

Services Marketing

Unit 1

1.1 Understanding services Marketing

What is Service Marketing?

Service marketing is simply the process of promoting and selling a service or an intangible good to a specific group of people. It is a new way of marketing that has become very popular and helps companies all over the world promote their services.

Service marketing is different from product marketing, which involves promoting a product that can be seen. Instead, service marketing involves promoting a service that can't be seen but is still sold to customers. Services are just things that are given to customers as a commodity. Customers can choose from a wide range of services.

Services Marketing Examples

Healthcare industry

Doctors, nurses, surgeons, and other people who work in hospitals are great examples they sell their health services by seeing and taking care of their patients.

Hospitality industry

The hospitality industry is made up of places like hotels and restaurants that serve food, rent rooms, give massages, and do other things for their customers.

Professionals services

Accountants, lawyers, teachers, writers, masons, carpenters, chefs, electricians, and plumbers are all examples of service-based jobs. Depending on the job, they may offer more than one service to their clients.

1.2 Introduction

The world economy nowadays is increasingly characterized as a service economy. This is primarily due to the increasing importance and share of the service sector in the economies of most developed and developing countries. In fact, the growth of the service sector has long been considered as indicative of a country's economic progress.

Economic history tells us that all developing nations have invariably experienced a shift from agriculture to industry and then to the service sector as the main stay of the economy. This shift has also brought about a change in the definition of goods and services themselves. No longer are goods considered separate from services. Rather, services now increasingly represent an

integral part of the product and this interconnectedness of goods and services is represented on a goods-services continuum.

Definition of Services

The **American Marketing Association** defines services as - “Activities, benefits and satisfactions which are offered for sale or are provided in connection with the sale of goods.”

Philip Kotler in 1984 – “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything”

According to **Philip Kotler and Bloom** services is defined as “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.”

Importance of Service Marketing

Because services can't be seen or touched, marketing them is a difficult but very important job.

1. A key differentiator:

As products become more similar, the services that go along with them are becoming a key differentiator in the minds of consumers. For example, Pizza Hut and Domino's both serve pizza, but they are different from each other more because of the quality of their service than because of the pizza itself. So, marketers can use the services they offer to set themselves apart from the competition and draw in customers.

2. Importance of relationships:

Relationships are a key part of marketing services, so it's important to keep them in good shape. Since the product can't be seen or touched, a lot of the customer's decision to buy will depend on how much he trusts the seller. So, it's important to listen to what the customer wants, meet those needs with the right service, and build a long-term relationship that will lead to repeat sales and good word of mouth.

3. Customer retention:

In today's highly competitive market, where many companies compete for a small number of customers, keeping customers is even more important than getting new ones. Since services are usually made and used at the same time, the customer is actually involved in the process by taking his needs and feedback into account. So, they give customers more options for customisation based on their needs, making them happier and more likely to stick with the company.

1.3 characteristics of services

Services have the following essential characteristics.

- Lack of ownership
- Intangibility
- Inseparability
- Perishability
- Heterogeneity or Variability
- Participation of customer



■ **Intangibility** – Services are cannot be touched or hold, they are intangible in nature. For example – you can touch your Smartphone. But, you cannot hold or touch the services of your telecom service provider.

■ **Inseparability** – In case of services the production, distribution, and consumption takes place simultaneously. These three functions cannot be separated.

■ **Variability** – It is impossible to provide similar service every time. You’ll experience some change every time you buy a particular service from a particular service provider. For example – Yesterday you had a coffee at CCD. Today, you are again at CCD to have a coffee, but you have got different place to sit today; the person served you coffee is different today; other people having coffee are also different today. Hence, your experience of having coffee today is different as compared to yesterday.

■ **Perish-ability** – You can store goods, but it is not so in the case of services. Services get perished immediately.

■ **Participation of customer** – Customer is co-producer in production of services. For delivery customer involvement is as important as is of the service provider. For example – if you went to a parlour for haircut, how it cannot be possible without your presence and involvement.

■ **No ownership** – In the sale of services, transfer of ownership not take place. It means to say that consumer never own the services.

1.4 Good and services

Basis	Services	Goods
Tangibility	Services are intangible in nature. They cannot be touched or hold.	Goods are tangible. They can be touched.
Separability	Services are inseparable in nature. Production, distribution, and consumption of service take place simultaneously.	Function of distribution, consumption of goods is separated from production.
Ownership	Services cannot be owned. They can be hired for a specific time period.	Goods can be owned.
Perish-ability	Services get perished after a specific time period. It cannot be stored for future use.	Goods can be stored for future use.

Differences between Goods and Services

The basic differences between goods and services are mentioned below:

1. Goods are the material items that the customers are ready to purchase for a price. Services are the amenities, benefits or facilities provided by the other persons.
2. Goods are tangible items i.e. they can be seen or touched whereas services are intangible items.
3. When the buyer purchases the goods by paying the consideration, the ownership of goods moves from the seller to the buyer. Conversely, the ownership of services is non-transferable.
4. The evaluation of services is difficult because every service provider has a different approach of carrying out services, so it is hard to judge whose services are better than the other as compared to goods.
5. Goods can be returned to or exchanged with the seller, but it is not possible to return or exchange services, once they are provided.
6. Goods can be distinguished from the seller. On the other hand, services and service provider are inseparable.
7. A particular product will remain same regarding physical characteristics and specifications, but services can never remain same.
8. Goods can be stored for future use, but services are time bound, i.e. if not availed in the given time, then it cannot be stored.

9. First of all the goods are produced, then they are traded and finally consumed, whereas services are produced and consumed at the same time.

1.5 Service Mix - 7p's

The service marketing mix is also called an extended marketing mix, and it is an important part of the design of a service blueprint. The 7 Ps make up this marketing mix.

1. Product

The product-service marketing mix is not something that can be seen or touched. Service products can't be measured in the same way that soap or detergent can't be. A good example would be the tourism or education industries.

2. Place

In the case of services, the place will decide where the service product will be. The best places to put gas stations are on highways or in cities. A place with little traffic is not a good place to start a gas station.

3. Promotion

Promotions have become an important part of the service marketing mix. Services are easy to copy, so the brand is usually what makes one service different from another. A lot of banks and phone companies work hard to get their names out there.

4. Price

Putting a price on a service is a lot harder than putting a price on a product. If you run a restaurant, you could only charge people for the food you serve.

5. People

One part of the service marketing mix is the people. People define a service. If you run an IT business, your software engineers are what make you who you are. If you own a restaurant, your chef and service staff defines you. Additionally, if you work in banking, your employees and how they treat customers show what kind of banker you are. In service marketing, it's the people who can make or break a business.

6. Process

The service process is how a service is given to the end customer. Let's look at two great companies as an example: McDonald's and FedEx. Both companies do well because they offer fast service, which they can do because they trust their processes.

7. Physical evidence

A very important part of the service marketing mix is the last one. As we already said, services are not physical things. But to give the customer a better experience, tangible things are also sent along with the service. Take a restaurant with just chairs and tables and good food as an example. Or, take a restaurant with good lighting, nice music, and comfortable seating that also

serves good food. Which one do you like better? The one with a nice feel to it. That is physical evidence. In service marketing, physical evidence is often used as a way to stand out.

1.6 Role of services in the modern economy

1. Provides jobs: Service sector creates employment opportunities for the people of the country. It not only provides the large number of employments but also trade in services improves economic performance significantly in the country.

2. Promotes industrialization:

The service sector provides various facilities such as transportation, banking, electricity, repair, or communication in support of the distribution of the manufactured goods which directly affects the development of an industry in a country. For example-transport systems helps to carry laborer, raw material and finished goods to their destination, communication networks are required to make a market for the product and for the industries to prosper, we require banking and electricity. Moreover, the feedback from the marketplace, fast delivery as well as the ability to customize products is all dependent on the service industry.

3. Growth of Economy:

India is the one of the fastest growing economies of the world and the growth rate was the 2nd highest among the G20 countries. According to World Bank data in the year 2023, **India has become the 5th largest economy** with a GDP of 3.7 trillion USD, demoting France to the 7th position, allowing for the growth of the service sector in the country.

4. Growth of Agriculture:

By providing network facilities, service sectors help in the development of agricultural products such as helping in the transport of raw material and finished goods from one place to another.

5. Increase in the productivity of the goods:

The service sector helps in providing appropriate technical knowledge/education to the workers as well as provides them with proper medical facilities. Moreover, the service sector also facilitates an organized network of communication and transport systems which helps in increasing mobility and information among the workers. This results in an increase in the productivity

6. Provides Good Quality Life:

By providing better services in the field of education and health, banking and insurance as well as communication and transportation, the service sector has helped in increasing the quality of life in the country and thus helping in raising the country's human development index (HDI).

7. Growth of Market:

This sector provides various services catering to the needs of both primary and secondary sectors and thus helps in providing a market for the finished goods as well as raw materials or semi-finished goods for both i.e. agriculture and industries.

8. Increase in international trade:

India's trade in services recorded substantial growth as the country became globally competitive in ICT services which increased exports manifold and led to an increase in India's trade surplus. Service exports have contributed to the inclusive economic processes by increasing the amount of well-paid jobs and by reallocating labor to a high-productivity sector.

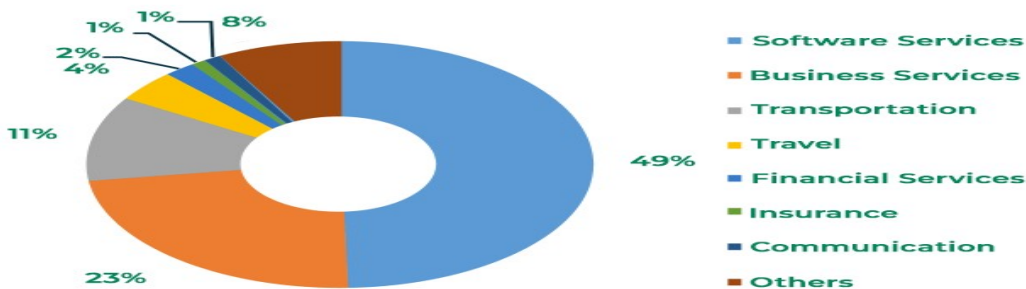
9. Removes regional disparities:

The service sector has made it possible to connect every small town and village through a well-organized system of communication and transport. Moreover, the expansion of education, medical as well as banking services in various backward areas of the country has helped in removing the regional imbalances and disparities throughout the nation.

Contribution of Service Sector in Indian Economy

The service sector is the largest recipient of FDI in India with an inflow of 83.14 billion USD between April 2000 and June 2020. Some of the services in the umbrella of the service sector are listed below:

India's industry-wise share of total services sector exports



1. Research and Development services:

In the Global Innovation Index of 2020, India ranks 48 among the top 50 countries. This sector presents a significant opportunity for multinational corporations across the world due to the highly-trained Indian manpower available at competitive costs and intellectual capital available in the Indian market. For that reason, in recent years, several MNCs have shifted or are shifting their research and development part to India. It helps those MNCs to either develop new innovative products to serve the local market or help the parent company to deliver products faster to the world markets. India's expenditure in R&D is targeted to be about 2% of the country's total GDP by the year 2022.

2. Telecom Services:

According to FY20 by TRAI, India has an average wireless data usage of about 11 GB per month per subscriber which is expected to reach 18 GB by 2024. Thus, making India one of the biggest consumers of data worldwide.

3. IT Enabled Services (ITES):

Owing to the socio-economic conditions of India and rapidly changing business, as well as the proliferation of the internet, the Indian ITES industry is now day by day increasing its area and has become a tough competitor for the world market. India's success in software and IT-enabled serviced exports has made it a major exporter of services with a share in **world service exports rising from 0.6% to 3.3% from the year 1990 to 2013**

4. Tourism services:

Due to historical heritage, variety in ecology, terrains, the rich culture, and places of natural beauty spread across the country, the Indian tourism and hospitality industry has emerged as

one of the important services sectors in India. Thus, Tourism is a significant source of foreign exchange for our country. During 2019, the total contribution of travel & tourism to GDP was 6.8% of the total economy, and in the financial year 2020, the tourism sector in India accounted for 8 percent of the total employment in the country. It is expected that about 53 million jobs will be created in the Indian market by 2029.

1.7 Classification of services

Services can be classified on the basis of the following factors:

1) **By Market Segment:** As the needs and requirements of different markets are not homogenous, the services are different for different market segments. The following types of services are there according to the types of the market served or ultimate customers

- I. **End Consumer Services:** The services bought by the customers for self-consumption are termed as 'end consumer services.' For example, hair cutting, beauty care, body massage, etc.
- II. **Business Consumer Services:** The various services bought by organizations are called 'business consumer services' or Business to Business (B2B) services. For example, consultancy, market survey, advertising, etc.

2) **By Degree of Tangibility:** The types of services are also influenced by the degree of tangibility. Depending upon the degree of tangibility, the services can be classified as follows:

- I. **Highly Tangible:** Services are termed 'highly tangible' when any tangible product offering is included in it. Sometimes, the lifespan of such products is limited.

For example, a person can take a car on rent for a specified period. After completing this time period, the customer needs to return the vehicle to the service provider.

- II. **Service Connected to Tangible Goods:** Some kind of warranty is provided on the products by the business organizations. If a customer faces any difficulty with the products, free services are offered to the customer for a limited period of time. Such free services come under this category.

For example, if a customer buys a cell phone, the manufacturer provides free service for a limited time.

- III. **Highly Intangible:** In these services, no physical product is offered to the customer.

For example, in the Yoga center, the customer does not get any product apart from the Yoga exercises. The customers can feel the relaxing environment in the center, but no physical products are offered apart from this.

3) **By Skills of Service Providers:** The type of services is greatly influenced by the skills and abilities of service providers. The different types of services can be grouped into the following categories depending upon the skills and abilities required by the service provider to provide services to the customers

- I. **Professional Services:** Formal training is essential for providing these kinds of services. For example, services offered by doctors, IT consultants, lawyers, etc.
- II. **Non-Professional Services:** No formal training is required to provide services to customers. Housekeeping and babysitting are the typical examples of these types of services, where there is no need of formal training for the service providers.

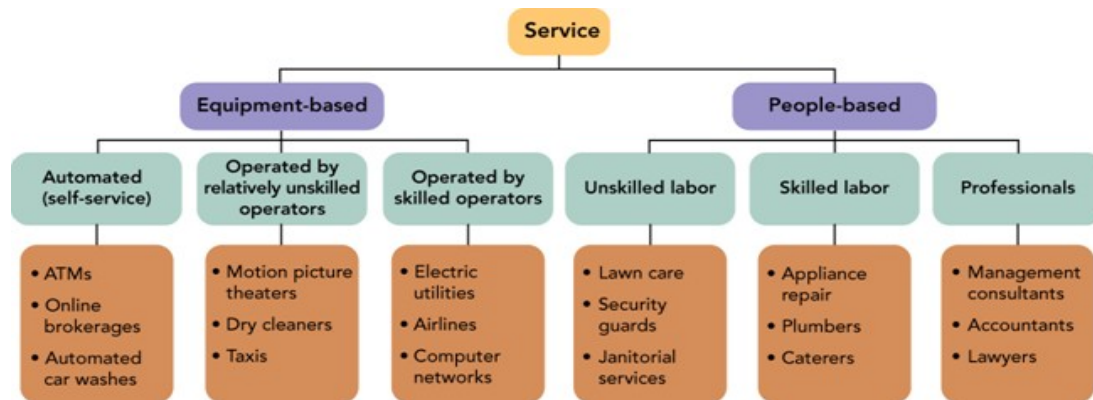
4) **By Business Orientation:** The nature of the business orientation of a service organization also determines the type of services offered by it. A service organization may be public or private, or it may be a non-profit or profit establishment. Based on the objectives of conducting business, the services can be grouped into the following categories

- I. **Non-Profit Services:** Serving society and not generating profit are the main objectives of such services. For example, services of charitable hospitals, government schools, etc.
- II. **Commercial Services:** Earning maximum profits and revenues are the main objectives of such services. For example, services offered by airlines, banks, insurance advisers, etc.

5) **By Degree of Regulation:** The level of regulations which are imposed by the government can be the other basis of the classification of various services. Depending on the degree of regulations, various services can be classified as below:

- I. **Highly Regulated:** A large variety of rules and regulations are formulated services. For example, hospitals, insurance, mass transportation, etc. Limited Regulated: Some of the services have limited rules and restrictions. For example, fast foods, catering, etc
- II. **Non-Regulated:** In some of the services, there are no regulations. For example, lawn care, house painting, computer time, etc.

6) **By Degree of Labour intensiveness:** services are classified based on labour intensiveness. They are categorized into two types equipment based and people based



- I. Equipment – based services : Equipment – based services are automated, monitored by relatively unskilled operations and operated by skilled operators

Equipment -Based Services Equipment-based service firms utilize equipment, machinery, and other forms of technology to perform service tasks. Similar to people-based services, equipment-based services can be further broken down into subcategories:

- a) **Automated services:** car washes and parking meters
- b) **Equipment-based services operated by relatively unskilled operators:** dry-cleaning equipment
- c) **equipment-based services operated by skilled operators:** X-ray machines and ultrasound equipment

- II. People – based services: People based services are those involving professionals.

People-Based Services: People-based services are when people primarily deliver the service, rather than equipment or machinery It’s the individuals delivering the service, and the knowledge and skills that they possess, that add value and allow the service to be performed. People-based services can be broken down further into these subcategories:

- a) **services provided by unskilled labor:** parking lot attendants, babysitters, and janitors
- b) **services provided by skilled labor:** plumbers, caterers, and hairstylists
- c) **services provided by professionals:** doctors, attorneys, college professors, and accountants

7) **By Degree of customer contact:** The degree of customer contact play a significant role in service marketing. The degree of customer contact is classified into two high contact and low contact.

- I. **High Contact:** Those kind of services where the involvement of customer is high

II. **Low contact:** where the involvement of customer is minimally required

1.8 Marketing services vs Physical services

Marketing of products and services involves different strategies due to the dissimilarities in their characteristics. While in product marketing, the aim is to fulfill the needs and wants of the target population. As against, in service marketing, the firm seeks to create a good relationship with the customer, to win their trust.

BASIS FOR COMPARISON	PRODUCT MARKETING	SERVICE MARKETING
Meaning	Product marketing refers to the process in which the marketing activities are aligned to promote and sell a specific product for a particular segment.	Service marketing implies the marketing of economic activities, offered by the business to its clients for adequate consideration.
Marketing mix	4 P's	7 P's
Sells	Value	Relationship
Who comes to whom?	Products come to customers.	Customers come to service.
Transfer	It can be owned and resold to another party.	It is neither owned nor transferred to another party.
Returnability	Products can be returned.	Services cannot be returned after they are rendered.
Tangibility	They are tangible, so customer can see and touch it, before coming to the buying decision.	They are intangible, so it is difficult to promote services.
Separability	Product and the company producing it, are separable.	Service cannot be separated from its provider.
Customization	Products cannot be customized as per requirements.	Services vary from person to person, they can be customized.
Imagery	They are imagery and hence, receive quick response from customers.	They are non-imagery and do not receive quick response from customers.
Quality comparison	Quality of a product can be easily measured.	Quality of service is not measurable.

UNIT 2

2.1 What are customer expectations?

Generally, customer expectations are a set of ideas about a product, service or a brand that a customer holds in their mind.

For example, customers that buy an Apple iPhone over another phone brand have a set of expectations about that product. For example, they expect to see that the Apple phone has a sliding lock function, a 'slate-style' that has few to no physical buttons, with 'Face ID' facial recognition as standard.

By definition, customer expectations are any set of behaviors or actions that individuals anticipate when interacting with a company.

Customers want these expectations met in order for them to feel satisfied with the customer service and with their purchase.

Customer expectations refer to the standards and quality that customers anticipate when interacting with a company, utilizing a product, or reaching out to a customer service team.

These expectations will vary, depending on factors such as:

- Previous experiences
- Marketing messages
- Industry norms
- Type of company
- Customer location

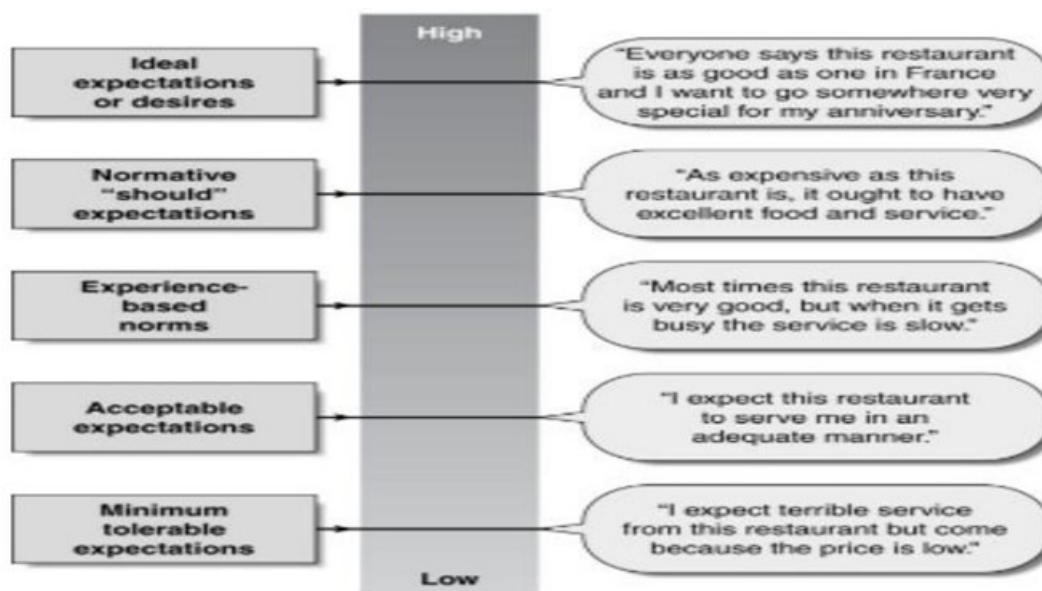
It's important to understand that customers have high expectations of your business, and failing to meet their expectations can result in them choosing a competitor.

This means that you only have a limited number of opportunities to make a positive impression. Meeting or exceeding customer expectations is crucial for building customer satisfaction and loyalty.

2.2 Service Expectation

Expectations are formed during the research and decision – making process, and they are heavily shaped by information search and evaluation of attributes. If you have no relevant prior experience, you may base your pre-purchase expectation on word-of-mouth comments, news stories, or the firm’s on marketing efforts. Expectations change over time, too, and are influenced by supplier controlled factors- such as advertising, pricing, new technologies, and service innovation-as well as social trends, advocacy by consumer organizations, and increased access to information through the media and the internet

Expectations are reference points against which service delivery is compared .The level of expectation varies from the types of reference points customers hold. Customer service is all about expectations. Service is thus praised or criticized because of expectations.



2.3 Types of expectations

Customer expectations can be categorized into various types based on different aspects of customer interactions with a product, service, or company. Here are several common types:

- **Explicit expectations**
- **Implicit expectations**

- **Interpersonal expectations**
- **Digital expectations**
- **Dynamic performance expectations**

Explicit expectations

These expectations are the fundamental needs that customers express to you directly throughout their interactions with you. When a customer chooses to purchase from you, they have defined expectations.

These expectations may include:

- Operational costs when using the product
- The quality of customer service
- Timing for delivery of updates or new products

If you sell computers, for instance, a buyer may enter your store with specific requirements, such as a certain price range or set of features they are seeking in a laptop.

Implicit expectations

Implicit customer expectations refer to the fundamental presumptions that consumers have about your company, service, or product.

Customers have these expectations even though they aren't explicitly stated.

Before their initial engagement with you, customers' implicit expectations are frequently shaped by:

- Online research
- Word-of-mouth recommendations
- Prior interactions with related companies

Interpersonal expectations

These are assumptions or beliefs customers hold about how they will be treated by your support team when they contact customer support.

Interpersonal expectations could include:

- Clear and respectful communication
- Trustworthiness and transparency
- Active listening by support agents
- Empathy
- Good conflict resolution skills

Digital expectations

These are expectations that customers have about their interactions with your business online, be it via social media, interactive PDF documents, interactive assessments, mobile apps, or websites.

It is crucial that these channels be simple to use and offer insightful information about your company, its goods, and its services.

For example, if you are a restaurant owner, customers would expect the following:

- A website that is simple to navigate
- A clear view of your online menu with prices
- Quick and reliable channels to inquire about your services



Use Multiple Channels to Offer Insightful Information

Dynamic performance expectations

This relates to how customers anticipate your product or service to develop over time to meet their changing requirements.

Companies should revise their customer expectations in response to market changes and remain proactive by:

- Considering competitor advancements
- Realigning their business goals
- Evaluating new products in the market

2.4 Factors that influence customer expectations of service

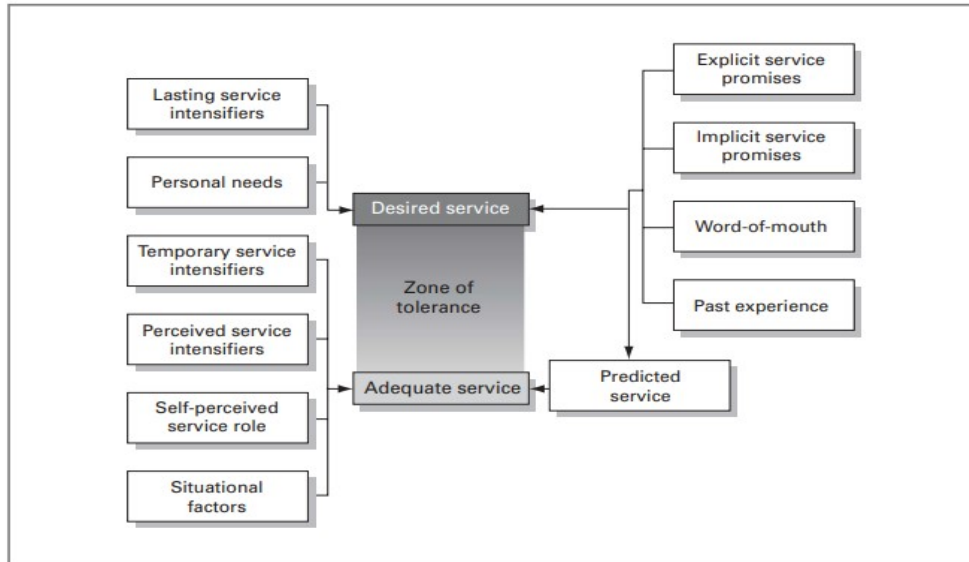


FIGURE 3.7 Factors that influence desired and predicted service

Factor	Possible influence strategies
Explicit service promises	<ul style="list-style-type: none"> • Make realistic and accurate promises that reflect the service actually delivered rather than an idealized version of the service. • Ask contact people for feedback on the accuracy of promises made in advertising and personal selling. • Avoid engaging in price or advertising wars with competitors because they take the focus off customers and escalate promises beyond the level at which they can be met. • Formalize service promises through a service guarantee that focuses company employees on the promise and that provides feedback on the number of times promises are not fulfilled
Implicit service promises	<ul style="list-style-type: none"> • Ensure that service tangibles accurately reflect the type and level of service provided. • Ensure that price premiums can be justified by higher levels of performance by the company on important customer attributes.
Lasting service intensifiers	<ul style="list-style-type: none"> • Use market research to determine sources of derived service expectations and their requirements. Focus advertising and marketing strategy on ways the service allows the focal customer to satisfy the requirements of the influencing customer. • Use market research to profile personal service philosophies of customers and use this information in designing and delivering services.
Personal needs	<ul style="list-style-type: none"> • Educate customers on ways the service addresses their needs.
Temporary service intensifiers	<ul style="list-style-type: none"> • Increase service delivery during peak periods or in emergencies.

Perceived service alternatives	<ul style="list-style-type: none"> ● Be fully aware of competitive offerings, and where possible and appropriate, match them
Self-perceived service role	<ul style="list-style-type: none"> ● Educate customers to understand their roles and perform them better
Word-of-mouth communications	<ul style="list-style-type: none"> ● Simulate word of mouth in advertising by using testimonials and opinion leaders. ● Identify influencers and opinion leaders for the service and concentrate marketing efforts on them. ● Use incentives with existing customers to encourage them to say positive things about the service.
Past experience	<ul style="list-style-type: none"> ● Use marketing research to profile customers' previous experience with similar services.
Situational factors	<ul style="list-style-type: none"> ● Use service guarantees to assure customers about service recovery regardless of the situational factors that occur.
Predicted service	<ul style="list-style-type: none"> ● Tell customers when service provision is higher than what can normally be expected so that predictions of future service encounters will not be inflated.

2.5 Issues involving customer service expectations

The following issues represent current topics of particular interest to service marketers about customer expectations.

- Understanding Customer Expectations
- Exceeding Customer Expectations
- A Customer Demands Something You Cannot Do
- Handling Angry Customers
- Choosing the Right Channels and Tools
- Dealing With Service Outage Crisis
- Hiring and Training Service Professionals

1. Understanding Customer Expectations

A business caters to a large variety of customers. Every customer is different and has different expectations in terms of product and service. Their desires, expectations, and must-haves are all different from one another.

You need to put real effort into understanding what your customer expects from you. The best way to understand is to remain in constant contact with your customers and understand their concerns. You can choose whichever communication channel fits you best. While there are many

options to choose from keep in mind, text messaging is the next frontier of customer communications.

2. Exceeding Customer Expectations

In this fiercely competitive market, you should not stop at just meeting your customer's expectations. Rather, you should go the extra mile to exceed expectations. But how to do so proactively, is one of the biggest challenges in customer service.

This could be as small as sending a freebie to a slightly disappointed customer or extending the trial period for potential customers if they were unable to utilize the designated trial period fully.

3. A Customer Demands Something You Cannot Do

At times, the customers demands for a discount you can not give, a feature you can not build, or some customization you can not do. Customer service professional often finds themselves in these scenarios.

First, you need to whether the demands made by customers can be met. If yes, then what will the cost of it—in terms of resources, time, and money. And finally, you need to weigh it against the amount the customer is going to pay you. If it justifies the equation—you may go ahead.

4. Handling Angry Customers

Things go south and customers get angry. This is a common story in the customer service world. The challenge is to gracefully handle angry customers. Your response can make the customer a good or bad promotion for your business.

Whenever you come across an angry customer, make sure you empathize with them and do not lose your cool. Always remember, the customer is frustrated with the company and products, not you. Don't take it personally.

Keep your approach fact-oriented and always move towards providing a solution to the customer. Give a freebie to the customer after the conversation ends. It may help.

5. Choosing the Right Channels and Tools

Choosing the right channel and the right tools is immensely important for any business. Just because your closest competition is using phone support, you shouldn't. Choose the right channels which support your business use case.

There are various channels such as phone, email, live chat, self-serve, and community support. Choose the right ones and pick out tools to facilitate customer engagement.

6. Dealing With Service Outage Crisis

Well, technology can be as reliable as it can be. You may incur a crisis when your service is down. At that time, you might face the wrath of your customers.

You can not do much in this case but honestly convey to your customers that your team is putting all their effort into getting the service back on track. It is a fair expectation that your customers will get frustrated, but make sure you do not over-promise about the situation.

Asses with your tech team and give them a genuine timeline. Do not make a false claim just to escape the momentary frustration of customer. The worst thing would be to repeatedly promise false timelines and not achieve them.

7. Hiring and Training Service Professionals

Customer service is a very dynamic career option and the median time to stick with one company is less than a year for customer service professionals. So, do not just hire customer service professionals because they speak well. Hire them because they can relate to your business and fit your culture.

In addition to hiring the right candidates, training them to fit your business is equally important. You should train them about your company culture, policies, business practices, and processes involved in handling the customers.

Right hires will save you more money than you imagine, so choose your customer service professionals very wisely. They are your company's face in front of customers.

2.6 Customer-Defined Service Standards

Customer service standards are a set of policies and expectations that have been created and adopted by a company. The standards cover all the points of contact the business may have with the customer. In a sense, they are the expectations or rules for conduct in any customer transaction and how you want customers to feel about their experience with your company. After all, customers buy based on emotions rather than logic or reason. Exceptional customer care inspires future purchasing behavior more than data and facts. It can be classified into two types

Hard and Soft Standards

Things that can be counted, timed, or observed through audits are known as hard standards. This includes:

- delivery time

- response time

Standards that must be documented using perceptual measures are known as soft standards and include:

- Courteous
- Trustworthy
- Communication skills

Development of customer-defined service standards

- Step 1: Identify existing or desired service encounter sequence
- Step 2: Translate customer expectation into behavior/actions
- Step 3: Determine appropriate standards
- Step 4: Develop measurement for standards: Once companies have determined whether hard or soft standards are appropriate and which specific standards best capture customer requirements, they must develop feedback measures that adequately capture the standards.
- Step 5: Establish target levels for standards
- Step 6: Track measure against standards
- Step 7: Provide feedback about performance to employees.

Factors necessary for appropriate service standards

- Standardization usually implies a Non-Varying sequential process. Customization usually refers to some level of adaptation or Tailoring.
- Companies that have been successful in delivering consistently high service quality are noted for establishing formal standards to guide employee in providing service.
- Virtually all companies possess service standards that are company defined.

UNIT 3

Pricing is a process of fixing the value that a manufacturer will receive in the exchange of services and goods. Pricing method is exercised to adjust the cost of the producer's offerings suitable to both the manufacturer and the customer. The pricing depends on the company's average prices, and the buyer's perceived value of an item, as compared to the perceived value of competitors' product.

Service pricing

Pricing plays an important role in the marketing mix of service because pricing attracts revenue to the business and has direct impact on profits. Pricing reflects the value attached to the service by the service provider and must correspond with the customer's perception of value if the service is priced too high it may be seen as poor value for money. At the same time if the price is low, the service may be understood to be of inferior quality. Pricing is a dynamic tool for meeting competition. In simple terms price is the exchange value for a product or service, expressed in terms of money.

Objectives of Pricing

The first process in the pricing process is to decide the objectives of pricing. These objectives provide company direction for action when setting prices. These should be flexible and change over the time in tune with environmental conditions. Different objectives are:-

1. Revenue-oriented Objectives: Price is determined by considering the profit and sales maximization objective. Price should cover both cost incurred on the provision of service.

2. Operation- oriented objectives: Some service organizations are constrained by capacity. They try to match with demand and supply in order to ensure optimum use of their productive capacity at any given time. Services firms need to change prices frequently to match demand and supply.

3. Patronage- oriented Objectives: Price may be used effectively to develop loyalty and relationship with customers. Many companies now prefer patronage building to profit maximization as a future- oriented strategic option.(Christopher Lovelock)

Establishing monetary pricing objectives

Introduction

In setting monetary objectives several factors in relation to the overall marketing strategy of the company should be considered

Factors in setting pricing objectives

Planned market position:

First is the planned market position for the service product .if it is low suggest that the price not only influences the market position but also significantly affects customers perceptual positioning .it is therefore important to keep market /customer position in mind while deciding on pricing strategy

Stage of life cycle:

Secondly, the stage of the life cycle of the service product is important. For example, at the introductory stage .if there is competition and the demand is high you may opt for highly price to make maximum gains in the short– term. However in a similar situation but with low prices to penetrate market

Competitive situation

Thirdly, to study and understand the competitive situation both form the point of inter brand and also from the point of view of the brand which provides the same need satisfaction .for example a private airlines is facing competition from the national airline and other provides faster trains

on the same routes during convenient timings .therefore while pricing services, competition should be understood in greater detail and depth

Strategic role:

Lastly , to see what strategic role the pricing can play in your overall marketing strategy for example a hotel chain might offer a package of low price or discount that in the short run .it might be a losing proposition but in the long run this may give more customer satisfaction and thereby better utilization or services

Pricing Objectives

1) Profit maximization:

I. To achieve a targeted return on investment

Many service firms work on a target on sales or on its investment as an objective .thus if crossword they would appropriate add an amount called mark-up to its cost of the book

II. To maximize profit

Service firms require profit in order to enable them to pay dividend to its investors pay rent and other utility bills pay salaries and wages to its staff and also investment in new technologies and other expansion plans .but to maximize profits the service firm requires data on its segments possible sale in each segment at different prices as also estimates of fixed and variable costs

2) To increase sales volume

A service firm pursues this pricing objective to grow rapidly and discourage new entrant competition .the goal is usually described as a percentage increase in volume sales over a certain' period of years.

3) Status – quo oriented objectives

Prices are set only to maintain the firm previous position the modest passive of all pricing goals the firm really seeks avoid a price war

A. Competition rendezvous

B. Pricing stabilization

4) Society oriented objectives

Certain service firms set price not for profit sales or beating the competition. Their objective is social responsibility make losses but the objective is the general benefit of society at large .most

metro railway ticket price, public library memberships and postal services follow societal pricing goals

5) Survival

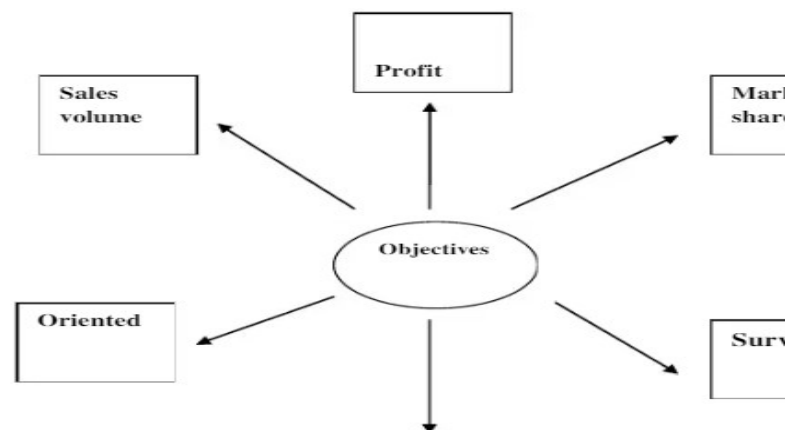
In adverse market situations, the pricing objectives may involve foregoing desired levels of profit to ensure survival. Intense competition, changing consumer wants or critical cash conditions will result in survival as an objective. Prices are cut to the extent they cover basic costs, but this is only a short-run objective.

6) Maximize market share

This objective may be significant to those service firms where it is necessary to achieve economies of large scale in distribution and promotion. In this process, it gains competitive advantage and in turn realizes profitability.

7) Patronage – oriented objectives:

Price may be used effectively to develop loyalty and relationships with customers. Many companies now prefer patronage building to profit maximization as a future-oriented strategic option. Companies can accrue multiple benefits through relationship building.



Foundation of pricing

Building up a strong pricing foundation involves understanding different pricing approaches and choosing one that will be the best fit for you and your company's goals.

There are three core approaches companies use to price:

- I. Customer value-based pricing (or) Value-based pricing.

- II. cost-based pricing (or) Cost-plus pricing and
- III. competition-based pricing

I. Customer Value-Based Pricing

The idea behind **customer value-based pricing** is to price a product based on the value it brings to customers rather than the cost of producing it. Thus, the pricing decision starts by examining **customer value** - how much the product is worth to customers. The steps of value-based pricing are as follows:

1. Understand customer value perception and needs.
2. Set target price to match perceived value.
3. Analyse costs.
4. Create a product that matches the target value at the target price.

Within value-based pricing, there are two further pricing approaches.

The first is good-value pricing.

Definition

Good-value pricing involves offering a quality product and good service at a reasonable price.

The other approach is **value-based pricing**, which includes adding value through product features and services to justify the higher prices.

II. Cost-Based Pricing

The second main pricing strategy is cost-based pricing. **Cost-based pricing** involves setting prices based on the costs incurred by producing and marketing the product. This pricing method sets a **floor price** - a minimum price a company should charge to recover costs. Three types of costs considered for this approach are:

- Fixed costs (overhead),
- Variable costs,
- Total costs.

One common cost-based pricing method is cost-plus pricing.

Definition

Cost-plus pricing involves adding a pre-set mark-up to the cost of producing a product (e.g. adding a 20% mark-up).

Another approach to cost-based pricing is **break-even pricing**. This pricing method is based on finding the break-even point whereby the firm recovers all production and marketing costs.

III. Competition-Based Pricing

The final primary pricing strategy is competition-based pricing.

Definition

Competition-based pricing involves setting prices based on competitors' pricing strategies.

To use this approach, a company has to examine its competitors and their strategies, including:

- Competitors' market offering,
- Customers' value perception of competitors' offerings,
- Competitors' current pricing strategies,
- How strong/weak competitors are,
- Whether there is a niche/underserved market.

Pricing and Demand

What Is Demand-Based Pricing?

Demand-based pricing is a pricing strategy wherein consumers' demand determines the price of a product or service. This pricing model seeks to optimize sales revenues and profits by charging consumers precisely what they are willing to pay for a product or service. It enables businesses to take advantage of higher levels of consumer demand by raising prices when demand is high and reducing prices when demand is low to encourage more people to purchase their goods or services.

Determinants of Demand

There are many determinants of demand, but the top five determinants of demand are as follows:

Product cost: Demand of the product changes as per the change in the price of the commodity. People deciding to buy a product remain constant only if all the factors related to it remain unchanged.

The income of the consumers: When the income increases, the number of goods demanded also increases. Likewise, if the income decreases, the demand also decreases.

Costs of related goods and services: For a complimentary product, an increase in the cost of one commodity will decrease the demand for a complimentary product. Example: An increase in the rate of bread will decrease the demand for a complimentary product. Similarly, an increase in the rate of one commodity will generate the demand for a substitute product to increase. Example: Increase in the cost of tea will raise the demand for coffee and therefore, decrease the demand for tea.

Consumer expectation: High expectation of income or expectation in the increase in price of a good also leads to an increase in demand. Similarly, low expectation of income or low pricing of goods will decrease the demand.

Buyers in the market: If the number of buyers for a commodity are more or less, then there will be a shift in demand.

Importance of Demand-Based Pricing

Demand-based pricing is an effective way to optimize revenue. It allows businesses to maximize profits by charging higher prices when there is more demand and lower prices when there is less demand. Demand-based pricing has become especially popular in the digital world, as companies can easily track customer behavior and adjust prices quickly.

Below are some of the benefits of demand-based pricing.

Increased Profitability

Increased profitability is one of the most significant benefits of using a demand-based pricing model. Businesses can maximize profits by adjusting prices based on consumer demand rather than relying on fixed or cost-plus pricing strategies. Responding quickly and efficiently to demand fluctuations allows them to capitalize on opportunities that may arise as demand **increases or decreases.**

Another advantage of this strategy is that it enables businesses to remain competitive in their markets. By constantly adjusting their prices based on consumer demand, they can ensure that their offerings remain competitively priced against competitors. Thus, the company maintains its customer base while driving new customers toward its products or services, leading to higher profits and revenue growth.

Improved Customer Satisfaction

Demand-based pricing models are useful for improving customer satisfaction levels as well. By responding to changing demands through dynamic pricing strategies, companies can ensure that customers always have access to the products or services they need at an affordable price point. This makes customers more likely to remain loyal to the brand and spread positive word of mouth about the product or service among their friends and family members.

Improved Customer Insights

Demand-based pricing also helps businesses gain insights into customer behavior and preferences which can help them better understand what customers are looking for. By monitoring customer buying habits and understanding how they respond to price changes, companies can use this information to develop better marketing campaigns and refine their product offering for maximum success.

Optimized Revenue Generation

One of the key benefits of using demand-based pricing is that it allows businesses to maximize revenue by taking advantage of market conditions and customer behavior.

Demand-Based Pricing Methods

Demand-based pricing requires market research to measure consumer behavior over time and predict future demand. Companies also consider external factors such as competitor activity, economic trends, and technological changes when determining appropriate prices. By integrating qualitative and quantitative data into pricing decisions, companies can better anticipate customer needs and maximize profitability under certain market conditions.

Businesses use various demand-based pricing methods to set the price of their products or services based on consumer demand. These methods consider factors such as market conditions, customer preferences, and the perceived value of the offering. Here are six commonly used demand-based pricing methods:

01. **Price Skimming:** Price skimming sets a high initial price for a new product or service to target early adopters or customers willing to pay a premium. As demand decreases over time, the price is gradually lowered to attract more price-sensitive customers.

02. Penetration Pricing: Penetration pricing is the opposite of price skimming. It involves setting a low initial price to gain market share and quickly attract a large customer base. The goal is to encourage rapid adoption and generate buzz, which can lead to increased sales volumes and long-term profitability.
03. Dynamic Pricing: Dynamic pricing, also known as surge pricing or real-time pricing, is a flexible pricing strategy that adjusts prices in response to changing market conditions. It utilizes algorithms and data analysis to set prices based on demand, competition, time of day, customer behavior, and inventory levels. The travel, hospitality, and e-commerce industries often use this pricing model.
04. Price Discrimination: Price discrimination charges different prices to different customers or segments based on their willingness to pay, usage volume, the duration of the purchase, or other criteria. This strategy can be found in many industries, including airlines, online retailers, car dealerships, and hotels.
05. Geo-based Pricing: Geo-based pricing is an approach to pricing products or services that maximizes demand and profits by adjusting prices based on variations in customer preferences, cost structures, competition levels, and market conditions in different locations.
06. Value-based Pricing: Value-based pricing is a pricing model that considers the consumers' perceived value of the product or service based on tangible and intangible factors such as brand reputation, quality, customer service, speed, convenience, availability, and customization. It involves setting prices based on the estimated worth and value to the customer rather than production costs or competitor prices.
07. The choice of pricing method should align with the specific product, target market, industry dynamics, and business goals.

Examples of Demand-Based Pricing

This complex pricing model is used across industries, as illustrated in these examples.

Airlines: Airline carriers typically use a demand-based pricing approach to adjust their fares according to market demands.

Hotels: Hotel chains also tend to use this pricing strategy, adjusting hotel rates depending on the number of people booking rooms in a certain period of time.

Theme Parks: Theme parks often fluctuate ticket prices based on factors like school vacations and holidays when more people are likely to visit and spend money at the park.

Retail Stores: Many big retail stores use dynamic pricing models and AI to adjust prices based on real-time shifts in consumer demand for various products or services they offer throughout the year.

Restaurants: Restaurants may charge different prices for their menu items during peak times, such as lunch or dinner hours, when there is higher customer demand than usual.

Putting service pricing into practice

One of the things you should consider when starting your own business is setting a price. To simply put it, pricing is the act of setting a value on a product or service that you offer. And it depends on the product or service that you offer, the market that you are in, and the type of industry that you operate in. Putting service pricing into practice includes thinking of all the following questions like

- How much to charge?
- What should the specified basis for pricing be?
- Who should collect payment
- Where payment should be made?
- When should payment be made?
- How should payment be made?
- How should prices be communicated to the right target market?

UNIT IV

4.1 Promotion of Services

The purpose of any promotional effort is to sell the service product through informing, persuading and reminding.

Promotion of Services

Promotion is one of the most important marketing activities performed by the marketers. Through promotion the marketers are able to create awareness about the product in the minds of the consumers. For an effective promotion strategy the marketer need to decide the communication through which the customers get to know about the product or the service. There are different stages in the process of communication. These stages are as follows :

Pre-purchase stage

This stage has two main dimensions risk and uncertainty. There are many consequences that are outcome of the pre- purchase stage these consequences are as follows :

- Performance oriented
- Financial
- Social
- Cultural
- Psychological

There are also many implications associated with this stage which are :

- Helps in providing information to the marketer
- Being a part of the consideration set
- Target the right customers
- Focussing on the need of the customers

Consumption stage

This stage is used in defining the communication method and the roles to be performed by the marketers. Communication is very necessary in the process of communication because it helps in connecting to the customers. There are some points of consideration in this stage which are :

- Consumer is considered as an important member of the service process
- The roles must be clearly explained to the service provider as well as to the consumers
- The roles must be effectively communicated to the service provider and the consumers
- Conveying and clarifying the roles assigned
- Educating the members in case of the changing roles through manual method or it can be automated
- Encouraging the performance based on these roles
- Rewarding the consumers in case they stick to the roles assigned

Issues in promotion of the services

- **Tangibility attached to the services** – since the services cannot be stored there must be some tangibles attached to these services and would help the consumers to form an opinion about the service.
- **Word of mouth**- the service purchase behaviour which based on the word of mouth is difficult to manage and control.
- **Ownership** – since there is no ownership in case of services therefore there must be some alternative to show the service being consumed.
- **Tie up with the customers**- there must be tie up of the customers with the service provider and not with the sales team.

Promotional objectives:

The general purposes of promotion in services marketing are much the same as in other kinds of marketing to:

- (a) Build awareness and interest in the service product and the service organization;
- (b) Differentiate the service offer and the service organization from competitors;
- (c) Communicate and portray the benefits of the services available;
- (d) Build and maintain the overall image and reputation of the service organization;
- (e) Persuade customers to buy or use the service.

4.2 The role of Marketing Communication

Communication plays a crucial role in service marketing as it is the primary means by which service providers interact and engage with their customers. Here are some key roles of communication in service marketing:

1. **Service Promotion:** Effective communication helps promote services to target customers. It involves conveying the value, benefits, and unique features of the service through various communication channels such as advertising, social media, websites, and brochures. Communication helps create awareness and generate interest in the service, encouraging customers to consider and engage with it.
2. **Service Differentiation:** Communication allows service providers to differentiate their offerings from competitors. Through clear and compelling messaging, service providers can highlight what sets their service apart and why customers should choose them over alternatives. Effective communication helps establish a unique value proposition, building a competitive advantage in the market.
3. **Service Information and Education:** Communication provides essential information and educates customers about the service. It helps customers understand how the service works, its benefits, features, pricing, terms and conditions, and any relevant policies. Clear and transparent communication ensures that customers have the necessary information to make informed decisions and set realistic expectations.
4. **Customer Engagement and Relationship Building:** Communication helps in engaging customers and building strong relationships. Service providers can interact with customers through various channels such as phone calls, emails, live chats, and social media. Effective communication fosters trust, addresses customer queries and concerns, and creates a positive customer experience. Building rapport and maintaining open lines of communication contribute to customer satisfaction, loyalty, and repeat business.
5. **Service Feedback and Improvement:** Communication allows service providers to gather feedback from customers regarding their experiences. Customer feedback helps identify areas for improvement, address issues, and refine the service offering. Through effective communication channels, service providers can actively listen to

customer feedback, respond promptly, and take necessary actions to enhance the service quality and customer satisfaction.

6. **Service Recovery:** In cases of service failures or customer dissatisfaction, communication plays a vital role in service recovery. Open and empathetic communication allows service providers to listen to customer concerns, apologize if necessary, and take appropriate measures to resolve issues. Effective communication during service recovery can turn a negative experience into a positive one and restore customer confidence.

Overall, communication is essential in service marketing to promote, differentiate, inform, engage, build relationships, gather feedback, and enhance the overall customer experience. It enables service providers to effectively communicate the value proposition of their services and build long-term customer relationships.

4.3 Implications for communication strategies

In service marketing, communication strategies play a crucial role in shaping customer perceptions, building relationships, and enhancing service experiences. Here are the key implications for communication strategies:

1. Managing Intangibility

- Since services are intangible, communication must emphasize tangible cues, such as testimonials, case studies, and visual representations.
- Strategies like storytelling and brand persona creation can help customers relate to the service.

2. Personalization & Customer Engagement

- Personalized communication (e.g., AI-driven chatbots, email marketing) enhances engagement and customer satisfaction.
- Two-way communication channels (social media, live chat) foster relationships and trust.

3. Expectation Management

- Clear, transparent messaging helps manage customer expectations regarding service quality, availability, and pricing.
- Avoiding over-promising and under-delivering is essential to maintain trust.

4. Emotional Connection & Relationship Building

- Emotional appeals in communication can help strengthen customer loyalty (e.g., customer success stories, employee highlights).
- Service brands should focus on brand voice consistency to foster emotional connections.

5. Timely & Proactive Communication

- Proactive updates on service status (e.g., order confirmations, appointment reminders) enhance customer experience.
- Quick responses to customer inquiries and complaints (via social media, email, or phone) show commitment to service excellence.

6. Use of Digital & Multi-Channel Strategies

- Integrating multiple platforms (social media, websites, email, SMS) ensures that customers receive messages through their preferred channels.
- Video marketing, webinars, and live demos help illustrate service benefits effectively.

7. Handling Service Failures & Crisis Communication

- A crisis communication plan is essential to address service failures quickly and transparently.
- Apologizing sincerely, offering solutions, and providing real-time updates can mitigate negative perceptions.

8. Leveraging User-Generated Content & Reviews

- Encouraging customer reviews and testimonials enhances credibility and influences potential customers.
- Responding to both positive and negative feedback demonstrates active customer care.

Marketing promotion strategies play four different roles that look like a funnel that leads to purchasing:

Build awareness

Start making your target audience aware of your brand. To build it, you must first identify the profile of the people you want to reach.

Make people interested

Once you get your product/service out there, create interest around it, and make people intrigued and interested while differentiating your brand from the competition.

Create product/service demand

In this step of the funnel, people will start relating emotionally to your product/service by seeing something that may benefit them.

Make them take action

Create a way for your target audience to engage with your product/service. Place a call-to-action button on your website, emails, ads, social media profiles, or entice them with an irresistible offer. Get inspired by these sales promotion examples that work.

4.4 Marketing Communication Mix

Most service marketers have access to numerous forms of communication, referred to collectively as the marketing communications mix. Different communication elements have distinctive capabilities relative to the types of messages they can convey and the market segments most likely to be exposed to them. The components of communication mix are given below:

i) **Advertising:** Advertising is non- personal mass communication by an identified sponsor. Advertising is a cost- effective and powerful means to reach the masses. It has the capacity to attract the market. Informative, educative and persuasive objectives can be achieved through advertising. A wide array of paid advertising media is available, including broadcast (TV and radio), print (magazines and newspapers), movie theaters, and many types of outdoor media (posters, billboards, electronic messages boards, and the exteriors of buses or bicycles). As the most dominant form of communication in customer marketing, advertising often is the first point of contact between service marketers and their customers, serving to build awareness, inform, persuade, and remind. It plays a vital role in providing factual information about services and educating customers about product features and capabilities. Despite being the most dominant form of communication in consumer marketing, the effectiveness of advertising remains hugely controversial. One of the challenges facing advertisers is how to get their messages noticed. How can a firm hope to stand out from the crowd? Longer, louder commercial and larger format ads are not necessarily the answer. Marketers are trying to be more creative with their advertising to allow their messages to be more effective

ii) **Publicity and public relations:** Publicity is a communication campaign through a third party. Public relation is a deliberate attempt by the organization to establish relationships with various people (customers, suppliers, creditors, shareholders, media and social organization), who are capable of influencing, directly or indirectly, business prospects. Both publicity and public relations are powerful techniques for promotion of services.

iii) **Direct marketing:** When intermediaries are not involved between producers and customers, it is called direct marketing. It is one of the alternatives for the producers to reach the market. Direct sales offers through sky shops on television, direct contact of customers through mail, e-commerce and so on are examples. Service provider can use direct marketing for promoting services. By transmitting the service process and other features and options through the electronic media, customers can be motivated and their doubts about the service offer clarified. Direct mail to a prospect initiates need gratification process.

iv) **Sales promotion:** A useful way of looking at sales promotions is as a communication attached to an incentive. Sales promotion usually is specific to a time period, price, or customer group. The objective is to accelerate the purchasing decision or motivate customers to use a specific service. Sales promotions for service firms may take such forms as samples, coupons and other discounts, gifts, and competitions with prizes.

v) **Personal selling:** Interpersonal encounters in which efforts are made to educate customers and promote preference for a particular brand or product are referred to as personal selling. Many firms, especially those marketing B2B services, maintain a dedicated sales force or employ agents and distributors to undertake personal selling efforts. However, this approach has limited applications as it is very costly as well as difficult to reach the mass market.

Unit 5

Marketing Planning Process

A **marketing planning process** is a systematic approach to developing marketing goals, strategies, and implementation tactics. It may be adapted to a wide variety of situations, from the launch of a new firm or practice area to the repositioning of an existing firm — even the routine planning of new business development activities.

Depending on your specific situation, certain phases of the process may take on greater or lesser importance. For example, when launching a new practice area it's prudent to focus on its strategic components. This is sometimes referred to as developing a go-to-market strategy.

When focusing on repositioning your firm in the marketplace, often called rebranding, you will most likely need to emphasize both strategic and tactical elements to increase the visibility of your new brand.

Once a year, most firms update their **marketing plan** or **marketing budget**, and they spend the majority of their time evaluating current performance and adjusting tactics. While they may take a cursory look at the bigger picture, few firms retool their entire firm strategy each year.

Definition of Marketing Planning

"Marketing Planning is the process of developing marketing plan incorporating overall marketing objectives, strategies, and programs of actions designed to achieve these objectives."

Benefits of the Marketing Planning Process

It's important to take a thoughtful, step-by-step approach to your marketing plan. Done right, it can yield a number of valuable benefits that can jumpstart success:

It encourages you to revisit old habits and assumptions. In a changing world, you have to learn to adapt — doing things the way you’ve always done them is not a winning strategy. A good marketing plan should take you, to some degree, outside your comfort zone and question everything you’ve done to date and why you thought it would work. Just because you’ve “always done something that way” doesn’t mean it’s effective or even a good idea.

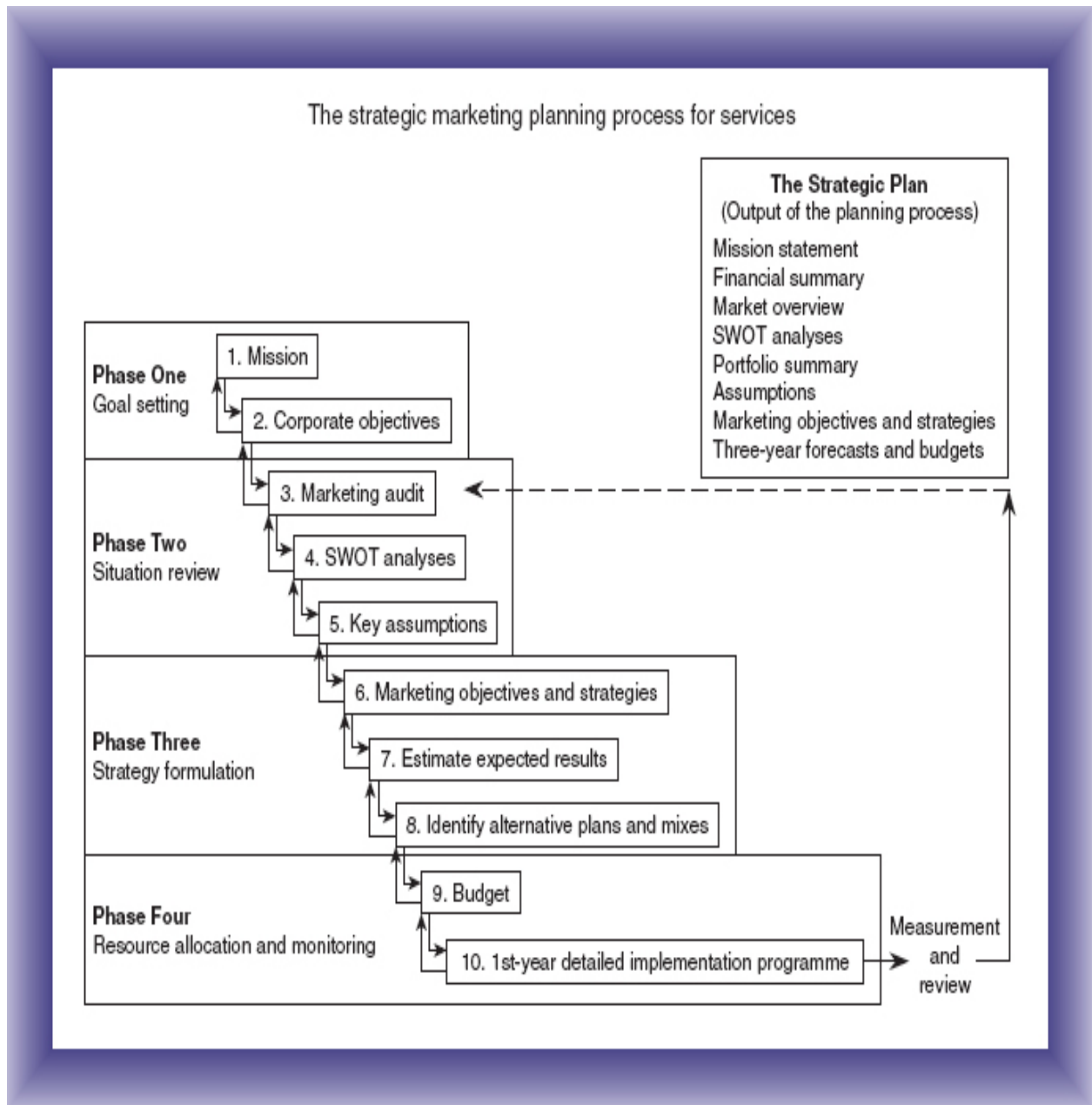
It reduces risk by adding new facts. The process of developing a marketing plan forces you to reexamine your marketplace, your competition, your target audience, and your value proposition to prospects. This kind of focused research reduces risk because it compels you to evaluate your business model and marketing program before you commit time and money to them. According to our studies of professional services marketing, firms that conduct systematic research into their target audiences grow faster and are more profitable.

It provides accountability. Marketing planning makes both your marketing and business development teams set specific targets and measure their progress toward them. Management is accountable for providing enough resources to ensure the marketing plan has a reasonable chance to succeed.

It is proactive rather than reactive. Planning ahead puts you in control of your marketing so you can maximize its impact. However, it’s important to be agile enough to react to changing circumstances. Having well-documented plans makes it easier to change them.

It can become a competitive advantage. High-growth firms use their marketing strategy as a differentiator. By giving some thought to what makes your firm unique, you should be able to develop compelling differentiators — one or more clear reasons to select your firm over an apparently similar one.

Market planning process



Phase one: Goal Setting

Goal setting refers to the process of setting specific, attainable targets for individuals or groups. It is a motivational technique which can help the employees to understand the business goals, and motivate them to rise to the challenges.

A marketing goal is a specific and measurable objective that helps you meet your broader business goals. It can be anything from generating high-quality leads and raising brand

awareness to increasing customer value and improving your referral rate. A campaign without a clear goal is essentially a waste of money

a) Mission

A mission statement defines what line of business a company is in, and why it exists or what purpose it serves. Every company should have a precise statement of purpose that gets people excited about what the company does and motivates them to become part of the organization.

b) Corporate objectives

Conducting Marketing Audit. Marketing planning starts with doing the marketing audit. Marketing audit means researching the current market climate in which the business operates. It is usually done by collecting and analyzing information about the particular market such as the market size, existing and potential customers, market growth rate, etc. As market research is integral to marketing audit, marketing managers will investigate strengths and weaknesses of the company as well as future opportunities and threats, and then decide on action programmes.