

Biyani 's Think Tank

Concept based notes

Service Marketing

(BBA)

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Preface

I am glad to present this book, especially designed to serve the needs of the students.

The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the “Teach Yourself” style. It is based on question-answer pattern. The language of book is quite easy and understandable based on scientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director (Acad.)* Biyani Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this Endeavour. They played an active role in coordinating the various stages of this Endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author

Syllabus

Code 501 Services Marketing

- Unit I Introduction to Service Marketing :** Understanding Service. The Nature of Service Marketing, Classification of Service. Understanding Consumer behaviors, Customer expectations & perceptions, managing & exceeding customer service expectations. Strategies for influencing customer.
- Unit II Strategic Issues in Services Marketing :** Market Segmentation & Targeting, Individualized Service and Mass Customization, Differentiation and Positioning of Services: steps in developing a positioning strategy, Developing and maintaining demand & capacity.
- Unit III Marketing Mix and Services :** The marketing mix elements, Targeting marketing mix product, price, place, promotion & communication services, and extended marketing mix people, process, physical evidence in service.
- Unit IV Services Marketing - Specific Industries :** Tourism, Travel, Transportation service marketing, financial services; Education & Professional service, Telecom & Courier. Media Service.
- Unit V Challenges of Service Marketing :** Developing & Managing the customer service function. Marketing planning for services; Developing & maintain quality services, Relationship marketing.

Recommended Books

1. Mehta, Khivasara- Marketing of Service (RBD Jaipur).

Unit I

Introduction to Service Marketing

Q 1. What is Service Marketing? Explain its basic characteristics.

Ans. A service is an act or performance offered by one party to another. They are economic activities that create value and provide benefits for customers at specific times and places as a result of bringing desired change.

Characteristics of services

Service is an act or performance offered by one party to another. They are economic activities that create value and provide benefits for customers at specific times and places as a result of bringing about a desired change in or on behalf of the recipient of the service. The term service is not limited to personal services like medical services, beauty parlors, legal services, etc. According to the marketing experts and management thinkers the concept of services is a wider one. The term services are defined in a number of ways but not a single one is universally accepted. The distinct characteristics of services are mentioned below.

Intangibility: Services are intangible we cannot touch them are not physical objects. According to Carman and Uhl, a consumer feels that he has the right and opportunity to see, touch, hear, smell or taste the goods before they buy them. This is not applicable to services. The buyer does not have any opportunity to touch smell, and taste the services. While selling or promoting a service one has to concentrate on the satisfaction and benefit a consumer can derive having spent on these services.

For e.g. An airline sells a flight ticket from A destination to B destination. Here it is the matter' of consumer's perception of services than smelling it or tasting it.

Perishability : Services too, are perishable like labor, Service has a high degree of perish ability. Here the element of time assumes a significant position. If we do not use it today, it labor if ever. If labor stops working, it is a complete waste. It cannot be stored. Utilized or unutilized services are an economic waste. An unoccupied building, an unemployed person, credit unutilized, etc. are economic waste. Services have a high level of perish ability.

Inseparability: Services are generally created or supplied simultaneously. They are inseparable. For an e.g., the entertainment industry, health experts and other professionals create and offer their service at the same given time. Services and their providers are associated closely and thus, not separable. Donald Cowell states 'Goods are produced, sold and then consumed whereas the services are sold and then produced and consumed'. Therefore inseparability is an important characteristic of services which proves challenging to service management industry.

Heterogeneity: This character of services makes it difficult to set a standard for any service. The quality of services cannot be standardized. The price paid for a service may either be too high or too low as is seen in the case of the entertainment industry and sports. The same type of services cannot be sold to all the consumers even if they pay the same price. Consumers rate these services in different ways. This is due to the difference in perception of individuals at the level of providers and users. Heterogeneity makes it difficult to establish standards for the output of service firm.

Ownership: In the sale of goods, after the completion of process, the goods are transferred in the name of the buyer and he becomes the owner of the goods. But in the case of services, we do not find this. The users have only an access to services. They cannot own the service.

For e.g. a consumer can use personal care services or medical services or can use a hotel room or swimming pool, however the ownership remains with the providers.

According to Philip Kotler, "A service is an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything." "From this it is clear that the ownership is not affected in the process of selling the services.

Simultaneity: Services cannot move through channels of distribution and cannot be delivered to the potential customers and user. Thus, either users are brought to the services or providers go to the user. It is right to say that services have limited geographical area. According to Carman, "Producers of services generally have a small size area of operations than do the producers of items largely because the producer must to get the services or vice-versa."

When the producers approach the buyer time is taken away from the production of services and the cost of those services is increased. On the other hand it cost time and money for the buyers to come to producers directly. Here the economics of time and travel provide incentives to locate more service centers closer, to prospective customer, resulting in emergence of smaller service centers for e.g. aero plane cannot be brought to customer, etc.

Quality Measurement: A service sector requires another tool for measurement. We can measure it in terms of service level. It is very difficult to rate or quantify total purchase. E.g. we can quantify the food served in a hotel but the way waiter serves the customer or the behavior of the staff cannot be ignored while rating the total process.

Hence we can determine the level of satisfaction at which users are satisfied. Thus the firm sells good atmosphere convenience of customers, consistent quality of services, etc.

Q 2. What is the nature of Service Marketing?

Ans. Nature, characteristics And Classification of services

According to **American Marketing Association**, "Services are the activities, benefits or satisfactions which are offered for sale or are provided in connection with the sale of goods." A service is an act or a performance offered by one party to another whose production may or may not be attached to the physical product.

Services, which are economic activities, are solutions to customer problems or needs. They are typically aimed at improving, upholding or sustaining the lifestyle of the customer. Also includes social efforts by the government to fight the evils present in the society.

For e.g. : services offered by banks, insurance companies etc.

Certain characteristics distinguish goods from services. They are :

- Intangibility
- Inseparability
- Inconsistency
- Perishability

1. **Intangibility :** The primary characteristic that distinguishes services from goods is intangibility. Intangibility refers to the characteristics of not being capable of assessment by customer's sense of taste, touch, sight, smell or hearing. Services such as banking insurance and education cannot be physically possessed like a tangible goods. Intangible services are more difficult for consumer to evaluate than tangible goods. For example it is more difficult to evaluate the services provided by a physician than to evaluate an automobile. (tangible goods)

2. **Inseparability:** Another characteristic of service is the inseparability or indivisible nature of production and consumption of services. Services like education are generally produced and consumed at the same time. Due to this nature, the service provider plays a very important role in delivery of services. For example a dentist is the actual service provider and must be physically present along with the consumer when the service is

produced and consumed. In many cases the service provider is the part of service. In fact, services are marked by two kinds of inseparability:

- i) Inseparability of production and consumption
- ii) Inseparability of the services from the person who possesses the skill and performs the services.

Service is produced and consumed simultaneously. This is not so with physical products (goods). Moreover consumer also plays an active role in the production and delivery of services.

3. Inconsistency : It refers to the variation in performance of services. People perform most services and people are not always consistent in their performance. Performance may vary from one individual or service to another within the same organization or in the service one individual provides from day to day and from customer to customer. Thus services are much more difficult to standardize than tangible goods. For example, an airline may not give the same quality of service on each trip; All repair jobs which a mechanic does may be consistent.

4. Inventory-Less or Perishability : Perishability is the characteristic where the service capacity unused in one time period cannot be stored for use in the future. Services are highly perishable. They cannot be stored, there are no inventories in the case of a service. For example, in an airline industry the morning flight cannot be stored for the evening.

5. Cannot be Produced in Anticipation of Demand : Goods can be produced in anticipation of demand. For instance, cars, computers, CDs, etc., can be produced in advance and stored till they are demanded in the market. However, services cannot be produced in anticipation of demand. For instance, one cannot produce and stock hairstyles, airline travelling, etc.

6. Cannot be Returned to Seller Once Used: A defective computer can be returned back to the seller, but a defective hairstyle or poor quality of teaching/ counseling cannot be returned back to the service provider. Because of this reason, consumer of services do prefer to take services of highly skilled specialists, may be even quite a distance away.

7. Time Utility is Crucial : In services, time factor is crucial. A tangible item such as car can be stocked for several days or even months before it is sold to the buyer. However, in the case of services, a service provider who sits idle waiting for customers to turn loses that time forever. This is why some service providers like doctors insist on prior appointments by their clients.

8. No Ownership Transfer : Services may not result in transfer of ownership rights from the service provider to the customer. However, in case of marketing of goods, the ownership transfer takes place once the sale contract takes place.

9. Direct Channel : Generally, services are provided directly to the customers. Rarely middlemen may be present in case of services marketing. For instance, if a client needs bank services or hotel services he may directly go to the service provider. Even where indirect channels are used, such as in the case of insurance services, travel and tours. the channel of distribution will be restricted to one or two intermediaries.

A common approach for distribution of some services to a broad market is through franchising like McDonalds Fast Food Chain. The franchiser provides to the franchisee the rights of operating the business under the franchiser's trade name for a consideration of royalty or franchising fees.

10. Need for Personal Interaction : In services marketing there is a need for personal interaction between the service provider and the customer. Therefore, service providers can customize the services as per the needs of individual customers. For instance, there is a need for personal interaction between a doctor and a patient and therefore the doctor will treat individual patients differently.

Q 3. What are the various ways by which service can be classified? Discuss.

Ans. Services are neither a homogeneous group, nor different in-between according to industry classification. Services can be segmented into clusters that share certain marketing-relevant characteristics.

Classifications.

Import from tangible products domain:

- Copeland's convenience, shopping, specialty goods. (Retail service institutions can also use this approach; e.g., from financial services providers to restaurants).
- Durability. (For services: durability of benefits is relevant to repurchase frequency).
- Consumer/industrial. (Different evaluation of competing alternatives, purchasing procedures and usage behavior is also transferable to services).

Operations approach to classification: every service is different (insisting that airlines' marketing has nothing to do with banks, insurance, motels, etc.).

However, marketing views demonstrate a lot of similarities in sharply different services; valid classification highlights implications for managers – concepts and strategies can be shared between industries.

Classification will have managerial value if it offers strategic insight - i.e. implications for managers. This includes both the core and supplementary services.

Q.4 How important is it to understanding consumer behavior in the marketing of services?

Ans. Marketing and consumer behavior are intrinsically connected. Without grasping a level of understanding of what drives consumers, marketers would have a pretty difficult time identifying the right market segments and putting together a marketing campaign that will attract attention.

Studying consumers helps marketers improve their strategies because it gives them stronger insight into understanding buyer behavior. By obtaining a view into how consumers think, feel, reason and choose, marketers can use this information to not only design products and services that will be in demand, but also how to present these options to the consumer base in an attractive fashion.

An "official" definition of consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."

Here are some of the other factors that influence consumer behavior and the attributes marketers should consider valuable:

Decision making

The thought processes consumers use in their decision making is an important behavior to try and understand. Marketers want to try and tap into what makes consumers tick as they ponder their choices and learn just what the types of things lead to a final decision. This way they can align their products to remain in the running and be hopefully chosen.

Product use/complements

Understanding how consumers use products and what complement items are used is of value. Marketers who gain insight to how products are used and what accompanying products are purchased can then use this information to design products and develop complement products that are enticing and attractive to consumers.

Environmental influences

Environmental influences also play an important role in consumer behavior. Culture, family, types of advertising and the media can all influence the ways consumers make choices. This is one of the reasons why advertisements are designed to be attractive and consumers identify with the content.

Consumer knowledge

Social awareness is also a factor. Dr. Perner brings up the example, "aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for national health and economy".

With any information on the Web readily available, there is a much higher level of consumer awareness and knowledge. People aren't going to fall for flaky advertisements or poorly designed marketing campaigns because it is easy to look things up. Marketers should understand there are always cause and effects. Consumers today are pretty savvy, and much of their behavior is focused around social awareness.

Motivation

What motivates consumers is also an important concept for marketers to understand. This is another valuable area to tap into because products, services and marketing campaigns can be designed to flow along the same path as consumer motivating factors.

Social media marketing

Friends influencing friends is also an important behavior today's marketers need to understand. Some statistics, as e Marketer points out, suggest about 7 out of 10 millennial social users are "somewhat" influenced by the recommendations provided by friends on social networks. It is unwise for marketers to ignore this very popular and valuable channel of advertising. Social media has become an important channel, and will likely continue to maintain a strong presence in the lives of consumers; however, how it is leveraged will depend on how social networks are perceived and utilized.

Understanding consumer behavior is a vital component of marketing. Businesses that don't understand the how, why and where of consumers, and gain insight to why they make the choices they do, are going to have a much harder time making a connection and reaching those coveted sales.

Q5. Why is it important to measure and monitor customer satisfaction and service quality?

Ans. In today's competitive environment, the quality of your customer service is an increasingly important factor in nurturing positive customer loyalty. However, it remains the case that many organisations are still not monitoring, measuring or even managing the service quality of their contact centre agents, despite the fact that a single interaction between them and the customer can make or break a relationship. Verint recently carried out some research looking at the state of customer service in the UK. It found that despite the current economic climate, only 22% of consumers value price over service and as many as 38% of

consumers admit to never contacting their suppliers, and those that do don't get in touch very often. How can you build customer relationships and create a loyal customer base if this is the case?

Organisations need to ensure that the few interactions a customer has with the contact centre are handled efficiently and leave the customer feeling satisfied.

Making quality the 'norm'

While the customer's personal experience cannot always be completely captured and analysed, this information - call recordings in contact centres, customer emails and social media interactions - combined with customer satisfaction surveys, can give an organisation a better idea of the customer experience. These insights will allow companies to improve their service and tailor their products precisely to what their customers want, improving satisfaction and increasing loyalty.

Unfortunately, the reality for many organisations is slightly different, and organisations often struggle to manage the basic call monitoring functions, or capture additional insight from other channels such as email, instant messaging or social networking sites. Too often the focus is put on streamlining internal efficiency-based metrics, meeting tightly monitored call routing and time SLAs, while the detailed assessment of the customer experience and the outcome of the call are put to one side. By treating calls as one-off customer issues, the contact centre is at risk of ignoring the underlying commonalities and actually being able to identify the root-cause and possible prevention for these situations. Fundamentally, though, this can all act towards improving the customer service.

What needs to change?

The key to effective quality monitoring includes six crucial steps:

1. Listen to your customers by monitoring interactions. Ask questions such as: are these interactions related to the company's goals and objectives, or are they related to specific areas of concern such as customer attrition? This is where analytics comes into play for the contact centre. Speech analytics identifies calls that are relevant for evaluation and text analytics identifies email and chat interactions that should be monitored.
2. Capture all of your customer feedback channels. Apply the same quality standard that is used for calls to text-based interactions like email and chat.
3. Ask your customer what they think. Instead of using your organisation's internal metrics to measure the quality of a call, ask the customer: "What did you think of your experience and the agent you worked with?" or "Did your service experience match the promise made in our advertising?" It's very important to map high-quality interactions with your customers' expectations, comparing internal evaluation scores with customer scores.

4. Use quality monitoring to help agents improve skills. Evaluate interactions to identify skills gaps, and provide individual learning opportunities where there are deficiencies.
5. Do not view agent development as a one-off activity. Provide continuous coaching that will help improve agent performance and productivity. Coaching is key to consistent customer service.
6. Measure your results and keep track of continuous feedback and evaluation to monitor and measure progress.

Q 6. Discuss the problem of customer misbehavior.

Ans. Consumer Misbehavior

- A. *Consumer misbehavior* is behavior that violates generally accepted norms of a particular society.
1. Definitions of misbehavior can vary between cultures
 2. Shoplifting, consumer fraud, abusive consumers, and pirating/illegally copying products are all examples of consumer misbehavior.
 3. Understanding the psychological and social reasons for misconduct can help in preventing and responding to problems.

Multiple Choice Questions

- a. The _____ reflects the view that the intangible aspects of products are becoming the key features that differentiate the product in the marketplace.
 1. services marketing
 2. Servuction model
 3. service imperative
 4. benefit concept
 5. industrial management model
- b. Which of the following businesses would be characterized as a pure service?
 1. insurance
 2. farming
 3. mining
 4. engineering
 5. there is no such thing as a pure service
- c. General Motors, the manufacturing giant's, largest supplier is:
 1. Blue Cross-Blue Shield Insurance
 2. GMAC Financing
 3. a parts supplier
 4. a legal firm
 5. a trucking company

- d. Which of the following sets of terms best describes a service?
1. objects, devices, and performances
 2. effort, objects, and deeds
 3. things, devices, and performances
 4. objects, devices, and things
 5. deeds, effort, and performances
- e. Deeds, efforts and performances define:
1. products
 2. ideas
 3. services
 4. goods
 5. places
- f. The continuum that ranges from tangible-dominant to intangible-dominant is referred to as:
1. the services triangle
 2. the Servuction model
 3. the scale of market entities
 4. the service-profit chain
 5. the Q continuum
- g. Businesses such as fast food restaurants would fall where along the Scale of Market Entities?
1. on the extreme end of the intangible-dominant side
 2. on the extreme end of the tangible-dominant side
 3. in the middle of the continuum
 4. left of the middle towards the tangible-dominant side
 5. right of the middle towards the intangible-dominant side
- h. Which of the following fields would be least likely to be described as intangible-dominant?
1. manufacturing
 2. education
 3. Insurance banking
 4. Engineering
- i. Which of the following products is an example of intangible dominant?
1. Outback steakhouse
 2. car rental agency
 3. a funeral
 4. a magazine subscription
 5. math tutoring

- j. Which of the following statements is not true?
1. Service knowledge is obtained differently than goods knowledge.
 2. Firms that define their businesses too narrowly have developed marketing myopia.
 3. Goods are tangible-dominant.
 4. Service knowledge is obtained through the experience of receiving the actual service.
 5. All the above are true.
- k. _____ results in the practice of too narrowly defining one's business:
1. Services marketing
 2. Marketing management
 3. Marketing myopia
 4. Scale of market entities
 5. Customer experience
- l. _____ involves a pictorial representation of the relationship between the tangible and intangible elements of a firm's operation.
1. Molecular Model
 2. Servuction Model
 3. Benefit concept
 4. Industrial Management Model
 5. Market-focused Model
- m. Which of the following could NOT be included in the airline molecular model?
1. long-term parking
 2. financing arrangements
 3. rental car availability
 4. gate attendants
 5. baggage handlers
- n. The encapsulation of the benefits of product in the consumer's mind is called:
1. the Servuction Model
 2. the benefit concept
 3. the Service Triangle
 4. the Service-Profit Chain
 5. the Scale of Market Entities
- o. According to the Servuction Model, factors that influence the customer's service experience include all of the following except:
1. price
 2. contact personnel/service providers

3. other customers
4. servicescape
5. organization and systems

Unit II

Strategies Issues In Services Marketing

Q1. What is market segmenting?

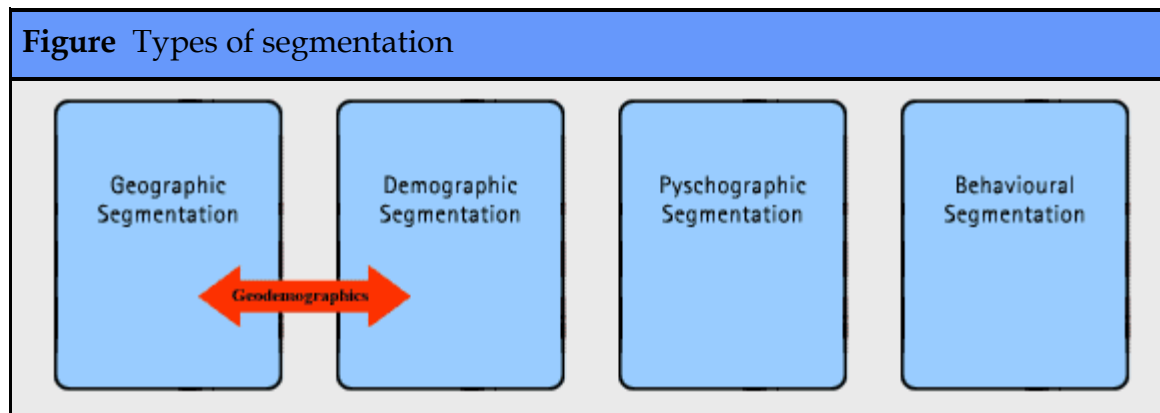
Ans. Market segmentation is best known for its use in marketing: customer acquisition, retention, and migration to higher value; and choosing the right location for a given facility, be it a retail store, library, or other type of outlet. Over the last decade, however, the success of market segmentation has expanded its application across other business functions. Market segmentation can be applied to a range of business or organizational functions including:

- Strategic and tactical functions ranging from strategy development to customer acquisition and retention
- Core business practices and initiative-based activities including planning and forecasting and development of new products and services
- Customer management at the portfolio level and in one-to-one sales and services, including media and distribution choices.

Q2. What is the process of segmenting Strategies for consumer markets for the service sector?

Ans. Segmentation strategies

There are many ways in which a market can be segmented. A marketer will need to decide which strategy is best for a given product or service. Sometimes the best option arises from using different strategies in conjunction. Approaches to segmentation result from answers to the following questions: where, who, why and how? Jon Weaver, Marketing Manager at Bournemouth Borough Council applies a multi-strategy approach to identify segments.



Geographic segmentation: Where?

A market can be divided according to where consumers are located. On a trip abroad you might have noticed that people enjoy more outdoor activities than back home. You could also be surprised by the amount of people that like drinking hot coffee at the beach in Rio de Janeiro. If you visit this website you will see differences in food preferences around the world.

Understanding cultural differences between countries could be pivotal for business success, consequently marketers will need to tailor their strategies according to where consumers are.

Geographic segmentation is the division of the market according to different geographical units like continents, countries, regions, counties or neighborhoods. This form of segmentation provides the marketer with a quick snapshot of consumers within a delimited area.

Geographic segmentation can be a useful strategy to segment markets because it:

- provides a quick overview of differences and similarities between consumers according to geographical unit;
- can identify cultural differences between geographical units;
- takes into consideration climatic differences between geographical units;
- recognizes language differences between geographical units.

But this strategy fails to take into consideration other important variables such as personality, age and consumer lifestyles. Failing to recognise this could hinder a company's potential for success.

For example some youth groups across the world appear to be somewhat similar. Youth groups will tend to listen to similar music and follow similar fashion trends. If you were to do a quick check of people's nationalities in a 18s-30s club in Mexico, you would find a very international clientele. You might have found that you can befriend foreign people of your same age easily because you share common interests.

Demographic segmentation: Who?

A very popular form of dividing the market is through demographic variables. Understanding who consumers are will enable you to more closely identify and understand their needs, product and services usage rates and wants.

Understanding who consumers are requires companies to divide consumers into groups based on variables such as gender, age, income, social class, religion, race or family lifecycle.

A clear advantage of this strategy over others is that there are vast amounts of secondary data available that will enable you to divide a market according to demographic variables

Figure Demographic segmentation

Age	Life-cycle Stage	Income	Social Class
E.g. under 6, 6-11, 12-19, 29-34, 35-49, 50-64, 65+	E.g. Bachelor State, Newly Wed: No kids Full Nest 1: w/child under 6 Full nest 2: Youngest child over 6 Full nest 3: Older married couples with dependent children Empty nest 1: Older couples no children at home Empty nest 2: Retired Solitary survivor: Still in the labor force Solitary survivor: Retired	E.g. Under 5,000; 5,000-20,000; 20,000-50,000; 50,000-100,00, 100,000-250,000 etc	E.g. A = Upper, upper B = Upper lower C1= middle class C2= Working class (skilled workers) D= upper lowers E= Lower, lower

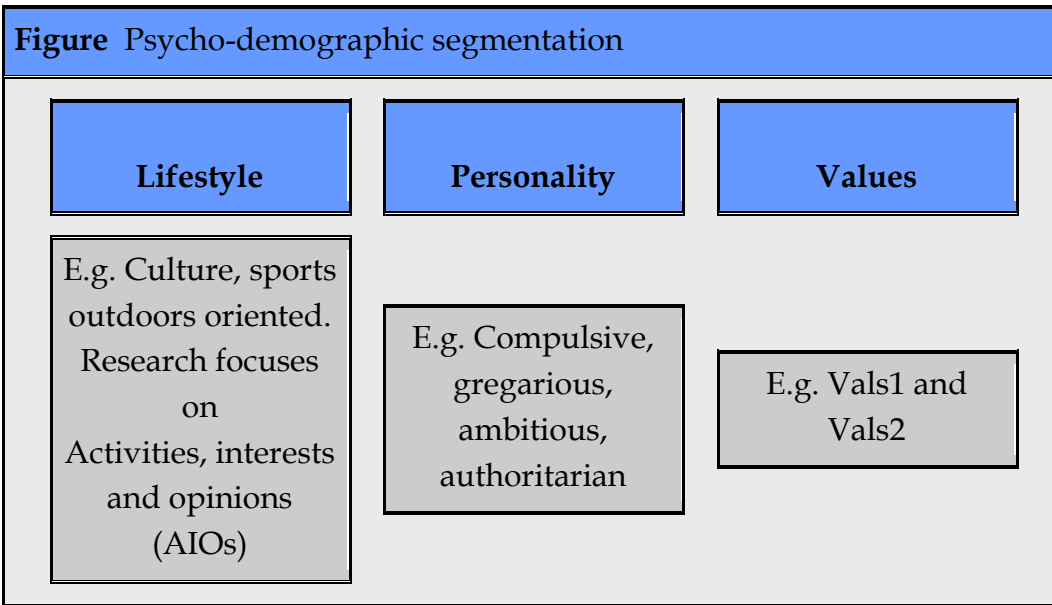
Demographic variables are commonly used in indexes and databases measuring consumers' preferences for brands, products and media. Recently, both demographic and geographic segmentation have been used in conjunction to create geo-demographic segmentation.

Figure ACORN Categories	
ACORN Categories	ACORN Groups
A Thriving	1. Wealthy Achievers, Suburban Areas 2. Affluent Greys, Rural Communities 3. Prosperous Pensioners, Retirement Areas
B Expanding	4. Affluent Executives, Family Areas 5. Well-off Workers, Family Areas
C Rising	6. Affluent Urbanities, Town and Grey Areas 7. Prosperous Professionals, Metropolitan Areas 8. Better-off Executives, Inner City Areas
D Settling	9. Comfortable Middle Ageds, Mature Home Owning Areas 10. Skilled Workers, Home Owning Areas
E Aspiring	11. New Home Owners, Mature Communities 12. White Collar Workers, Better off Multi-Ethnic Areas
F Striving	13. Older People, Less Prosperous Areas 14. Council Estate Residents, Better off Homes 15. Council Estate Residents, High Unemployment 16. Council Estate Residents, Greatest Hardships 17. People in Multi-Ethnic, low income ages

However, this form of segmentation does not probe into why consumers buy what they do, hence it does not offer an understanding of what motivates consumers to buy certain services or what types of personalities favour a product or brand over another.

Psycho-demographic segmentation: Why?

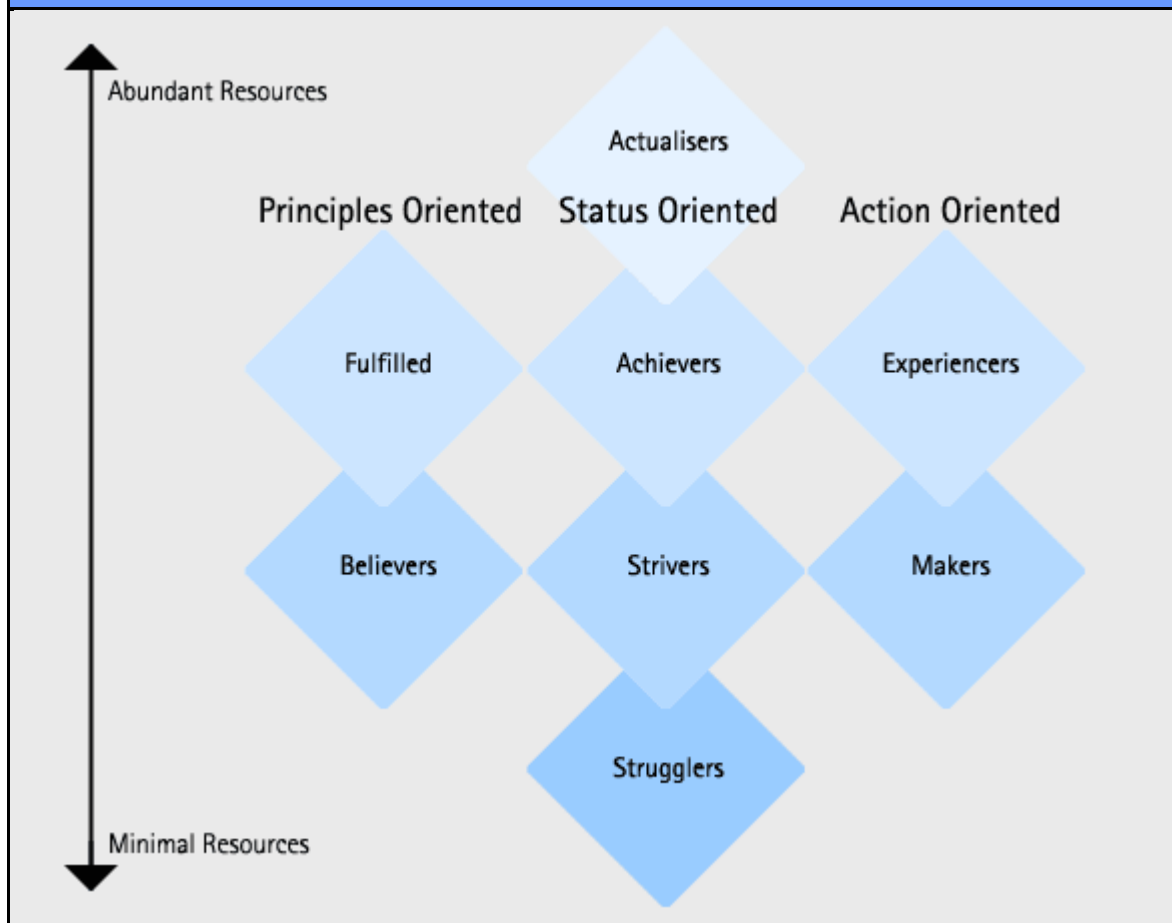
Unlike demographic segmentation strategies that describe who are purchasing a product or service, psycho-demographic segmentation attempts to answer the 'why's' regarding consumer's purchasing behaviour. Through this segmentation strategy markets are divided into groups based on personality, lifestyle and values variables.



Segmenting consumers into lifestyles is based on the notion that a person's lifestyle has a direct impact on their interests in products and services. For example if an environmentalist were to plan a perfect holiday, we would be very surprised to see a hunting excursion or rally driving experience on the options considered. Stuart Perl, Regional Director of Marketing for Europe, Middle East and Africa for Cunard Line Seaborne Cruise Line, stresses the relevance of psycho-graphics in understanding their typical consumer profile.

Since personality traits have been correlated to (matched with) product categories consumers favour as well as persuasive appeals they respond to, marketers can use personality variables to segment their markets. Generally, this type of segmentation is successful for image-based products, such as cosmetics, clothing, jewellery, cigarettes, alcohol, mobile phones, etc.

Figure VALs2 system



This type of segmentation is advantageous because it:

- provides rich data concerning the psychological make-up of consumers;
- enables marketers to better understand the reasons behind consumers' purchases;
- provides marketers with an effective way to match a variety of marketing communication tools from packaging to taste with consumers' psycho-demographic characteristics;
- can be used to develop customer profiles that will guide promotional efforts and ultimately strengthen a brand.

Despite these advantages, this segmentation technique does not provide marketers with a thorough understanding of how often and how consumers use products and services. Because product or service usage could be situational and not related to personality traits, psycho-demographic data does not capture the use of goods and services in everyday life.

Behavioural segmentation: How? Answering the how of consumer purchasing behaviour has become a prevalent consideration in the design and positioning of

products. Moreover it has become a powerful competitive tool to expand and build markets.

This segmentation strategy divides markets into consumer groups based on their uses, responses, knowledge and attitudes towards products and services. There are six main techniques through which marketers can divide the market according to behavioural variables. For example, Expedia offers holiday packages according to the different types of experiences people want to have.

Occasions: Segmenting a market according to the occasions when consumers use a product or service can provide rich insight to expand market possibilities. For example, 'early bird' dinners offered in some restaurants have tapped into the market of consumers who want to have an early meal but without the pomp and formality of a regular dinner.

Benefits sought: Grouping consumers based on the benefits they seek from a product or service provides unique opportunities to define and position a brand's main attributes and highlight its superiority over competitors.

Research has found four main benefit segments: economic, medical, cosmetic and taste. While some consumers will dine in an exclusive restaurant for its taste, others will opt to go to the trendy bistro (cosmetic); some will go for the value for money deals (economic) and others will prefer the organic food served in an all-vegetarian deli (medical).

User status: Consumers can be divided based on whether or not they are patronising a product. Hence, a consumer can be a non-user, ex-user, potential user, first-time user or a regular user of a given product or service. You might have found that you are a regular user of a particular service provider, like your bank, and an ex-user of a chocolate you used to like, but not any more.

Usage rate: Consumers can be light, medium or heavy users. Although heavy users account for a very small percentage of a market, they are also responsible for a high percentage of the total buying. It is not surprising then to find that hotel chains like Holiday Inn offer special prizes to reward their frequent visitors.

User readiness: Segments can be divided based on how ready consumers are to make a purchase. Consumers are typecast according to their readiness state. For example you might be aware that a tour operator provides excellent travel packages to India, your friend might be very well informed of its details, your father might be interested in this product, while your sister is not. This allows marketers to guide consumers through the many stages leading to a final purchase.

Attitudes towards the product or service: Consumers can be segmented according to their attitudes towards products and services. For instance you can be enthusiastic, positive, indifferent, negative or hostile about a product or service.

Market segmentation: a critique

Products and services are constantly reinvented by consumers. What a marketer intended to be a children's toy becomes a cult object among college students

A fizzy drink is not only drunk but is also used in imaginative ways, it becomes the perfect cleaning companion, removing rust spots from chrome car bumpers or cleaning corrosion from car battery terminals. Consumer's wacky uses of product and services hint at some of the shortcomings associated with market segmentation.

Market segmentation assumes that consumers are static and stable. Furthermore it places very complex behaviours into neat and exclusive categories that fail to account for all the complexities of human behaviour. Most people find it difficult to describe their own personality. There is also an underlying supposition that human behaviour is always rational, failing to take into consideration spontaneous and playful behaviour.

The different roles an individual plays everyday also conflict with the somewhat limited categories used to segment markets. You are a student, a friend, a sister or a brother, a citizen or a rebel. While you recognizes all these different facets, advertising appeals treat you mostly as an educated middle class student. Consequently market segmentation strategies provide marketers with the illusion of certain and effective tool to operate, but the question remains as to whether or not this strategy allows marketers to know and talk to consumers.

Q3. What are the steps for choosing a target market segmentation?

Ans. Market Segmentation as a Process

There are some specialized theories upon which markets can be easily segmented into different sections. Market segmentation can be positive segmentation, negative segmentation or top-down segmentation. Companies also derive separate segmentation techniques for every product and brand. Market segmentation is usually done with the help of past data, on filed surveys and consumer interactions. Volumes of goods supply in every segment is made with the help of economic indexes and average income and demand figures.

Steps for Market Segmentation Process

As mentioned above, one of the basic objectives of market segmentation is to maximize sales and profits. Hence, the three important objectives of any segmentation process is to gain new customers, sustain the existing consumers and introduce newer products into the market for the existing consumers and thereby gain new consumers. The five step process of market segmentation goes as follows.

The **first step** in the segmentation process is to establish the market and targeted consumers. This process involves tremendous paperwork and surveys. Economic and demographic factors are also analyzed in the process. In addition to that this step might also include advertising about the product

The **second step** is often termed as market mapping and involves structuring the entire marketing procedures based upon the need of the said market. Logistics cost, retail and wholesale cost, etc, are some important parameters that are set up during this stage. Another very important factor involved in this step is the targeting of consumers who are also known as decision makers. The remaining three steps are derived on the basis of this step.

The **third step** is entirely dependent upon the consumers as the demand by consumers and their suggestions are largely viewed, surveyed, taken into consideration and in many cases implemented.

In **fourth step**, the actual segment begins to take shape as like-minded consumers having same demands are placed together and are analyzed as a group. Launching of a parallel or a totally new product is viewed in this situation. This segregation is often based upon economic indexes, demographic, geographic situations.

The **last step** is catering to the needs of existing consumers and finding new markets. This step is purely the first step towards a new 5-step-cycle that begins with finding a new market.

Segmentation of market is in no way an easy task, as you need to consider several factors that range from current fashion, economic conditions, demographics and even simple logic that is used by consumers.

Q4. What is the strategy of target marketing?

Ans. Select Target Market

Selecting and aiming marketing efforts to the correct target market for a product will help its success.

- The primary types of markets are consumer markets, industrial markets, institutional markets, and reseller markets. A business may encompass multiple categories, or a product may be sold in multiple markets. These categories are not always clear-cut so selecting a target market may be more complex.
- An important concept in target marketing is that those who are targeted show a strong affinity or brand loyalty to that particular brand. Target marketing allows the marketer and sales team to customize their message to the targeted group of consumers in a more focused manner.
- There are several different ways to satisfy target markets: mass marketing, differentiated marketing, concentrated marketing, and niche marketing. The method chosen will depend on the product and the target market.

A target market is a group of customers that the business has decided to aim its marketing efforts and ultimately its merchandise toward. A well-defined target market is the first element to a marketing strategy. The target market and the marketing mix variables of product, place (distribution), promotion, and price (the four elements of a marketing mix strategy) determine the success of a product in the marketplace. A product provider might ask: Given that my product will not be needed or wanted by all people in the market, and given that my organization has certain strengths and weaknesses, which target group within the market should I select?

Types of Markets

While we have defined target markets in a general sense, it is still useful to discuss the characteristics of the primary types of markets: (1) consumer markets, (2) industrial markets, (3) institutional markets, and (4) reseller markets. It should be noted that these categories are not always clear-cut. In some industries, a business may be in a different category altogether or may even encompass multiple categories. It is also possible that a product may be sold in all four markets.

1. Consumer markets - When we talk about consumer markets, we are including those individuals and households who buy and consume goods and services for their own personal use. They are not interested in reselling the product or setting themselves up as a manufacturer.

2. Industrial markets- The industrial market consists of organizations and the people who work for them, and those who buy products or services for use in their own businesses or to make other products. For example, a steel mill might purchase computer software, pencils, and flooring as part of the operation and maintenance of their business.

3. Institutional markets- Another important market sector is made up of various types of profit and nonprofit institutions, such as hospitals, schools, churches, and government agencies. Institutional markets differ from typical businesses in that they are not motivated primarily by profits or market share. Rather, institutions tend to satisfy somewhat mysterious, often intangible, needs.

4. Reseller markets- All intermediaries that buy finished or semi-finished products and resell them for profit are part of the reseller market.

The Psychology of Target Marketing

A principal concept in target marketing is that those who are targeted show a strong affinity or brand loyalty to that particular brand. Target marketing allows the marketer and sales team to customize their message to the targeted group of consumers in a more focused manner. Research has shown that racial similarity, role congruence, labeling intensity of ethnic identification, shared knowledge and ethnic salience all promote positive effects on the target market. Research has generally shown that target marketing strategies are constructed from consumer inferences of similarities between some aspects of the advertisement (e.g., source pictured, language used, lifestyle represented) and characteristics of the consumer (e.g. reality or desire of having the represented style). Consumers are persuaded by the characteristics in the advertisement and those of the consumer.

For example, CVS Caremark's target market is women since they make up 80% of the pharmacy chain's customers. CVS has marketed its stores to aid women who are constantly multitasking. They recently redesigned many of their stores to women, including shorter wait times for prescriptions, wider and better-lit shopping aisles, and more beauty products.

Strategies for Reaching Target Markets

Marketers have outlined four basic strategies to satisfy target markets: undifferentiated marketing or mass marketing, differentiated marketing, concentrated marketing, and micromarketing or niche marketing.

1. Mass marketing - Mass marketing is a market coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer. It is the type of marketing (or attempting to sell through

persuasion) of a product to a wide audience. The idea is to broadcast a message that will reach the largest number of people possible.

2. Differentiated marketing - A differentiated marketing strategy is one where the company decides to provide separate offerings to each different market segment that it targets. It is also called multi segment marketing. Each segment is targeted uniquely as the company provides unique benefits to different segments.

3. Concentrated marketing - Concentrated marketing is a strategy which targets very defined and specific segments of the consumer population.

4. Niche marketing - In marketing, a niche refers to a service or a product that occupies a special area of demand. It is that small corner in the market that accounts for a certain kind of specialty concerning an unmet customer need. Niche marketing is the process of finding market segments that are small but potentially profitable nonetheless.

Q4 What should we know before our company goes after a niche market?

Ans Most companies, whether big or small, direct their marketing to select niche audiences. Even the country's largest manufacturers target carefully pinpointed market segments to maximize the effectiveness of their programs and often tackle different niches for each product group. Hewlett-Packard, for example, markets all-in-one machines that print, fax and scan to segments of the home office market, while targeting larger businesses for higher-priced, single-function units.

Niche marketing can be extremely cost-effective. For instance, imagine you offer a product or service that's just right for a select demographic or ethnic group in your area, such as Hispanics or Asians. You could advertise on ethnic radio stations, which have considerably lower rates than stations that program for broader audiences. So your marketing budget would go a lot further, allowing you to advertise with greater frequency or to use a more comprehensive media mix.

Taking on a new niche can be a low-risk way to grow your business, as long as you keep in mind several important rules:

1. Meet their unique needs. The benefits you promise must have special appeal to the market niche. What can you provide that's new and compelling? Identify the unique needs of your potential audience, and look for ways to tailor your product or service to meet them.

Start by considering all the product or service variations you might offer. When it comes to marketing soap, for example, not much has changed over the years. But suppose you were a soap maker and you invented a new brand to gently remove chlorine from swimmers' hair. You'd have something uniquely

compelling to offer a niche market--from members of your neighborhood pool to the Olympic swim team.

2. Say the right thing. When approaching a new market niche, it's imperative to speak their language. In other words, you should understand the market's "hot buttons" and be prepared to communicate with the target group as an understanding member--not an outsider. In addition to launching a unique campaign for the new niche, you may need to alter other, more basic elements, such as your company slogan if it translates poorly to another language, for example.

In instances where taking on a new niche market is not impacted by a change in language or customs, it's still vital to understand its members' key issues and how they prefer to communicate with companies like yours. For example, suppose a business that markets leather goods primarily to men through a Web site decides to target working women. Like men, working women appreciate the convenience of shopping on the Web, but they expect more content so that they can comprehensively evaluate the products and the company behind them. To successfully increase sales from the new niche, the Web marketer would need to change the way it communicates with them by expanding its site along with revising its marketing message.

3. Always test-market. Before moving ahead, assess the direct competitors you'll find in the new market niche and determine how you will position against them. For an overview, it's best to conduct a competitive analysis by reviewing competitors' ads, brochures and Web sites, looking for their key selling points, along with pricing, delivery and other service characteristics.

But what if there is no existing competition? Believe it or not, this isn't always a good sign. True, it may mean that other companies haven't found the key to providing a product or service this niche will want to buy. However, it's also possible that many companies have tried and failed to penetrate this group. Always test-market carefully to gauge the market's receptiveness to your product or service and message. And move cautiously to keep your risks manageable

Multiple Choice Questions

- a. Which of the following components of the Servuction Model is not visible to consumers?
 1. servicescape
 2. organization and systems
 3. other customers
 4. contact personnel
 5. service providers

- b. A customer who notices dirty silverware and a dirty floor in his/her favorite restaurant has been influenced by which of the following components of the Servuction Model?
1. servicescape
 2. organization and systems
 3. other customers
 4. contact personnel
 5. service providers
- c. Servicescape consists of which of the following features:
1. personal artifacts
 2. inanimate objects
 3. signs
 4. symbols
 5. all of the above
- d. The component of the Servuction Model over which most service firms have the least control is:
1. servicescape
 2. organization and systems
 3. other customers
 4. contact personnel
 5. service providers
- e. If an office did not schedule as many people as were needed during a busy period, which of the following components of the Servuction Model has influenced the customer's experience?
1. servicescape
 2. organization and systems
 3. other customers
 4. contact personnel
 5. service providers
- f. A customer attempted to pay his bill with his American Express credit card; however, the service firm did not accept American Express. Which of the following components of the Servuction Model influenced the customer's experience?
1. servicescape
 2. organization and systems
 3. other customers
 4. contact personnel
 5. service providers

- g. The demand for services marketing knowledge has increased for all of the following reasons except:
1. the tremendous growth in service-sector employment
 2. increasing service-sector contributions to the world economy
 3. the deregulation of many service industries
 4. the needed shift from industrial models of management to market-focused management approaches
 5. the decline in service sector jobs
- h. Ranking from highest to lowest, the countries with the largest service sector employment are:
1. European Community, United States, Japan
 2. United States, Japan, European Community
 3. United States, European Community, Japan
 4. United States, European Community, Japan
 5. Japan, European Community, United States
- I With regards to service sector employment in the EU, which of the following statements is TRUE?
1. Between 2002 and 2012, 10% of all jobs were service jobs.
 2. 92% of the labour force is employed in service sector jobs.
 3. In 2007 144m were employed in the service sector.
 4. Employment in the service sector is declining as manufacturing grows.
 5. Europe is second to China in service sector employment.
- j. What percentage of the EU's Gross Domestic Product was generated by the service sector in 2006?
1. 88.2%
 2. 70.5%
 3. 60.1%
 4. 50.5%
 5. 45.7%
- k. An approach to organizing a firm that focuses on revenues and operating costs and has its roots in manufacturing is called:
1. the operations management approach
 2. the industrial management approach
 3. the manufacturing management approach
 4. the market-focus management approach
 5. the services marketing approach
- l. The industrial management model believes

1. employees want to do good work
2. front-line personnel are more important than upper- and middle-managers
3. technology should be used to assist employees
4. labor and operating costs should be kept as low as possible
5. front-line employees should be empowered to make decisions

m. According to the industrial management model, which one of the following statements is FALSE?

1. Location strategies, sales promotions, and advertising drives sales revenues.
2. Employees are to be held to low job performance expectations.
3. Only managers can solve problems.
4. It is better to rely on machines, than humans.
5. Technology should be used to assist employees, rather than to monitor or control them.

Unit III

Marketing Mix & Services

Q1. What is the marketing mix of services?

Ans. 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.

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 heterogenous, 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.

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. Why is that? It is because competition in this service sector is generally high and promotions is necessary to survive. Thus banks, IT companies, and dotcoms place themselves above the rest by advertising or promotions.

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 ambience you have built up for your customers? Who will pay for the band you have for music? Thus these elements have to be taken into consideration while costing. Generally service pricing involves taking into consideration labor, material cost and overhead costs. By adding a profit mark up you get your final service pricing. You can also read about pricing strategies.

Here on we start towards the extended service marketing mix.

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. Lets 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. Several times, physical evidence is used as a differentiator in service marketing. Imagine a private hospital and a government hospital. A private hospital will have plush offices and well dressed staff. Same cannot be said for a government hospital.

Thus physical evidence acts as a differentiator.

This is the service marketing mix (7p) which is also known as the extended marketing mix.

Of course the marketing mix for services still needs to address the remaining 4Ps of pricing, product, place and promotion. Let's consider some examples of these four elements from the perspective of a service.

Pricing for services

Pricing needs to take into account two factors in relation to services. The first issue is what is the unit which we are pricing? Do we sell a hotel room based on its area or upon how long you use it for? Would you cost dental surgery by the amount of time you sat in the dentist's chair or by the actual procedure that was undertaken? Secondly if a price is based upon a bundle of sub services then how do you price it as a whole? An example of this would be an all-you-can-eat menu priced at a single point e.g. €20, or would you charge for each item on the menu individually and add-on a service charge?

Product for services

In this instance our product and service are pretty much the same. However as we have discussed our service is intangible etc. One-way dealing with this is to consider that: service = product + process. So we need to focus upon the process. For example when you arrive at a hotel people process you to ensure that you are registered and your baggage is taken to a room. This is an example of people processing. Another type of processing is possession processing, and an example would be where you take your dog to be groomed, or you organise a service for your car i.e. your possessions are processed. Both of these are examples of product in relation to service.

Place for services

Where you consume the service is a central part of the services marketing mix. With the place element the marketer considers convenience, location, footfall, number of outlets, and timing. Consider an event which takes place over a

weekend. If you have a food trailer which sells organic salads to the public you need to make sure that you are actually booked at the event, that people will walk past your trailer and be able to stop and queue, and that you are able to sell to the people when they want to eat. Simply scale this up for businesses like Pizza Express.

Promotion for services

Obviously services are more difficult to assess in terms of attributes in comparison to tangible products. The marketer needs to be more innovative and clear when it comes to the benefits to the target market of his or her service. The marketer can try a number of techniques which include:

- Emphasizing any tangible cues e.g. telecommunications companies will use symbols such as Mercury to emphasize speed. Burger King will use boxes and packaging which emphasize its marketing communications.
- Exploiting celebrity to provide information about the service. There are many examples of well-known public faces telling us on TV how they purchase life assurance or organize their final will.
- Branding is everything to service. Starbucks does sell coffee and cake but much of its offering is its service. Starbucks' logo, its location, the ambience of their stores and the whole service experience is all part of the brand Starbucks. There are many other examples of this including KFC and McDonalds. Can you think of anymore?

Physical Evidence

Physical evidence is the environment in which the service is delivered, and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service.

Physical Evidence is the material part of a service. Strictly speaking there are no physical attributes to a service, so a consumer tends to rely on material cues. There are many examples of physical evidence, including some of the following buildings, equipment, signs and logos, annual accounts and business reports, brochures, your website, and even your business cards. Physical evidence lesson

Process

Process is the actual procedures, mechanisms, and flow of activities by which the service is delivered – this service delivery and operating systems.

There are a number of perceptions of the concept of process within the business and marketing literature. Some see processes as a means to achieve an outcome, for example – to achieve a 30% market share, a company implements a marketing planning process. However in reality it is more about the customer interface between the business and consumer and how they deal with each other in a series of steps in stages, i.e. throughout the process.

People

People are all human actors who play a part in service delivery and thus influence the buyers' perceptions; namely, the firm's personnel, the customer, and other customers in the service environment.

People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the individual needs of the person consuming it.

MCQs

- a. The management model that focuses on the components of the firm that facilitate the firm's service delivery system is called:
 1. the operations management approach
 2. the industrial management approach
 3. the manufacturing management approach
 4. the market-focused management approach
 5. the services marketing approach

- b. According to the market-focused management model, which one of the following statements is TRUE?
 1. Location strategies, sales promotions, and advertising drives sales revenues.
 2. Employees are to be held to low job performance expectations.
 3. Only managers can solve problems.
 4. It is better to rely on machines, than humans.
 5. Technology should be used to assist employees, rather than to monitor or control them.

- c. According to the market-focused management model, which one of the following statements is FALSE?
 1. Companies should invest in people as much as machines.
 2. Employee turnover and customer satisfaction are clearly related.
 3. The higher the proportion of part-time to full-time employees, the more satisfied the customers.
 4. New accounting measures are needed that reflect the focus on customer orientation.
 5. Data collected and controlled by middle managers should be made available to front-line personnel.

- d. Which linkage within The Service Triangle reflects the ease with which a customer uses a bank's ATM?
1. The systems--the customer
 2. The service strategy--the customer
 3. The systems--the people
 4. The customer--the people
 5. The service strategy--the systems
- e. Which linkage within The Service Triangle reflects Pizza Hut's strategy of communicating its commitment to service excellence to its employees through television commercials?
1. The systems--the customer
 2. The service strategy--the customer
 3. The systems--the people
 4. The customer--the people
 5. The service strategy--the people
- f. Which linkage within The Service Triangle represents the interaction that creates "moments of truth" or "critical incidents"--the driving forces in customer satisfaction evaluations?
1. The systems--the customer
 2. The service strategy--the customer
 3. The systems--the people
 4. The customer--the people
 5. The service strategy--the people
- g. The market-focused management model, supported by the service triangle, is based on the belief that:
1. front-line personnel tend to be more knowledgeable
 2. employees want to do good work
 3. customer satisfaction is related to employee turnover
 4. a new accounting measures should be used
 5. none of the above
- h. Services are characterized by all of the following characteristics except for:
1. intangibility
 2. homogeneity
 3. perishability
 4. inseparability
 5. Heterogeneity
- I Which of the following statements is false?

1. Services cannot be touched or seen in the same manner as goods.
 2. Consumer judgments about services tend to be more subjective than objective.
 3. Services are first produced, then sold, then consumed.
 4. Services tend to vary from one transaction to the next.
 5. Services cannot be inventoried.
- k. Of the four unique service characteristics that distinguish goods from services, the one that is the primary source of the other three characteristics is:
1. intangibility
 2. inseparability
 3. homogeneity
 4. perishability
 5. Heterogeneity
- L Which of the following is not a marketing problem caused by intangibility?
1. Services lack the ability to be stored
 2. Services lack patent protection
 3. Services are difficult to price
 4. Services are difficult to communicate to consumers
 5. Consumers are involved in the service production process
- m. Which of the following is a marketing problem caused by intangibility?
1. Services have no costs of goods sold.
 2. The consumer is involved in the production process.
 3. Other consumers are involved in the production process.
 4. Service standardization and quality control are difficult to achieve.
 5. Centralized mass production of services is difficult.
- n. The primary cost of producing a service is
1. rent
 2. overhead
 3. cost of goods sold
 4. labour
 5. promotional expenses
- o. Possible solutions that minimize the problems caused by intangibility include all of the following except:
1. The use of tangible clues.
 2. The effective management of consumers.
 3. The creation of a strong organizational image.
 4. The use of personal sources of information.

5. Prudential's "Piece of the Rock" promotional strategy.
- p. The unique service characteristic that reflects the interconnection between the service firm and its customer is called:
1. intangibility
 2. inseparability
 3. homogeneity
 4. perishability
 5. heterogeneity
- q. Marketing problems caused by inseparability include all of the following except for:
1. The service provides physical connection to the service.
 2. The involvement of the customer in the production process.
 3. Service standardization and quality control are difficult to achieve.
 4. The involvement of other customers in the production process.
 5. All of the above are marketing problems caused by inseparability.
- r. The fact that services are sold and then produced and consumed simultaneously is attributed to:
1. intangibility
 2. inseparability
 3. homogeneity
 4. perishability
 5. heterogeneity

Unit IV

Service Marketing – Specific Industries

Q1 What is the role of marketing mix in tourism industry?

Ans.

Tourism and the Marketing Mix



The **marketing mix** is a business tool used in marketing and by marketing professionals. The marketing mix is often crucial when determining a product or brand's offering and is often synonymous with the **four P's: price, product, promotion and place**. In service marketing – like tourism, however, the four P's have been expanded to the **seven P's** to address the different nature of services. The additional three P's in tourism are **people, process and physical evidence**.

By taking a fresh look at these various aspects of your company you will be sure that all of your work supports your main goal – selling your services to your customer. It will also help you answer more fundamental questions such as; “who are your customers?”, “how do you reach your customers?” and “what are the needs of your customers?”, to name a few.

The 4 traditional P's and the implications in the tourism business

Product

When thinking about a tourism product, it's important to differentiate between what the customers actually buy (the promise of a product) and the product – mainly a service – that they receive after the purchase (the actual product). The

purchasing decision made by the tourist is based on the promise of the product – a promise established by what she or he sees in your promotional material. This is because **the tourism product – unlike a car or a computer – consists of a combination of tangible and intangible items** and the potential customers “buy” the product before “acquiring” the product (we’ll dive deeper into this in our next blog post).

For example, the product “Amazon Lodge” – shown below – is the combination of tangible goods (e.g. the rooms, the swimming pool, the birds) and intangible experiences (e.g. the service, the activities). Obviously, the product is thousands of miles away and you are not buying the property, therefore **the actual product you buy is the promise displayed on the brochure (while the brochure is a promotional channel)**.

Promotion

Promotion is the activity of telling your market about your product. In the example of the Amazon Lodge, you are using a brochure to tell your customers about a tourism product in the Amazon.

Nowadays, promotion is replaced by **communications**, which represents a broader focus. Communications can include advertising, public relations, personal selling, viral advertising, and any form of communication between the organization and the consumer.



Placement

Placement is synonymous with **distribution**. It refers to providing the product at a place, which is convenient for consumers to access. In tourism, **the product is not distributed to the client, but the clients travel to the product**. Thus, unlike physical products, tourism distribution is more related to where you distribute the information about the service (trade shows, resellers, webpages, etc.). In the example of the brochure of the Amazon Lodge, the placement may be your

office, a trade show in London or to potential customer's houses (by direct mailing).

Price

Price is what the business charges for its' tourism product as defined by the interacting forces of supply and demand.

At a practical level, tourism enterprises can determine their prices by analyzing:

1. The cost of running the business;
2. The willingness to pay by the demand;
3. The prices of the competition;
4. The commission to be provided to resellers.

In tourism, two prices are often used: **rack rates**, which are the prices published in promotional materials - without discounts, and **net prices** (or net rates), which is the rack rate less the commission offered to resellers (tour operators or other intermediaries).

It may also be advantageous to differentiate rates for **seniors, children, off-season, etc.**

The 3 additional P's of tourism

People

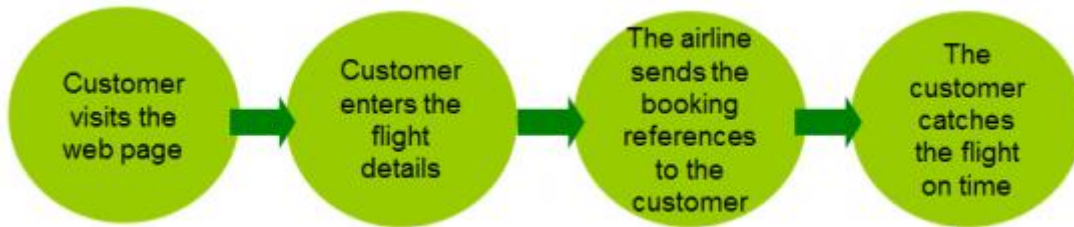
Any person coming into contact with customers can have an impact on overall satisfaction. In tourism, people are particularly important because, in the customer's eyes, they are generally inseparable from total service.

In tourism, **the human component is very important, so the attitude, skills and appearance of all people involved in the traveler's experience needs to be first class.** Some ways in which people add value to an experience, as part of the marketing mix, are **training and service.**

Process

If tourism business offers services, the processes of the business can offer specific advantages. **Processes should do more than just make life easier for the business - they must help customers get what they want.**

For instance, for booking a flight on the internet the process begins with the customer visiting an airline's website. The customer enters details of the flights and books them. The customer's ticket/booking references arrive by email (or, less and less, by post). The customer catches his flight on time and he arrives refreshed at his destination. The coming together of all the mentioned stages constitutes a marketing process.



Physical evidence

Makes the customers perceive how the services would be like. Unlike a physical product, **a service cannot be experienced before it is delivered, which makes it intangible.** This, therefore, means that potential customers could perceive greater risk when deciding whether or not to use a service. To reduce the feeling of risk, thus improving the chance for success, **it is vital for potential customers to see what a product would be like.** This is done by providing physical evidence – displayed in photographs (of your facilities, etc.) or testimonials (what tourists write about their own previous experience).

Q 2 What is the role of marketing mix in financial industry?

Ans. Marketing of Financial Services (Banking, Insurance, Mutual Fund & Portfolio Management Services)

7 ps of bank marketing –

1. Product Mix

The banks primarily deal in services and therefore, the formulation of product mix is required to be in the face of changing business environment conditions. Of course the public sector commercial banks have launched a number of policies and programs for the development of backward regions and welfare of the weaker sections of the society but at the same time it is also right to mention that their development-oriented welfare programs are not optimal to the national socio-economic requirements. A proportional contraction in the number of customers is found affecting the business of public sector commercial banks. The changing psychology, the increasing expectation, the rising income, the changing lifestyles, the increasing domination of foreign banks and the changing needs and requirements of the customers at large make it essential that they innovate their service mix and make them of worked class. The development of new generic product, especially when the business environment is regulated is found a difficult task. However, it is pertinent that banks formulate a package in tune with the changing business conditions. Against this background, we find it significant that the banking organizations minify, magnify, combine and modify their service mix.

In the formulation of service mix, the banks can follow two guidelines, first is related to the processing of product to market needs and the second is concerned

with the processing of market needs to product. In the first process, the needs to the target market are anticipated and visualized and therefore, we expect the prices likely to be productive. In the second process, the banks react to the expressed needs and therefore we consider it reactive. It is essential that every product is measured up to the accepted technical standards. This is because no consumer would buy a product, which contains technical faults. Technical perfection in service is meant prompt delivery, quick disposal, and presentation of right data, right filing, proper documentation or so. If computers start disobeying, the command and the customers get wrong facts, the use of technology would be a minus point, and you don't have any excuse for your faults.

Marketing aims not only offering but also at creating\innovating the services\schemes found new to the competitors vis-a vis- to the customers. The enhanced customer patronage would be a reward to the bank. The additional attractions, the product attractiveness would be a plus point of your mix, which would help you in many ways. This makes it essential that the banking organizations are sincere to the innovations process and try to enrich their peripheral services much earlier than the competitors. We also find the product portfolio of the banks. While formulating the services mix, it is also pertinent that the bank professionals make possible affair synchronization of core and peripheral services. To be more specific, the peripheral services need an intensive care since the core services are found by and large the same. Innovating the peripheral services thus appears to be an important functional responsibility of marketing professionals. We can't deny the fact that if the foreign banks have been getting a positive response; the credibility goes to their innovative peripheral services. Thus, the formulation of product mix is found to be a difficult task that requires world-class professionalism.

2. Promotional Mix:

Promotion mix includes advertising, publicity, sales promotion, word - of - mouth promotion, personal selling and telemarketing. Each of these services needs to be applied in different degree. These components can be useful in the banking business in the following ways:

Advertising

Advertising is paid form of communication. Banking organizations use this component of the promotion mix with motto of informing, sensing and persuading the customers. While advertising it is essential to be aware of key decision making areas so that instrumentally helps banks at micro and macro levels.

2. Finalizing the budget:

This is related to the formulation of the budget for advertisement. The bank professionals, senior executives and even the policy planners are found to be involved in the process. The business of a bank determines the scale of the advertisement budget. In addition, the intensity of competition also plays a decisive role since in the majority of cases; we find a increase in the budget due to a change in the competitor's strategy.

Suitable vehicle:

There are a number of devices to advertise, such as broad cast media, telecast media and print media. In the face of the budgetary provisions, it is necessary to select a suitable vehicle. For promoting the banking business, the print media is found to be economic as well as effective.

Making possible creative:

The advertising professionals bear the responsibility of making the appeals, slogans and messages more creative. Here, creative means making the advertisement programs distinct to the competitive organizations, which are active in influencing the impulse of the customers and successful in informing and sensing the customers. This requires an in-depth knowledge of the receiving capacity of the target market for which the advertisements are designed.

Testing the effectiveness:

It bears an analogous significance that our advertisements are effective in influencing the impulse of customers by energizing persuasion. For making the process effective, it is essential to test the effectiveness before launching of the commercial advertisements.

Managers: Instrumentality of branch

At micro level, a branch manager bears the responsibility of advertising locally so that the messages reach the target audience.

Characters and themes:

At apex level it is also important that while advertising the senior executives watch the process minutely and select events, characters having a regional orientation. The popular characters and sensational moments are likely to be impact generating. The theme for appeals and messages also needs due attention. Of course, they have a legitimate right of advertising but it is not meant that like the goods manufacturing organizations, the service generating organizations also start making invasion on culture. It is necessary to regulate a bias to gender, profession, region or so.

Public relations:

In the banking services the effectiveness of public Relations is found in high magnitude. It is in this context that difference is found in designing of the mix for promoting the banking services.

Telemarketing:

The telemarketing is a process of promoting the business with the help of sophisticated communication network. Telemarketing is found instrumental in advertising the banking services and the banking organizations can use this tool of the promotion mix both for advertising and selling. This minimizes the dependence of banking organizations on sales people and just a counter or center as listed in the call numbers may service multi- dimensional services. Telemarketing is likely to play an incremental role in marketing the banking services. The leading foreign banks and even some of the private sector commercial banks have been found promoting telemarketing and they have been getting positive results for their efforts.

Word-Of- Mouth:

Much communication about the banking services actually takes place by word-of- mouth information, which is also known as word- of- mouth promotion. The oral publicity plays an important role in eliminating the negative comments and improving the services. This also helps the banker to know the feedback, which may simplify the task of improving the quality of services. This component of promotion mix is not to influence budget adversely or generate additional financial burden. By improving the quality of services and by offering small gifts to the word- of- mouth promoters, bankers can get more business command in their area.

The above facts make it clear that such kind of promotion is influenced by a number of factors. The most dominating factor is the quality of services offered. The bank professionals, the frontline staff and the senior executives should realize that degeneration in quality would make this tool effective.

3. Price Mix:

In the formulation of marketing mix, the pricing decisions occupy a place of outstanding significance. The pricing decisions include the decisions related to interest and fee or commission charged by banks. Pricing decisions are found

instrumental in motivating or influencing the target market. The RBI regulates the rate of interest and the Indian Banks' Association controls other charges. In our country, the price mix is more important because the banking organizations are also supposed to sub serve the interests of the weaker sections and the backward regions. Also in making the pricing decisions, the Government Of India instrumentalists or commands everything as a shadow policy maker. This also complicates the price mix for banking sector. Pricing policy of a bank is considered important for raising the number of customers vis-à-vis the accretion of deposits. Also the quality of service provided has direct relationship with the fees charged. Thus while deciding the price mix customer services rank the top position. Banks also have to take the value satisfaction variable in to consideration. The value and satisfaction cannot be quantified in terms of money since it differs from person to person. Keeping in view the level of satisfaction of a particular segment, the banks have to frame the pricing strategies.

The banking organizations are required to frame two- fold strategies. First, the strategy is concerned with interest and fee charged and the second strategy is related to the interest paid. Since both the strategies throw a vice- versa impact, it is important that banks attempt to establish a correlation between two. It is essential that both the buyers as well as the sellers have feeling of winning.

4. The People

Sophisticated technologies no doubt, inject life and strength to our efficiency but the instrumentality of sophisticated technologies start turning sour id the human resources are not managed in a right fashion. We can't deny the fact that if foreign banks are performing fantastically; it is not only due to the sophisticated information technologies they use but the result of a fair synchronization of new information technologies and a team of personally committed employees. The moment they witness lack of productive human resources even the new generation of information technologies would hardly produce the desired results. In addition to the professional excellence, the employees working in the foreign banks are generally value- based. Thus we accept the fact that generation of efficiency is substantially influenced by the quality of human resources. The quality for banking sector is an aggregation of all the properties, which are found essential for generating the efficiency and projecting a fair image. Even efficiency essentially is supported by ethical dimension, humanity and humanism. The development of human resources makes the ways for the formation of human capital. Human resources can be developed through education, training and by psychological tests. Even incentives can inject efficiency and can motivate people for productive and qualitative work.

5. The Process

- Flow of activities: all the major activities of banks follow RBI guidelines. There has to be adherence to certain rules and principles in the banking operations. The activities have been segregated into various departments accordingly.
- Standardization: banks have got standardized procedures got typical transactions. In fact not only all the branches of a single-bank, but all the banks have some standardization in them. This is because of the rules they are subject to. Besides this, each of the banks has its standard forms, documentations etc. Standardization saves a lot of time behind individual transaction.
- Customization: There are specialty counters at each branch to deal with customers of a particular scheme. Besides this the customers can select their deposit period among the available alternatives.
- Number of stores: numbers of steps are usually specified and a specific pattern is followed to minimize time taken.
- Simplicity: in banks various functions are segregated. Separate counters exist with clear indication. Thus a customer wanting to deposit money goes to 'deposits' counter and does not mingle elsewhere. This makes procedures not only simple but consume less time. Besides instruction boards in national boards in national and regional language help the customers further.
- Customer involvement: ATM does not involve any bank employees. Besides, during usual bank transactions, there is definite customer involvement at some or the other place because of the money matters and signature requires.

6. The Physical Evidence

The physical evidences include signage, reports, punch lines, other tangibles, employee's dress code etc. The company's financial reports are issued to the customers to emphasis or credibility. Even some of the banks follow a dress code for their internal customers. This helps the customers to feel the ease and comfort

Signage: each and every bank has its logo by which a person can identify the company. Thus such signages are significant for creating visualization and corporate identity.

Tangibles: banks give pens, writing pads to the internal customers. Even the passbooks, chequebooks, etc reduce the inherent intangibility of services.

Punch lines: punch lines or the corporate statement depict the philosophy and

attitude of the bank. Banks have influential punch lines to attract the customers. Banking marketing consists of identifying the most profitable markets now and in future, assessing the present and future needs of customers, setting business development goals, making plans-all in the context of changing environment.

Advertisements

The bank is a financial institution which accepts deposits and lends that money to its customers. As banks deal with their customers' finances, banking is a high-involvement service. Therefore banks need to win the trust of their customers. Based on the customer profiles, banks segment their market into retail banking, corporate banking, personal banking etc.

Depending on customer needs for finance, the market can also be segmented into trade finance, consumer finance, etc. For the banker to derive maximum returns and enhance his market position the marketing mix has to be effectively managed. The products offered by a bank may be in the core or augmented form. The core products offered by a bank include a savings bank account or a housing loan.

The augmented product includes services like internet banking, ATMs, 24-hour customer service etc. These augmented services help the banker differentiate his service offering from those of his competitors. In the pricing of banking services, determining the interest rates plays an important role, as these rates in turn determine the revenues and profits of the bank.

The multiple sources of revenue for today's banks include annual charges for core services and augmented services, penalties, commissions for cross selling and charges for payment of utility bills, apart from the differential interest rate. The basic pricing strategy in banks is based on risk-return pay-offs. However, the competitor and customer reaction have to be taken into consideration while initiating a price change.

The place element of the marketing mix refers to making the services available and accessible to customers. Improvements in the availability and accessibility of services have changed the process of banking. Technological innovations have given rise to modern channels like the Internet, which have helped banks increase business volumes and attract new customers.

ATMs and credit and debit cards offer convenience to customers and have also improved the efficiency of banking operations. These changes have helped banks tackle the challenges of services marketing. The promotion or communication

mix in banking refers to varied strategies like personal selling, advertising, discounts, and publicity etc. used by present day banks to promote their service offerings.

7. People

People also play an important role, even though their role has been eclipsed by technology in the recent past. Process determines the efficiency of banking operations and thus the service quality in a bank. Physical evidence includes the infrastructure and buildings not only in branch offices, but also the ATMs or other places of interaction. Even the quality of cheque books and mailers to customers forms physical evidence.

The banking industry has changed drastically over the past decade. The banking reforms and the opening of the economy to foreign and private banks have improved the working of the public sector banks. This has resulted in improved service to the customers of the banking industry. Increased competition and technology have enhanced the quality of service offered to the customers and also improved the returns for bankers.

Multiple Choice Questions

- a. Which of the following statements pertain to inseparability is false?
 1. As customer contact increases, the efficiency of the firm decreases.
 2. Customers can affect the type of service desired.
 3. Customers can affect the length of the service transaction.
 4. Customers can affect the cycle of demand.
 5. All the above statements are true.

- b. The centralized mass production of services is difficult due to:
 1. inseparability
 2. intangibility
 3. homogeneity
 4. perishability
 5. heterogeneity

- c. Possible solutions that firms use to minimize the problems caused by inseparability include all of the following except:
 1. The careful selection of service employees.
 2. The management of service consumers.
 3. The use of multisite locations to distribute services.
 4. The training of public contact personnel.
 5. Appealing to market segments with different demand patterns.

- d. The primary solution to overcome the centralized mass production problems attributed to inseparability is:
 - 1. The careful selection of service employees.
 - 2. The management of service consumers.
 - 3. The use of multisite locations to distribute services.
 - 4. The training of public contact personnel.
 - 5. Appealing to market segments with different demand patterns.

- e. The service characteristic that reflects the variation in consistency from one service transaction to the next is:
 - 1. inseparability
 - 2. intangibility
 - 3. homogeneity
 - 4. perishability
 - 5. heterogeneity

- f. Which of the following statements pertaining to heterogeneity is false?
 - 1. It is almost impossible for a service operation to achieve 100 percent perfect quality on an ongoing basis.
 - 2. Standardization and quality control are difficult to achieve.
 - 3. Customers always prefer customized services over standardized services.
 - 4. Customized services are generally more expensive than standardized services.
 - 5. It is easier to customize services than goods.

- g. Which of the following is not an advantage of standardized services?
 - 1. Less expensive
 - 2. Meets the customer's exact needs
 - 3. Delivered faster
 - 4. More consistent
 - 5. All the above are advantages of standardized services.

- h. Solutions used to minimize the marketing problems attributed to heterogeneity include:
 - 1. standardizing or customizing the service
 - 2. using multisite locations
 - 3. stressing tangible clues
 - 4. appealing to different market segments with different demand patterns
 - 5. using reservation systems

- i. The unique service characteristic that deals specifically with the inability to inventory services is:

1. inseparability
2. intangibility
3. homogeneity
4. perishability
5. heterogeneity

- j Complications attributed to perishability include all of the following except:
1. Services which are not sold when they become available cease to exist.
 2. The production and consumption of services cannot be separated by time and space.
 3. Statistical sampling techniques are of little use in services.
 4. Due to the lack of inventories, marketing and operations must work much closer together.
 5. All of the above are complications associated with perishability.
- k. Which of the following scenarios is likely to lead to the highest levels of customer dissatisfaction?
1. higher demand than maximum available supply
 2. higher demand than optimal supply levels
 3. lower demand than optimal supply levels
 4. demand and supply at optimal levels
 5. all of the above scenarios result in customer dissatisfaction
- l. Which of the following strategies increases the supply of service available to consumers?
1. the use of creative pricing strategies
 2. the use of reservation systems
 3. capacity sharing
 4. developing complementary services
 5. developing nonpeak demand
- m. Possible strategies for managing demand and minimizing the marketing problems associated with perishability include which of the following:
1. the use of creative pricing strategies
 2. the use of reservation systems
 3. developing complementary services
 4. developing nonpeak demand
 5. all of the above
- n. The demand strategy in which service providers utilize their downtime by marketing to different segments with different demand patterns is associated with which of the following:
1. the use of creative pricing strategies

2. the use of reservation systems
 3. capacity sharing
 4. developing complementary services
 5. developing nonpeak demand
- o. A perishability-related strategy that increases the supply of service by forming a type of co-op among service providers that permits co-op members to expand their supply of services as a whole is referred to as:
1. co-op formation
 2. capacity sharing
 3. advance preparation for expansion
 4. the utilization of third parties
 5. creative management

Unit V

Challenges of service Marketing

Q1 What is service blueprinting? Give a detail note.

Ans. Service Blueprinting is a tool that works within the Service Engineering process that enables the user to have a framework for viewing service improvement. Service Blueprinting alone does not lead to success; it is a visual tool designed to give valuable contributions to the service engineering process. Service Engineering is a systematic process for developing new services. This is usually conducted in project form and follows a basic process flow. Blueprinting is a tool that gives a better understanding of the services and their basic processes. The objective is to establish the activities of the service production in a graphical representation. Service-Blueprinting with its strong client -focus differs from other methods of process analysis; Service Blueprinting supports client satisfaction. Service Blueprinting considers not only the client requirements during the process design, but also the firm's internal requirements. Service Blueprints may take different forms - some more graphic than others - but should show the different means/channels through which services are delivered and show the physical evidence of the service, front line staff actions, behind the scene staff actions, and support systems. They are completed using an iterative process - taking a first pass that considers findings from personas, journey maps, and location planning and then coming back to the blueprint to refine it over time. Often blueprints raise questions that cannot be readily answered and so need to be prototyped; for instance by acting out an interaction or mocking up a product. Generally, one blueprint should be created for each core service, according to the right level of detail for each.

Service Mapping/Blueprinting

A tool for simultaneously depicting the service process, the points of customer contact, and the evidence of service from the customer's point of view.

Process

Service

Mapping

Points of Contact

Evidence

Blueprint components

Basic components of Service Blueprint are:

Customer actions

“Onstage” contact employee actions

“Backstage” contact employee actions

Support processes

Blueprint components

Customer actions: it includes steps, choices, activities and interactions that customer performs in the process of purchasing, consuming and evaluating the service

Onstage employee actions: steps and activities that the contact employees performs that are visible to the customer.

Backstage employee actions: steps and activities that occur behind the scene to support onstage activities.

Blueprints Can Be Used By:

Human Resources

empowering the human element

job descriptions

selection criteria

appraisal systems

System Technology

providing necessary tools:

system specifications

personal preference databases

Service Marketers

creating realistic customer expectations

service system design

promotion

Operations Management

rendering the service as promised

managing fail points

training systems

quality control

Multiple Choice Question

- a. Which of the following strategies increases the supply of service available to consumers?
 1. increasing consumer participation
 2. the use of creative pricing strategies

3. the use of reservation systems
 4. developing complementary services
 5. developing nonpeak demand
- b. Which one of the following statements is true?
1. The use of third parties increases the supply of service.
 2. Reservation systems can be used to alter the demand for services.
 3. Customer participation in services may result in some loss of control by the service establishment.
 4. The marketing department of service organizations must maintain a much closer relationship with the rest of the organization than what is typical in a goods business.
 5. All the above are true.
- c. The perishability-related strategy that may sometimes be associated with consumer feelings that the service firm may be attempting to distance itself from consumers is:
1. the use of reservation systems
 2. training public contact personnel
 3. the use of third-parties to conduct service transactions
 4. increasing the amount of consumer participation
 5. both a and d
- d. Which one of the following strategies is used to alter consumer demand?
1. increasing consumer participation
 2. utilizing third parties
 3. utilizing creative pricing strategies
 4. sharing capacity
 5. preparing in advance for expansion
5. Which of the following would not be considered a tangible clue?
1. the quality of instruction in an educational setting
 2. the appearance of employees
 3. the appearance of the firm's physical facilities
 4. the smile on an employee's face
 5. the quality of paper stock use to produce a firm's brochures
 - 6.
6. Centralized mass production of services is difficult.
1. intangibility
 2. inseparability
 3. heterogeneity

4. Perishability
- 7 Standardization and quality control are difficult.
 1. intangibility
 2. inseparability
 3. heterogeneity
 4. Perishability
8. Cannot protect services through patents.
 1. intangibility
 2. inseparability
 3. heterogeneity
 4. Perishability
- 9 Prices are difficult to set.
 1. intangibility
 2. inseparability
 3. heterogeneity
 4. Perishability
- 10 Other customers are involved in the production process.
 1. intangibility
 2. inseparability
 3. heterogeneity
 4. perishability
- 11 Use tangible clues.
 1. intangibility
 2. inseparability
 3. heterogeneity
 4. perishability
- 12 Emphasize the selection and training of public contact personnel.
 1. intangibility
 2. inseparability
 3. heterogeneity
 4. Perishability
- 13 Effectively manage consumers.
 1. intangibility
 2. inseparability
 3. heterogeneity

4. Perishability

14 Make adjustments between supply and demand to achieve a balance between the two.

1. intangibility
2. inseparability
3. heterogeneity
4. perishability

KEY TERMS

- Services
- Market Segmentation
- Product
- Place
- Price
- Promotion
- People
- Physical Evidence
- Process
- Intangibility
- Perish Ability
- Inseparability
- Heterogeneity
- Ownerships
- Simultaneity
- Consumer Knowledge
- Environmental Influences
- Product Use/Complements
- Decision Making
- Consumer Dissatisfaction
- Consumer Misbehavior
- Service Mapping
- Blueprint Component
- Telemarketing
- Public relations
- Characters
- Advertising

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