captures interest and evokes emotion to interest, excite, and move the viewer. Here, your goal is to create relatable and shareable content which can educate, entertain, or help the reader in some way – and hopefully manage all three at once. For example, Allstate's award-winning "Worth Telling" digital storytelling marketing campaign focuses on telling the story of 3-8 customers who are making a difference. Allstate not only promotes what their customers are doing, building trust by sharing real people and stories, but also draws interest across all marketing channels, builds customer relationships, and creates a human factor while promoting the products and services discussed in the videos.

SERVICE MARKETING IN HEALTH CARE INDUSTRY

In any business, a solid marketing strategy is critical to building a brand, attracting new customers and maintaining loyalty. The hospitality industry is no different. Because customer loyalty is key, marketing managers and executives devote a lot of time and resources to building brand awareness and creating ongoing, interconnected campaigns. These marketing efforts usually include both print and digital collateral that target former guests while also attracting new clientele. However, this particular industry has a unique set of challenges that must be overcome. Understanding the importance of marketing in the hospitality industry can help you get ahead and stand out in the competitive job market.

Adopting the right hospitality marketing strategy can be crucial for the long-term success of your business, helping you to attract customers, optimise revenue, and build recognition and trust. Achieving this requires you to keep up with the very latest hospitality marketing trends, but there are challenges here too, especially within the context of the COVID pandemic and the associated changes to how hospitality customers think and feel.

What is health care Marketing?

Hospitality marketing is centred on thinking about the business in terms of customer needs and their satisfaction. Hospitality marketing takes a look at how different sectors of the hospitality industry (e.g. accommodations, food and drink, tourism and travel) develop marketing strategies to promote their products or services, resulting in an increase in revenue.

Why health care Marketing is Important?

Since the hospitality industry mainly focuses on creating and maintaining positive customer experience and relationship, marketing becomes an important part of ensuring the industry's success. If you want to attract more customers to your hotel or travel business, you need to efficiently advertise on different digital channels and be where your niche audience is.

THE BASICS

Hospitality sales are different from consumer goods sales because marketers must sell tangible as well as intangible products. In many cases this means that they are marketing services rather than goods, and success hinges on creating the right *feeling* in the consumer. For example, a resort will want to cultivate a relaxing, fun atmosphere that is recognizable to customers and inspires those same feelings in the consumer.

Because the hospitality industry is mostly made up of tourism and other experiential services, a consistent brand identity is also very important. Marketers want to ensure that brand recognition exists so that customers will use their services again and again. Repeat customers bring in a sizeable portion of revenue, so marketing strategy must be split between maintaining relationships with past customers while seeking out new ones.

STRATEGIES FOR SUCCESS

Companies in the hospitality industry use various methods to develop and maintain an effective marketing plan. The following are some of the general strategies that marketers use for brand success.

RESEARCH

Customers choose hotels and other hospitality services for a variety of reasons. From location to facilities and perks, companies have to be sure that they're providing what buyers are looking for. The role of marketers is to identify what factors make customers choose a particular hospitality service, and this requires extensive research. By speaking to current and former guests, monitoring customer reviews on websites, reviewing industry data and more, marketing professionals learn what makes a hospitality service stand out, as well as how it can be improved.

AWARENESS

If potential customers don't know about a service, they can't purchase it. That's where brand awareness comes in. Marketers make sure information on hotels, resorts and restaurants is easy to find and up-to-date. They can do this by buying ad space on relevant travel sites, creating an engaging website and collaborating with other, noncompeting hospitality services in the same market.

PROMOTION

Another smart strategy for attracting customers is to run promotions during certain times of the year, usually when business is slower. Introducing incentives and offering incentives are just some of the ways that marketing professionals achieve this. Have you purchased a Groupon for a spa weekend? That's promotion at work.

RELATIONSHIPS

To ensure high levels of repeat business, good customer relationships are vital. Not only do repeat customers usually promote a service through word-of-mouth and social media, but they also create a stable revenue base. One way to build relationships is through customer loyalty programs, which reward customers who regularly use a particular hospitality service.

Planning Your Healthcare Marketing Strategies

Doctors tell patients all the time that an ounce of prevention beats a pound of cure. It's better to have a marketing strategy in place *now* than to wait until you find out your patient marketing CRM database is nearly empty.

Healthcare marketing is an investment for doctors, healthcare networks, and healthcare marketing professionals. You may have to hire outside help and plan for a larger budget than you have in the past. But in the end, it's worth it for that peace of mind—and to see your patient volume grow faster than ever before! To help you along, we provided our top 15 items to include with any well-planned *healthcare marketing* strategy.

1. Use consistent healthcare branding

You might feel confident your expertise sets you apart from other healthcare providers, doctor practices or hospitals. But let's face it—to a patient, one white coat looks just like the next.

2. Evaluate the online patient experience

A decade ago, simply having a website was enough to impress prospective patients and help them find your healthcare brand identity. But now, a website is healthcare's new front door. It's the first thing patients often see, and if it's not optimized for user experience, it may also be the last time a person considers your hospital or healthcare practices.

3. Build a responsive healthcare website

A responsive website is one that automatically adjusts to the size of a screen, so the experience is the same whether the site is accessed on a computer, tablet, your phone, or any mobile device. Google cares about the user experience, and it will prioritize competitors who have a site optimized for mobile users. In general, responsive sites work best for the mobile digital healthcare experience. But even if you currently have a responsive site, you should check that both your content and imagery continue to load properly (and promptly!) on mobile devices.

4. Test site speeds

Healthcare marketers who study user (prospective patients) behaviors online have proven that patients today are less willing to put up with slow loading times than ever before. It only takes 5 seconds to lose a prospective patient who decides to navigate elsewhere to their healthcare thanks to your slow site.

5. Optimize for prospective patients search engine results

Search engine optimization is a powerful tool for getting your medical practices or hospital network to the top of the search engines. However, it's a lot more complex than most marketing professionals realize.

6. Utilize PPC and display ads for Healthcare Marketing

Search Engine Optimization is the organic marketing strategy to earn a healthcare practice, hospitals, or hospital networks (or hospital systems) greater visibility online. However, even if your site ranks number one for a search term like "dentist in Tulsa," there are still 3 or 4 *paid advertisements* above that number one search that people will see first.

7. Leverage social media (the right way)

Too many hospitals and healthcare practices rely on *organic social media* for a large part of their digital healthcare marketing strategies. Organic social media means posting photos, updates, events, and more directly to Facebook, Twitter, or YouTube, and it's a valid strategy to build your brand and let patients know what's new.

8. Ask for reviews from patients

Typically, patients only leave reviews when they are motivated to do so, or if they had an above-average (or extremely poor) experience. Unless you ask for reviews of your healthcare services, you miss an opportunity to feature positive feedback from patients who were satisfied

with their office visit. This might be difficult for your front office staff to do—and they should not be required to evaluate each patient’s level of satisfaction as they walk out the door.

9. Follow up with patient feedback in your marketing efforts

You can’t help it when patients have a poor opinion of your practice and leave reviews on outside sites such as Yelp. What you *can* do, however, is follow up with any patient feedback and show that you are working on the problem. Sites like Yelp allow you to respond to patient feedback directly. With the right follow-up, patients may be motivated to update their review to let others know the problem was resolved in a timely fashion.

Reputation management should be part of any Healthcare Marketing strategy, but this doesn’t mean you should get defensive about negative reviews. It means upgrading processes and equipment and ensuring the best possible patient experience moving forward based on prior patient feedback.

10. Look into traditional media options

Many hospitals, healthcare groups, and practices are afraid to invest in external media opportunities: traditional advertising sources like radio, television, billboards, and newspapers. These are a major investment, and you must be careful about where you spend your money to see the best, tangible results.

11. Build doctor referrals into your marketing plans

How does your practice reach potential referring doctors? If you’re not using a physician liaison, you’re not getting what you need. Too many healthcare practices and medical specialty groups trust the front desk to reach out to doctors who may choose to refer their practice—but the front desk simply does not have the time to commit to this!

Doctor referrals are some of your best *organic marketing* strategies for bringing in new patients. Your physician liaison should be visiting hospitals, licensed caregivers and medical practices every day, scheduling lunches with potential referral bases, and keeping in touch with potential sources.

12. Check in with your current patients

Though it may not compare to digital advertising, word-of-mouth referrals should always be part of your overall healthcare marketing strategy.

Follow up with patients after an appointment or procedure to see how they're doing. Ask about your patients' families, or send out birthday cards with a personalized touch. Send emails and mail reminders for follow-up appointments (in-person or via telemedicine), and do whatever you can to maintain a healthcare relationship. Patients will always appreciate that you took the time and may make a point to recommend your local medical practice to their friends and family.

13. Become an authority in your specific field on medicine

Prospective patients remember you when you establish yourself as an authority in your medical specialty. Your PR (public relations) strategy should involve reaching out to the appropriate media outlet when you have something to share—it's free advertising for your healthcare brand!

Stay up-to-date with your specific healthcare industry niche through LinkedIn groups and other online forums. Consider following sites like HARO (Help a Reporter Out) to learn about interview opportunities. Submit healthcare community press releases from time to time—and consider hiring outside help to boost your visibility.

14. Track your marketing strategy

You should continuously monitor how your medical marketing strategy pays off in terms of ROI. Each year, your *Healthcare Marketing budget* should adjust in terms of what you want to focus on this year, based on a careful study of your metrics (performance analytics) so far. There are many ways to do this type of patient marketing tracking:

- Use a CRM (customer relationship management system) like HubSpot to track how patients engage with your campaigns, via emails, call centers, or targeted landing pages.
- Use Google Analytics to find out what terms you rank for in the search engines, and which terms you're missing out on.
- Track your pay-per-click campaigns by setting up Google AdWords.
- Use a HIPAA-compliant call-tracking system to see how paid advertising is paying off and to monitor your front desk.

15. Audit your front desk's response to your healthcare marketing initiatives

You can have the best healthcare marketing strategy for anyone in your area...but if your front desk staff cannot handle calls properly, you *lose* money and opportunities. An audit of your healthcare patients' front desk, or your call centers, may reveal any of the following:

- Long hold times for potential patients
- Confusion or patient misinformation
- A slow patient scheduling system
- An inability on the part of your staff to discuss, or "sell", your healthcare services
- No strategy in place to get patients to book an appointment

We strongly believe that no *Healthcare Marketing* strategy is complete if you don't take the time to train the front office staff properly! strategy comes together smoothly because you learn how best to represent your brand with any marketing materials.

10 General Health care Marketing Trends

Below, you will find information on some of the more general hospitality marketing trends that you need to be aware of. These trends affect hospitality companies of all kinds and are applicable in almost all situations.

1. Improve Customer Experience & Satisfaction With Chatbots

Chatbots can be used to improve the customer experience in a number of keyways and form a big part of many modern hospitality marketing strategies. These bots allow for rapid responses to customer questions, regardless of staff availability, and can provide support for multiple languages too.

This technology can be used during the booking stage, in order to offer support and encourage completion of bookings. Bots may also be able to up-sell and cross-sell, potentially helping your business to maximise revenue.

2. Voice Search

As the next generation of Web users prefer communicating through voice activation, this can be a great opportunity for the hospitality industry. Voice search is a type of voice control and recognition technology that primarily works with tablets, smartphones, and other similar devices. In fact, this marketing trend could soon eliminate the need for Internet users to press buttons or type their search queries online. Hotel guests can book a hotel room via their smartphone by just speaking to the device. They can even control the room's functions, such as lights, music, or heating through voice search. It is expected that more online marketers will start investing money into this new trend in the near future.

3. Customer Experience Marketing

In the competitive world of the hospitality industry, customer experience is essential in gaining loyalty. Keep in mind that providing excellent customer service on its own doesn't always result in direct profits. It is crucial to develop comprehensive customer experience marketing plans to meet the needs of your hotel or travel company. To generate healthy returns and a steady stream of returning clients, you must compile analytics from online customer testimonials on review websites. This will provide you with a wealth of information about your customers' preferences, how your company can do better, and which factors will lead to future conversions.

4. Personalisation Marketing

Personalised marketing allows companies to deliver individualised content to target customers through the use of automation technology and data collection. The goal of personalisation marketing is to engage potential customers by communicating with them as individuals. For hotels and tour operators, it's

important to personalise their services for their guests and clients through targeted emails. For example, targeted emails can be sent to potential customers whenever an upcoming discount is offered by the travel agency or hotel. Personalisation marketing is one of the most direct hospitality marketing strategies you can use to establish a more personal relationship with your customers and encourage them to make a return visit.

5. Artificial Intelligence (AI)

Artificial intelligence has the ability to streamline processes and provide valuable insights. Most online hotel room seekers tend to use aggregator websites to book their accommodation through, while some may land on a hotel's homepage but leave without booking. In most cases, users would prefer to speak with hotel staff without having to enter preferred dates and check-in details, which can be quite time-confusing. By using artificial intelligence chatbots on your website, you can provide personalised service and develop a robust system. Thanks to AI technology, your guests will even be able to place their room service requests through your AI-enabled website, which will surely save your hotel staff time.

6. Influencer Marketing

Influencer marketing is fast becoming a great opportunity for hospitality marketers to remain relevant in a highly competitive industry. Influencer marketing is a digital version of the traditional word-of-mouth for increasing hotel brand awareness and generating direct bookings. By using this strategy, you can reach a much larger audience and attract more customers to your hotel or travel business through credibility and trust-building among consumers. For example, your influencer marketing campaign can be specifically aimed at young people who are increasingly choosing Airbnb services over conventional hotels. You can engage your potential customers with authentic content that doesn't sound too brand-oriented.

7. User-Generated Content

User-generated content is created and shared by online end-users. It can come in different forms, such as testimonials, comments, forums, blog posts, and social publications, to name but a few. When a prospective customer looks for your brand's content online, he or she will normally read the customer reviews about your company on other websites or social media platforms. If you implement user-generated content correctly, you will be able to increase your brand awareness significantly. This strategy will also help you get more room bookings. One effective way is to encourage your guests to share their experience on social media. To do this, you can run contests, create brand hashtags, or create photo opportunities at your hotel.

8. Augmented Reality

One of the most interesting hospitality marketing strategies is augmented reality. This tool works by altering one's perception of their physical surroundings through the use of computer technology. Augmented reality allows hospitality businesses to change the way their clients perceive the environment they are in. Hotels, for example, can sell rooms online by enhancing their features through AR. There are hundreds of ways you can entertain your guests through augmented environments, such as allowing the guests to see virtual depictions of their favourite celebrities in the hotel. You will also be able to use this tool to send virtual keys to your guests through their smartphones.

9. Video Marketing

Travel industries and hotels can use video marketing to engage their target audience from YouTube videos, Instagram, or Snapchat, to going Live on Facebook. Gaining brand exposure and capturing the attention of your audience can be done through written content, but in order to engage them instantly, why not give them easily digestible videos about your hotel or resort. For example, you can use video marketing to capture the relaxing moment's guests can enjoy in your hotel's facilities. Keep in mind that your videos or photos must be very high quality in order to attract customers.

10. Remarketing

This marketing tool involves targeting potential customers who have already viewed your website or shown interest in your services. Remarketing is a way of re-engaging people who have spent time browsing pages on your website, but without booking a room. You can use this tool to re-connect with those who have visited your site and offer them a discount to encourage them to return. For example, you can set up this strategy through Google analytics by the users' demographics or interests. It is also possible to filter these searches to collect the information you need about the people who visit your website.

Hospitality Industry

Definition of hospitality marketing

Before we talk about what hospitality marketing is, let's focus on what marketing as a concept means in general. According to the American Marketing Association (2013) marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. The main theme emerges from this definition is that marketing is about understanding and addressing customers' needs and desires which not only benefits customers but also the society at large.

Hospitality industry refers to the businesses such as hotels, bars, and restaurants that offer people food, drink, or a place to sleep (Cambridge Dictionary, 2020). Having looked at the definitions of marketing and hospitality industry, it can be said that hospitality marketing is about applying marketing strategies and techniques in the hospitality industry. It takes a look at how organisations in the hospitality industry e.g. restaurants, hotels, and food service providers make use of marketing strategies and techniques to promote their products and services to customers.

Importance of hospitality marketing

In any business, an effective marketing strategy is absolutely critical to building a brand, attracting new customers, and retaining existing ones. The hospitality industry is not exceptional from this perspective. Hospitality marketers need to ensure that potential customers are aware of their existence and offers and existing customers are satisfied with the products and services to a reasonable extent (at least). Satisfied customers are highly likely to come back and may spread around positive word of mouth.

Competition is fierce in hospitality industry; therefore, organisations need to apply effective marketing techniques to fend off competitors. For instance, marketers can offer reduction in price, two nights stay for the price of one, and others to allure customers. Likewise, offering customers loyalty cards may become very useful as well.

Hospitality marketers need to ensure that customers are aware of their services. They can achieve this by using a variety of advertising media. For example, advertisements on TV channels, newspapers, magazines, and the Internet can be very useful to create customer awareness. However, marketers must not stop in creating awareness only. They need to ensure that the awareness turns into a purchase.

It is important to note that advertising campaigns may not work on their own, unless the products and services on offer are of good quality. A good product may often create enough buzz resulting in good business for organisations. So, developing right and quality products is absolutely important. This is where marketing can play a big role. In fact, new product development is an important aspect of marketing.

In any business, marketing strategy plays a key role in building a brand, alluring new customers and maintaining loyalty. The hospitality industry is no different. Top Hotel Management College in Haryana understands the importance of marketing in the hospitality industry and provides a cutting edge above others. The hospitality industry is mostly made up of tourism so a consistent brand identity is also very essential. Marketers want to ensure that brand awareness exists so that customers will use their services repeatedly. Repeat customers bring in a splendid portion of revenue, so marketing strategy must be split between maintaining relationships with past customers in order to look out for new ones.

Strategies for Success

The hospitality industry use different methods to develop and maintain an efficient marketing plan. The following are some of the general strategies that marketers use for brand success.

Research

Customers choose hotels and other hospitality services for a wide range of reasons. The role of marketers is to recognize what factors make customers choose a specific hospitality service, and this requires extensive research. By interacting with current and former guests, taking customer reviews on websites, reviewing industry data and more, helps the professionals to learn about what actually customer needs.

Awareness

Brand awareness is very important to attract customers. If potential customers don't know about a service, they can't purchase it. Marketers make sure that information on hotels, resorts and restaurants is simple to find and always up-to-date. They can achieve this by doing advertisements on relevant travel sites and collaborating with other, noncompeting hospitality services in the same market.

Promotion

Another elegant strategy for attracting customers is to do promotions during certain times of the year, typically when business is slower. Offering incentives is one of the most prominent ways to achieve this and grab the market. Promotions are a never ending process.

Relationships

Good customer relationships are vital to ensure repeat business. Top Hotel Management College in Haryana teaches innumerable ways to maintain relationships and one of them is through customer loyalty programs.

Resources

The best way to embark your career in hospitality management is with the right kind of education. Because marketing plays such an important role in the industry, it is important to choose a program that provides a strong background of business and marketing courses.

FINDING YOUR HOSPITALITY MARKETING MIX

While customer loyalty and brand relationships are crucial for any organisation, there are few sectors more reliant on the connections made with customers than the hospitality industry. A single review or poor comment from a customer can make or break your business in #HospitalityMarketing.

The best way to make sure that you're prepared for anything is to look at the seven P's of the service marketing mix. These "P's" ensure that you have everything you need to delight and engage your target customers. The 7 P's are:

- **Product:** What are you selling to your customers and how does it differ from the things provided by your competitors? What makes your brand stand out as the oneworth considering for your target audience?
- **Promotion:** The promotion element of your hospitality #MarketingMix refers to themethods you use to connect to your audience, including social media, content marketing, video marketing and more.
- **Price:** The "Price" section of your marketing mix speaks for itself. Most companieschoose a rate based on the kind of customer they want to attract and the personalitythey hope to build for their brand.
- **Physical evidence:** With physical evidence, you prove that your company is what you say it is. For instance, if you claim to be a business focused on excellent customer experiences, then it makes sense to create a website that's easy to exploreand use for your audience.
- **Place:** Location counts in hospitality marketing. Make sure that the place you choose to set-up shop is convenient and appealing to your target market and you'llfind that it's much easier to earn a profit
- **People:** People are perhaps the most essential thing in your hospitality marketing campaign. Focus on giving the individuals you interact with an unforgettable experience, and they'll reward you with not just their custom, but their advocacy too.
- **Positioning:** Make sure that you know where to position yourself in the hospitalityindustry to improve your chances of success. Are you going to be an affordable brand? The luxury company? Or something else entirely?

HOSPITALITY MARKETING IDEAS

As online environments have continued to evolve, and new trends in digital marketing havemade their way to the forefront, brands of all shapes and sizes are rethinking their advertising campaigns to suit a changing audience. Fortunately, no matter what your plan may be going forward, we have a few #HospitalityMarketingIdeas sure to help anyone!

1. Make Sure you know Your Target Audience

There's a chance that your promotional campaigns may go wrong in any sector. In the hospitality space, where customers frequently share stories and ideas online, there's an even greater risk associated with brand buzz. The best way to protect yourself is to think carefully about how your target audience may respond to each of your campaigns.

For instance, McDonald's assumed that their #McDStories hashtag would encourage positive tales from their target audience about their McDonalds experiences, but the result was thousands of negative stories from unhappy consumers.

2. Use Loyalty Programmes

As an industry that's highly consumer-focused, the hospitality space often relies on referrals and word-of-mouth marketing. Fortunately, if you can encourage your target audience to do some of your marketing for you, then you can boost the ROI of your campaigns in no time.

Take a leaf out of Marriott's book, their generous loyalty campaign which allows customers to use points towards free stays, airline miles, and car rentals won them the title of best Rewards programme of the year between 2017 and 2018.

3. Customise Your Customer Service

If you want to encourage your customers to start raving about your hospitality brand, make sure that you give them plenty of great things to talk about. In the age of "experience," one of the best ways to boost your brand reputation is by delivering excellent customer service.

EFFECTIVE MARKETING FOR PROFESSIONAL SERVICES

Several developments during the last few years have accelerated this trend, among them the following:

1. **Legal sanctions.** Several highly publicized court cases have opened the door to such previously banned marketing tools as advertising.
2. **Too many professionals.** Law, architecture, dentistry, and other professions have become overcrowded and their members must increasingly compete for customers.
3. **A declining public image.** In an era of consumerism and malpractice suits, professionals are no longer on a pedestal. This condition has made it necessary—and, ironically, more acceptable—for professionals to use marketing to enhance their public images and to improve their clients' and patients' satisfaction.

These developments are pushing numerous professional service firms into the marketing arena.

Professionals of all types now aggressively use marketing tools. For example, many newspapers, magazines, and Yellow Pages directories are filled with advertisements for lawyers, dentists, optometrists, and accountants. At the same time, storefront legal, dental, and tax-preparation clinics have become accepted as part of the suburban shopping center scene. Furthermore, newsletters, press releases, and other public relations tools are widely used by accounting, law, architectural, engineering, and management consulting firms. And, in a less visible way, professional service firms of all types and sizes are employing marketing research and strategic planning with increasing frequency.

As competition intensifies, many professionals are discovering the limits of conventional marketing wisdom. They are finding that marketing concepts and approaches employed by organizations selling

toothpaste, cereal, and other tangible products, or even other types of services, aren't readily transferred to professional services. Indeed, marketing such services *is* different.

1. Strict ethical and legal constraints.
2. Buyer uncertainty.
3. Need to be perceived as having experience.
4. Limited differentiability.
5. Immeasurable benefits of advertising.
6. Converting “doers” into “sellers.”
7. Allocating time for marketing.

The first five challenges have to do mainly with the selection of marketing strategies and tactics. The last two challenges primarily affect how such firms organize and staff for marketing. In the following pages I describe each challenge and offer suggestions for resolving it.

1. Strict Ethical & Legal Constraints

While constraints on marketing have loosened enormously of late, there are still a host of ethical and legal restraints that require careful attention. They are enforced by national, state, and local professional societies, certification boards, government agencies, and other bodies.

Marketers of goods and commercial services are mostly free to sugarcoat, soup up, or scale down their offerings to please customers, as long as they obey health and safety regulations. Enough leeway exists to allow many desired but potentially harmful offerings like cigarettes to be marketed aggressively.

But ethics and standards discourage professional firms from knowingly marketing services which, while “pleasing customers,” might mislead or eventually harm customers or third parties. Thus, lawyers usually avoid claiming they can win certain types of suits and editorial consultants tend not to guarantee their ability to get articles placed in specific publications. Moreover, CPAs typically resist any client pressures to overlook financial irregularities. Such activities would not only hurt the interests of clients or patients, of course, but they could also lead to formal complaints from third parties like investors and insurance companies, loss of licenses or certifications, and financial ruin.

2. Buyer Uncertainty

Professional services are what economists sometimes call “credence” goods, in that purchasers must place great faith in those who sell the services. Professional services usually lack many attributes that a buyer can confidently and competently evaluate before—or even after—making a purchase decision.

When consumers buy a new sofa, they can sit on it, touch it, and compare prices before making a decision. Or after eating in a restaurant, the experience itself is usually enough to tell diners whether they are happy with their meal and would return.

3. Need to Be Perceived as Having Experience

Because buyers of professional services are often uncertain about the criteria to use in selecting a professional, they tend to focus on one question: *Have you done it before?* People prefer to use accountants and management consultants who have worked in their industry previously, lawyers who have litigated cases just like theirs, architects who have designed buildings like the one they want to build, and surgeons who have performed the needed surgical procedure hundreds of times. Using an experienced professional makes a risky purchase seem less risky. Among other things, if anything goes wrong, a buyer may avoid being blamed by superiors or family members for carelessly choosing an unproven professional.

Even sophisticated buyers—such as in-house legal counsel, controllers, or resident architects—place a premium on experience. For instance, in-house corporate lawyers have become increasingly inclined to seek out specialized firms to handle sophisticated legal matters.

To overcome the need for experience to break into a new service or market, a firm has three options:

1. Recruit people possessing the needed experience.
2. Merge or otherwise join forces with a firm that has experience in the service or market.
3. Reduce fees.

All three approaches are widely used. For example, a growing East Coast executive search firm, which was started by a partner with extensive experience in banking and financial services, has been expanded by adding partners with experience in real estate and mortgage banking as well as high technology. This approach has also been used successfully by the Washington, D.C. office of Peat, Marwick, Mitchell, the CPA firm, which began adding banking clients after it transferred in some banking experts from its other offices.⁴ The approach's major drawback is that personality conflicts and jealousy can develop when new "star" professionals are given powerful and prominent positions.

The need-for-experience problem makes it especially important for professionals to do marketing research to assess the billing potential of any specialized services they are considering providing. This research should be followed by careful analysis and planning to direct the organization toward a specialty or a mix of specialties that will allow its experts to pursue professionally and financially rewarding careers.

4. Limited Differentiability

The differentiation of products and services is hard for most marketers to achieve, but it is an especially difficult task for marketers of professional services. How do they distinguish their products from those of competitors, especially when many professional services are virtually indistinguishable? Differentiating one accounting audit, title search, or eye examination from another is very difficult. The situation is quite different from consumer products like breakfast cereals, which can be differentiated by simply sprinkling on a new coating, stamping out a new shape, or putting a famous cartoon character on the package.

5. Immeasurable Benefits of Advertising

Advertising is generally a very useful tool for helping an organization differentiate and sell its offerings. For professional service organizations, though, it has limitations. Managers should consider carefully the possibility that advertising can backfire. People still are unused to seeing or hearing advertising for many professional services, and they may not like it. Clients, patients, referral sources, and even competitors could interpret advertising by a firm as suggesting that it lacks competence. (“If the firm is so good, it shouldn’t need to advertise.”)

Even if the advertising seems to be acceptable, it may still not be worth the expense. Professionals typically need to reach a very narrow audience, which will notice advertisements only at the very infrequent times it needs the service and which requires complicated explanations of the service; more cost-effective are personal selling, seminars, or other promotional approaches.

6. Converting “Doers” into “Sellers”

Whether or not advertising is used, personal selling must play a big role in the marketing of any professional service. Traditionally, professional service organizations have left selling almost exclusively in the hands of those senior people who exhibit an interest and a flair for it (“finders”); project management and technical tasks have been left to others (“minders” and “grinders”). But increasingly, these organizations are finding it necessary to get broader participation in selling. Clients and patients generally prefer to be courted by the persons who actually perform the services. Customers usually feel uncomfortable buying from people they will never see again or from officials who only sell.

As Weld Coxe, a management consultant to architects and engineers, has stated, “Clients have demonstrated a clear preference for marketing organizations composed of closer-doers [those who “close” deals or who sell in addition to other work], where the professional making the sale can assure the client that he or she will be personally involved, to a credible degree, during the execution of the project.”¹⁴ Similarly, Robert Denney had this reaction to his experience working with accountants:

“One of the fundamental misconceptions many accountants have about marketing is that all of this activity should generate new business without any personal effort on their part. They think someone else can bring in the new clients and then they can take over and do the work. Unfortunately, they’re wrong... It takes an accountant to sell accounting services.”¹⁵

7. Allocating Time for Marketing

Convincing and training professionals to sell is one matter. Determining the amount of time each professional should devote to selling and marketing is a different, but related, matter. Officials must decide how much of the highly profitable time of junior people—which can normally be billed out at much higher multiples of their cost to the firm than the time of senior people—can be spared for marketing. Officials must also decide how much to limit the hours spent on marketing by senior members, who often have opportunities to make speeches, serve on prestigious committees, dine with important contacts, or take other actions that can support the marketing effort. If too many opportunities are pursued, then other important tasks, such as maintaining or improving the quality of services, may be neglected.

The president of a marketing consulting firm describes the problem facing senior members in this way, “There’s never an end to chasing. You’re always torn between working and replacing. You must maintain a delicate balance.” Finding the appropriate balance for both senior and junior professionals is a trial-and-error process for most firms. Those that use formulas to evaluate performance normally experiment with

different weighting schemes to see which ones allow sufficient but affordable amounts of time to be spent on marketing. Other organizations may want to try various time-allocation guidelines or policy statements.

No matter what time-allocation scheme a firm finally selects, it can improve the productivity of professionals who are doing marketing. One approach is to hire specialists to do the bulk of the marketing analysis and planning. These marketers can also help professionals perform their necessary selling tasks by regularly sending “tickler” lists to them that contain recommendations about which prospects need to be called, which clients need to be entertained, which referral sources need to be interviewed, and so on.

The old technique of mixing pleasure seeking and marketing still has value in today’s more sophisticated marketing environment. Firms can accomplish much by having professionals spend some of their leisure time socializing with prospective and existing clients, patients, or referral sources at restaurants, country clubs, political groups, civic organizations, churches, alumni gatherings, and trade association meetings.

Dealing effectively with the problems cited here will not be easy for most professional service organizations. To be successful in a competitive environment, firms will usually have to make a large commitment of resources to hiring marketing talent, conducting market research, educating clients or patients, training staff members, and developing promotional materials.

Digital Marketing for Professional Service Providers

By making digital marketing for professional services a priority for your firm, you’ll be able to experience the benefits of a growing business that’s easily measurable. Adopt a digital marketing strategy and see how quickly your firm can experience the following benefits.

- Become an industry leader for the professional services you offer
- Nurture relationships and build trust with your clients and future prospects
- Get more qualified leads through highly targeted advertisements
- Expand your reach to more clients with digital marketing
- Increase your availability to answer questions and propose solutions through content marketing
- Achieve greater profits through lead generation rather than traditional marketing
- Increase your firm’s ability to achieve greater success with more time and more profits.

PUBLIC UTILITY SERVICE

The Union Ministry of Labor and Employment and the Department of Financial Services vide circular dated 20th April 2020 declared the banking industry as Public Utility Service. This decision comes in effect from 21st April 2020 till 21st October 2020. This is not a novel order as the banking industry falls under the public sector category under the Industrial Disputes Act, 1947. It has been a few decades where such orders are sporadically announced by the concerned ministry.

Such orders, according to the provisions laid down in section 2(n) of the Industrial Disputes Act, should not exceed 6 months. However, it may be extended by another order if the need emerges. This decision of the government comes on the anticipation of possible strikes by the bank employees. This may provoke chaos and result in escalating the already present struggles of the country’s economy.

What is a Public Utility Service (PUS)?

According to R. G. Hawtrey, PUS may be defined as “a service in which a tendency to a local monopoly needs an intervention of a public authority to defend the interests of the consumers.”

CHARACTERISTICS OF THE PUBLIC UTILITY SERVICE

- Supply of indispensable necessities
 - Consistent and non-transferable demand
 - Monopoly
 - Massive capital investments
 - Numerous powers of regulation and control for social advantage
- Discussing the forms of the PUS, there are three main ones:
- Public Authority
 - A private company (with complete or limited monopoly)
 - Public & Private company (Joint ownership)

Which banks will come under the PUS now?

There are many employees and unions in the banking sector. Their main aim is to negotiate wages every three years with the Indian Banks' Association (IBA). All banks that are members of IBA will come under this latest order including:

- All public sector banks,
- Old generation private banks like HDFC Bank, ICICI Bank, Axis Bank & Federal Bank,
- Some of the oldest foreign banks like HSBC, StanChart, and Citibank.

New generation private lenders like Kotak Bank, IndusInd Bank, and Yes Bank are outside the purview of IBA norms.

SIGNIFICANCE OF THIS DEVELOPMENT

Keeping in hindsight the impacts of the novel coronavirus which every country in the world is facing and suffering from, the Indian government came up with its latest decision of declaring banks as PUS. India is no exception to the sufferings meted out by this pandemic. It was essential to cure or at least allow the supply chain to recover from its ill-effects. A robust banking system plays an important role in such a scenario and might act as a bridge between two basic problems of economic recession and social welfare.

Banks around the globe will play a critical role in these times. This is because they act as “systemic stabilizers for their employees, their customers, and for the economies at large”. Banks provide multiple essential services such as cash and deposit services, credit extension, payment facilitation, and market-making among others. Thus, they need to be careful in their approach towards their workforce, the services they provide, and risk exposure.

This step by the government will ensure that such a bridge will form where banks can act not only as a

relief provider for our economy but also for the people. The need for essential banking services through these trying times will continue.

A majority of households and businesses will be negatively affected by the unprecedented nature and extent of the current health crisis. The financial impact of quarantine measures will further stress those who are already in debt. Among businesses, the impact will vary from sector to sector. Industries including travel and tourism, entertainment, automotive, and oil and gas among others are most affected due to disruptions in the demand and supply chain. Small

businesses that cannot shift to remote work and online delivery and those catering to the most vulnerable sectors are also likely to be severely affected. Those sectors are in immediate need of money supply which can only be ensured by banks.

Thus, the government's decision will prove as a stimulus and provide the needed stability in the banking sector. This will help the country fight the pandemic. In such a situation, any form of inconvenience caused to the banking sector in forms of strikes and lockouts can impede the functioning of the banks.

In India, there is a fundamental right to protest under Article 19 of the Constitution but there is no such fundamental right for strikes. The right to strike is a legal right and comes with restrictions as laid down under the provisions of the Industrial Disputes Act. In *All India Bank Employees Association v National Industrial Tribunal & Others* (1962 AIR 171), the Hon'ble Supreme Court held that "the right to strike or right to declare lockout may be controlled or restricted by appropriate industrial legislation and the validity of such legislation would have to be tested not with reference to the criteria laid down in clause (4) of Article 19 of the Constitution but by totally different considerations." Therefore, legislation can and does restrict the right to strike by deeming certain strikes illegal. If the strike is not as per the grounds laid down in sections 22, 23, 24, 10(3) and 10A (4A) of the Industrial Dispute Act, it will be considered illegal.

A person employed in PUS is not allowed to go on a strike if the requisites provided under the relevant sections are fulfilled. Thus, the government by declaring banks as PUS will ensure that the various unions in the banking sector are unable to call for a strike. There were disagreements all over the sector regarding the merging of banks. This step comes in the backdrop of the COVID-19 pandemic and previous disagreements. During this chaotic time, when the economy of the country is already struggling due to the spread of the highly contagious disease, the last thing the government would aspire for is a strike by the bank unions.

What is PUS under the Act?

Public Utility Service is defined under section 2(n) of the Industrial Disputes Act, 1947. This definition circumscribes six major industries and services that meet the regular exigencies of people. These are:

- Railway service (for the carriage of passengers or goods),
- Any service related to the working in a major dock or a port,
- Any section of an industrial establishment upon which the safety of the workmen depends,
- Any telegraph, telephone or postal service,
- Any power, light, and water supplying industry, and
- Any other industry specified in the First Schedule of the Industrial Disputes Act.

There are about 27 industries mentioned under the first schedule that may be transformed into a public

utility service by the order of the appropriate government under section 2(n) (vi) of the Act. These industries include transport (other than railways) for the carriage of passengers or goods, banking, cement, coal, and iron and steel industry among others. They can be declared as PUS according to the urgency of the situations faced by the government. Thus, the government can transform any industry as PUS whenever the demand by the public at large rockets or according to any other such emergency.

Relevant provisions

As mentioned earlier, a public service utility is defined under section 2(n) of the ID Act. The provisions prohibiting strikes in PUS are laid down under sections 22, 23, 24, 25, and 26 of the Act.

The foremost rationale of the government's present order is to prevent strikes by the bank unions and employees. The term 'strike' is defined under section 2(q) of the ID Act as "a cessation of work by a body of persons employed in any industry acting in combination or a concerted refusal, or a refusal under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment". Section 22 of this Act is of paramount significance as it discusses the prohibition of strikes and lock-outs. It prevents both the employers and the employees of public utility service from calling for a strike and a lock-out respectively. If a strike or a lock-out has to be called, it must be according to the provisions of this section. The pre-requisites for going on a strike are as follows:

- The employee must give notice to the employer at least 6 weeks before going on a strike.
- A strike cannot be permitted within 14 days of the above-mentioned notice.
- An employee cannot go on a strike before the expiry of the date of that strike.
- A strike will not be authorized during the pendency of conciliation proceedings or 7 days after the conclusion of such a proceeding.

Similar provisions are in place for the lock-outs as well. Thus, it becomes clear that the employees of PUS are not barred from going on a strike. They, however, have to follow certain conditions. Section 23 of the Act lays down the provisions for the general prohibition of strikes and lock-outs.

Since the government has declared banks as a public utility, the banks' employees have to follow the conditions as specified in section 22 in addition to section 23 of the ID Act. Thus, if those conditions are not met, the strikes would be considered as illegal strikes.

Section 24 defines illegal strikes and lock-outs. It states that any strike or lock-out will be illegal if it is in contravention of sections 22, 23, or contravention of an order made under sections 10(3), or section 10A(4A).

Moreover, section 25 prohibits financial aid to illegal strikes or lock-outs.

Critical analysis

Banks were included in the first schedule of the ID Act in 2001. It is not the first time that an order declaring banks as PUS has been made. This has been a routine work for the government for the last few decades. Whenever the government introduces some reforms and there is an apprehension that there would be resentment from banking unions, the government makes such an order. This is done to prevent any disruptions that can be caused to the people and the nation's economy due to the strikes or lock-outs.

The major reasons for a strike in an industry are working conditions, reduction in salaries, dismissal of workmen, and dissatisfaction with government policies among others. Recently, there was dissatisfaction in the banking sector about the merging of various banks. Considering the present situation where the nation has to put up a fight against the COVID-19 pandemic, the government found it essential to declare banks as a PSU. This step was taken under the provisions of the Industrial Disputes Act to prevent any disorder and confusion that might arise.

This order was necessary as the economy of the country is already suffering. Banks are the spine of an economy. They can impact economic growth, GDP, economic stabilization, as well as employment generation in direct and indirect ways. They also help to develop many other sectors of the economy. Thus, it was an essential step as it will not only curb the strikes but also protect the interests of the customers now. However, it cannot be ignored that a benefit to the economy and the people has come at the cost of curbing the voices of the unions in the banking sector.

The employees and officers of various banks have their unions, who negotiate for wage settlements with the IBA, every three years. There are also various decisions of the government to which these bank unions might not agree. Thus, the declaration of banks as PUS might have adverse impacts on the banks' employees.

What are public service markets?

Public services are those – such as health and education – considered so essential they are made available to all citizens, regardless of income. For much of the UK's recent history they have been provided by the state: paid for by general taxation and run on behalf of the country by the government.

However, the past 30 years have seen a dramatic shift in the way public services are provided. While the state retains ultimate responsibility, organisations from private, public and voluntary sectors now compete for the right to deliver many public services. Users are often able to have a say in whose services they receive. We refer to public services managed in this way as public service markets.

How public service markets work

Public service markets usually involve a contract between a service provider and a public sector body such as a central government department, a local authority, or a clinical commissioning group. This body purchases services on behalf of its citizens, who may then be able to exercise choice about exactly which service or provider they use.

Some examples of public service delivery models are:

| Service | How it is provided |
|---|--|
| Academy schools | <p>Department for Education and school governors' work together to find sponsors to run academies. Parents select a school for their child.</p> |
| Care for olderpeople | <p>This varies according to the local authority. Some models include:</p> <ul style="list-style-type: none"> • Government purchases care services and users can choose from a menu of options. • Users are given cash or virtual budgets to purchase services directly. <p>There is also a privately-funded care sector alongside these publicly funded option</p> |
| Waste management (refuse and recycling) | <p>Local authorities purchase services on behalf of the public.</p> <p>Customers may also supplement with private provision.</p> |
| Health | <p>GPs, as part of Clinical Commissioning Groups, purchase a range of services on behalf of their patients, within a complex regulatory framework. NHS England purchases some of the most specialist service for patients, on behalf of Clinical Commissioning Groups and their patients.</p> |

| | |
|-------------------|--|
| Probation | The Ministry of Justice purchases probation services on behalf of the public |
| Employment | The Department for Work and Pensions purchases employment services on behalf of the public. |

Much of the publicity surrounding private provision of services has focused on large commercial enterprises such as Capita and Serco. However, at a local level many services are provided by small and medium sized organisations including charities and social enterprises.

5 REASONS WHY THE PUBLIC SECTOR NEEDS MARKETING

Marketing + public sector = success does not seem like a common equation. Marketing is the actions (sales, public relations, pricing, packaging and distribution) taken to place your product or service with a customer. It is synonymous with the private sector and companies with six-figure budgets and award-winning marketing departments. But there is a direct link between meeting the needs of citizens and maximizing agency performance. Here are five reasons why public sector organizations should use marketing.

Engage your team

Marketing is a companywide initiative; it is a mindset. It does not start and stop with the marketing department. All employees are brand ambassadors.

Predictably, marketing in the public sector should be focused on determining the stakeholders' interests and painstakingly delivering strategies that address them. Envision your mission, establish the values and communicate it effectively. This is the foundation for the organization's culture.

Focus on the community

Social marketing principles and methods can be used to benefit society as a whole. Additionally, it can pinpoint the needs of a specific target audience. Your marketing efforts should not be a one-size-fits-all approach. Develop a strategy to create value for different organizational stakeholders.

Experts say that one of the biggest trends in marketing was the fact that customers (stakeholders) look for interaction — a way to get involved with the brands they use. They expect a more personalized encounter and want a unique experience. Business 2 Community is an open community of contributors of news and trends in social media, digital marketing, etc. reported “a survey of 745 marketers, a quarter of respondents are devoting more than 50 percent of their budgets to content.”

Measure your ROI

Marketing has time-tested strategies that work and it delivers social, financial and environmental good. Bang the Table offers strategies, case studies and research citing the data. Government agencies and other public service organizations need to acknowledge the role of social trends. They affect significant economic indicators. Reaching specific demographic groups is pivotal.

Increased Revenue and Balance the Budget

Marketing in the public sector generates profits. Branding a municipality increases tourists with money to spend at local businesses. Increasing revenue through non-tax programs like sponsorships is a winning proposition for all parties. Executing social change programs that promote health or safety results in statewide savings.

Get Professional, Affordable Training

Marketing training does not have to be a five-day onsite program. Employees do not need to travel or incur expenses. Google “free online marketing courses” and an endless list will appear.

HubSpot is an inbound marketing software platform founded in 2006. They help businesses attract visitors and convert leads. They offer a free online inbound marketing certification course that is self-paced.

Eric Peters, Growth Marketing, HubSpot Academy, said, “Inbound marketing enables small and medium-sized businesses to compete with big marketing budgets.”

Public sector organizations that want to be competitive will embrace marketing. Ultimately, methods that drive stakeholder satisfaction are the only initiatives that matter.

EDUCATIONAL SERVICE

Education marketing is a type of marketing that promotes valuable educational content and helps institutions and individuals take advantage of it.

Educational content includes everything from courses and how-to videos to research papers and books to software applications for desktop computers and mobile devices. With the right education marketing strategy, educational content can spread like wildfire and ignite curious minds from all over the world.

Why Does the Education Sector Need Education Marketing?

The education sector has been experiencing a massive boom thanks to the numerous opportunities created by the internet and modern technologies in general. According to Orbis research, the global e-learning market worldwide is set to surpass \$275 billion value by 2022, driven largely by the escalation in the number of internet users and growing access to broadband internet and mobile phones with online capabilities.

Traditional educational institutions, as well as private developers, have so far released over 500,000 educational apps, many of which are available on the App Store and Google Play. Besides education apps, the e-learning market is also saturated with online courses, videos, eBooks, and websites, making it very difficult for new players to get noticed.

Education marketing’s purpose is to implement various marketing strategies to promote valuable educational content. And it is often the only way for new educational content to reach students and gain traction.

Education marketing shouldn’t be confused with education-based marketing, a specific marketing strategy that involves the education of prospects, rather than pitching them, to establish trust. On the other hand, education marketing encompasses all marketing activities in the education sector, including the following:

- **School marketing:** There was a time when schools didn’t need marketing because they relied solely on their reputation and word of mouth. That time is forever gone because millennial parents are more tech-savvy and use the internet to support their decision making. Schools that don’t actively market themselves are destined to be ignored by many millennial parents who would otherwise be greatly interested in what they have to offer.
- **Marketing for higher education:** Education marketing and higher education are a match made in heaven. Colleges and universities benefit from marketing for higher education because it helps them elevate their brand and drives enrollment. Students benefit from it because higher education marketing helps them make the right choice when choosing their education path.

- **Digital marketing for the education sector:** In today's digital world, traditional marketing strategies are no longer suitable for targeting younger demographics. Educational institutions must embrace digital channels if they want to convey their message to a large audience in a cost-effective manner. Such channels include email, web content, social media, paid search, and others. Harnessing these and other marketing channels is not easy, but the potential to greatly increase revenue and decrease cost per lead is huge, making digital marketing an important cornerstone of every education marketing strategy.
- **Social media marketing for educational institutions:** Parents and students alike spend a lot of time on social media sites, and educational institutions should establish a presence on sites like Facebook, Twitter, and Instagram to engage with them and learn more about their wants and expectations. Content published on social media should be bite-sized, captivating, and in line with the image the institution is trying to build.
- **The promotion of educational apps:** The current educational app market is so competitive that it's no longer enough just to have a great product—one must also have a great educational marketing strategy that is executed to perfection to get ahead of the competition.

While leading providers of marketing services to educational institutions, such as ComboApp, often use education-based marketing when promoting education services and products, the fact remains that it is just one of many effective education marketing strategies that can be used in 2021.

7 BEST EDUCATION MARKETING STRATEGIES IN 2021

The best education marketing strategies in 2020—regardless of whether they're used in marketing for schools or in marketing for educational apps—take advantage of the tremendous opportunities created by the internet.

1. Use Social Media Platforms to Connect with Your Audience

There are now approximately 3.2 billion social media users worldwide, which equates to about 42 percent of the population. Social media platforms like Facebook, Twitter, Instagram, and Reddit are the most popular among millennials, followed by Gen Z, Gen X, and baby boomers. Since their early days, social media platforms have matured in every way imaginable, and they now provide a myriad of different ways how they can be used in higher education marketing. Regardless of which social media platform you decide to target, your goal should always be the same: establish meaningful connections with your target audience by providing engaging content.

It's helpful to create a social media marketing (SMM) persona to represent your target audience. The marketing persona should include information such as age, gender, education, goals, challenges, and primary values. When deciding what content to create, always keep your social media persona in mind but don't be afraid to experiment.

As you build your social media following, you gradually reach a position where a single piece of content can instantly reach millions even if your actual follower count is much lower. Unlike other schools marketing methods, SMM lets you see exactly who's sharing your content, providing you with useful information that you can use to tweak your promotional efforts.

2. Include Digital Advertising in Your Marketing Budget

Digital advertising can be a very effective way of marketing education services, which is part of the reason why worldwide digital advertising spending is predicted to reach over \$375 billion by 2021. eMarketer, the company behind this mind-blowing statistic projects that advertisers in the United States will spend 54.2 percent of their advertising budgets on digital ads. By 2023, that figure is expected to reach 66.8 percent.

The biggest advantage digital advertising offers over traditional advertising is precise targeting based on demographics, intent, engagement patterns, and other things. For example, a higher education marketing agency that's marketing for schools can target only graduate students who live in a certain area and have in the past shown an interest in a certain product or service. Such targeting can have an incredibly positive effect on the click-through rate of advertising campaigns as well as all other important metrics.

Some of the most commonly used digital advertising channels in 2020 include search engine advertising, social media advertising, display or banner ads, and video ads. Each of these channels has its pros and cons, which is why advertising experts generally recommend using a mix of all channels.

Regardless of how much of your marketing budget you dedicate to digital advertising, make sure to gather as much data as possible so you can monitor its effectiveness and make educated decisions to improve it.

3. Create a Mobile-Friendly Website with an Optimized Landing Page

It has been several years since the number of mobile internet users has exceeded the number of people who access the internet from desktop computers and laptops. In 2020, the number of smartphone users worldwide is projected to reach 2.87 billion, which means that nobody who wants to succeed in education marketing can afford to not have a mobile-friendly website with an optimized landing page.

For a website to be mobile-friendly, it must look and feel great on mobile devices, which means that all links and navigation elements must be easily clickable, the site itself must be responsive, and page loading times shouldn't exceed three seconds (that's how quickly a half of the online population expects a website to load).

In 2021, it's also worth considering using AMP, which is a web component framework and a website publishing technology developed by Google that provides a straightforward way to create web pages that are fast, smooth-loading, and prioritize user-experience above everything else.

If nothing else, make sure your website passes Google's Mobile-Friendly Test, whose purpose is to determine how easily a visitor can use your page on a mobile device.

4. Encourage Students to Leave Online Reviews

It's a well-known fact at this point that 90 percent of consumers read online reviews before visiting a business or paying for a service. That's why online reviews should be an integral part of all higher education marketing strategies.

The best way how to encourage students to leave online reviews is to make the review process as easy as possible. Better yet: make it fun! Instead of forcing students to fill miles long forms, you can implement a star-based rating and make verbal feedback completely optional.

When you receive an online review, make sure to respond to it as quickly as possible. Don't ignore negative reviews but, at the same time, avoid being dismissive. You should see every

negative review you receive as an opportunity to show potential customers how you deal with worst-case situations.

If you find that you aren't getting as many reviews as you'd like, you can always incentivize the review process by offering discounts, gift cards, bonus points, and other incentives. Often, it's enough to politely solicit reviews in emails or some other one-to-one communication channel.

5. Create Engaging Video Content

Increasingly more marketers say that video content gives them a great return on investment, and it's easy to see why. After all, 78 percent of people watch online videos every week, and 55 percent view online videos every day, according to HubSpot. That's a lot of potential viewers that can be targeted by creating engaging video content and publishing it online.

Because educational content is among the most popular types of video content, education marketing professionals seldom have to look far for content ideas. They can simply transform existing products or services into entertaining videos and publish them on leading video-sharing platforms, such as YouTube.

Video content can have many different forms, including demo videos, brand or event videos, expert interviews, educational or how-to tutorials, explainer videos, animated content, case study and customer testimonial videos, live videos, virtual reality videos, and others.

You should let your audience tell you which video content to produce, and that's possible only if you keep an eye on important metrics like watch time, average view duration, average completion rate, audience retention, re-watches, click-through-rate, engagement, subscriber growth, peak live viewers, and others.

6. Promote Safety

The COVID-19 crisis of 2020 will continue to reverberate through 2021 and likely for the foreseeable future. When developing an education marketing strategy for this era, this presents both new challenges and opportunities. The challenges will come from an increase in the

amount of competitors moving into online educational spaces, which will be balanced out by more parents and students seeking options for learning at home.

Leaning into promoting the safety and convenience of learning from home is going to be a winning strategy for educational marketing. Let your audience know the benefits of using your service as part of their education plan, and how it contributes to the safety of students or families. Distance learning websites and apps are well positioned to take advantage and rise to the moment, but even traditional educational institutions can lean in by promoting their home based options when marketing education offerings in 2021.

The more you focus on developing great distance learning tools for students, the greater the opportunity to make the best of this situation. If you do not already have any, develop educational apps in order to take advantage of the added convenience of being able to access your content and courses from anywhere with a mobile device.

7. Create Educational Apps

While it has been mentioned in a few of the previous points, the benefits of having an app are even greater in 2021. With the explosion of people now seeking ways to learn or access educational materials online, having an app is another fantastic way to both attract and keep users. Rather than having to navigate to your website, having a simple button on their home screen that they can click and go right into their lessons is a convenience that cannot be understated.

Marketing your educational app requires all of the same tools used to market a website, including paid ads, reviews, and social media. But, apps also have the benefit of serving as another marketing tool as well. They give you an ability to market further services directly to users while also keeping them engaged with personalized content and push notification reminders if they do not log in for a period of time. This added benefit means that you have more opportunities to retain students and encourage them to access more of your courses.

For traditional educational institutions, apps can serve as a great way for students to access course material, schedules, activities, and more. It also can give students a way to solve simple problems or ask questions without having to come to campus in order to do so.

Apps offer both convenience and safety for the students and users of all types of educational services. An education marketing agency such as ComboApp will help you develop the right strategy for how to market educational apps effectively.

5 STEPS TO A SUCCESSFUL EDUCATION SECTOR MARKETING STRATEGY

Education sector marketing is notoriously challenging. Well-known hurdles include budget limitations and having to appeal to a completely new audience each year. With the rise of digital marketing channels, marketing your educational institution effectively is becoming even more competitive and complex.

Students (and their parents) now expect online entry forms, an authentic presence on social media, and candidate recruitment becoming a year-round activity – and as digital channels continue to evolve, even established educational suppliers should be re-evaluating their marketing strategy annually.

So how can you ensure your education sector marketing strategy is set for success? Some of it will always be down to the context and objectives of your school, college or university, but here are some of the general things to bear in mind...

1. Consider key timings

Look at when in the year you can best plan or review your marketing strategy, also allowing time for implementation. Recommended timings are preparing for the new academic year in June, and getting ready for the new financial year and spring term in November.

Regardless of your budget, setting aside time at critical points in the year to work on your marketing strategy will help you generate demand that leads to fill those spaces. It's also worth remembering to keep future candidates warm throughout the year. Don't just see candidate recruitment as a one-off 'open day', as

competitors will find it all too easy to creep up and steal prospective students from you when you least expect it if you're not at the top of your game year round.

2. Understand (and use!) social media

Prospective students now expect you to have a strong social media presence across key channels, including Facebook, Twitter and YouTube. Being present on these channels helps you keep your school, college or university front of mind, so make sure you're making the most of social platforms.

3. Become a 'page one' search result on Google

When parents and students are researching suitable education providers online, it's essential that you're a top result. As Google is the most popular search engine, Google Ads can be the most effective way to help drive traffic to your website. There is of course a huge amount of relevant competition in Google Ads, so it's important you know what you're doing when setting this up! It's also a good idea to work with someone who is experienced in search engine marketing (SEM), otherwise it can become very expensive.

4. Take a multi-channel approach BUT join it up!

Prospectuses remain key and are still the best place to tell your story, from results to reputation and facilities to extra curricular activities – but they shouldn't be seen as a document in silo!

Print is most definitely not dead (especially in the world of education), but make sure your prospectus is also featured on your digital, social and email communications as well as any promotional items you give out at events. Keep your theme joined up throughout to make the most of your investment.

5. Get some credibility!

Testimonials from past students, awards you've won as well as your latest results are crucial to building up the credibility behind your story. These are all great endorsements which can be incredibly powerful, just like the 'TripAdvisor' effect on the leisure industry.