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Prezentace předmětu: Marketing of Services

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MARKETING MIX: PROCESSES

*The aim of the lecture is to explain
and overview processes which
deliver value to the customer in a
service business*



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Přednášející

MARKETING MIX: PROCESSES

Lecture content

Why is process essential in services
Internal and external marketing
Customer experiences
Perception of services



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- The most important difference between services and goods, is the fact that a service is like beauty, more in the eye of the beholder.
- It is primarily an experience for the customer and those around them – and this means that it must be seen as a performance by those who are providing the service.



- As it is performed rather than ‘produced’, the service marketer must ensure it is well managed.
- This management is addressed in that element of the service marketing mix referred to as ‘**PROCESS**’.



- Process in services refers to the actual procedures, mechanisms, and flow of activities by which the service is delivered the service delivery and operating systems.
- In a service organisation, the system by which customer receives delivery of the service constitutes the process. In fast food outlets the process comprises buying the coupons at one counter and picking up the food against that at another counter.

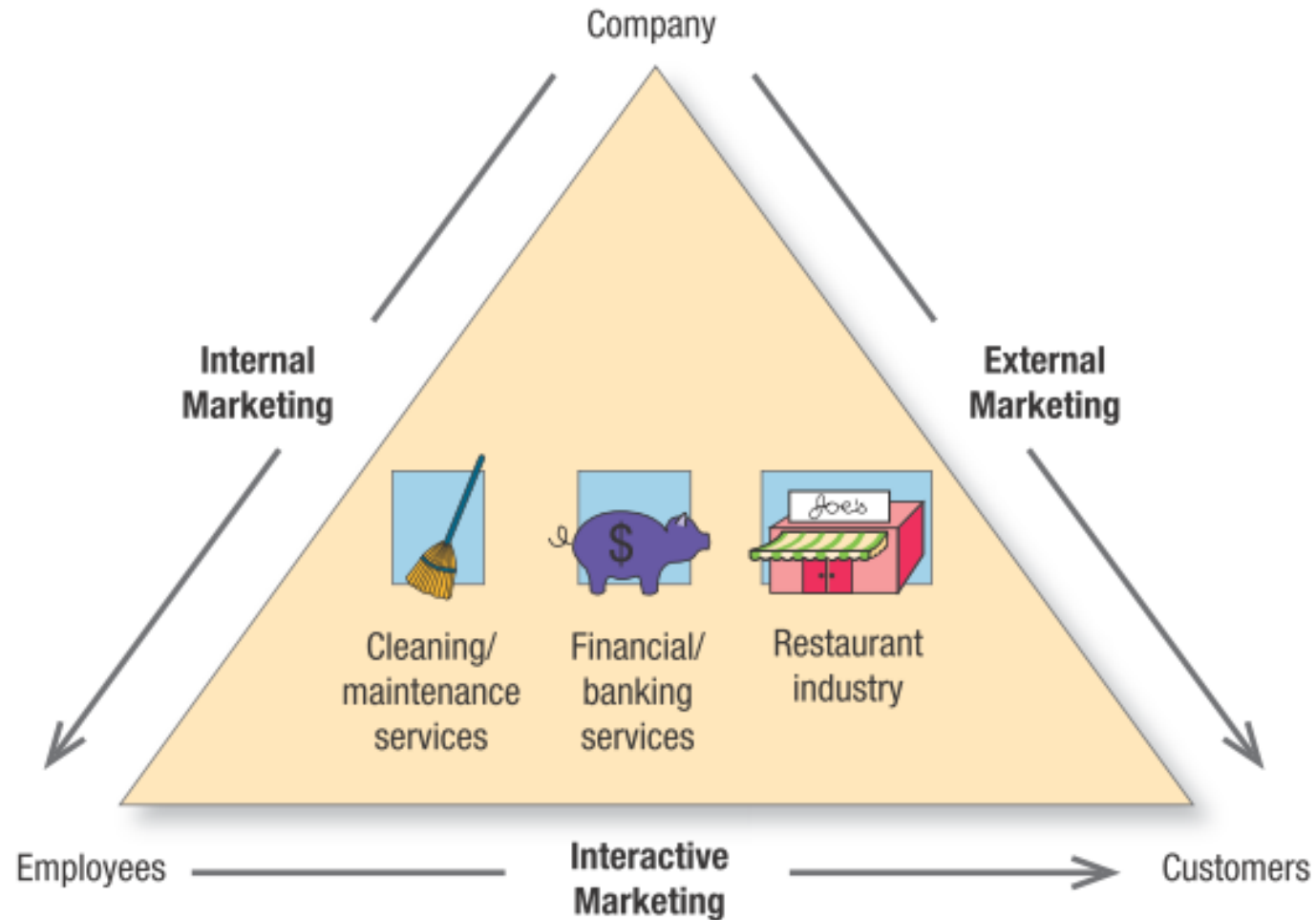


- The process of a delivery function which can be compared with that of operations management implies the conversion of input into the finished product. But, in a service organisation, there is no clear cut input or output.
- Rather, it is the process of adding value or utility to system inputs to create outputs which are useful for the customers.



- It is said that this aspect of the marketing of any service is a major contributor to building customer loyalty, i.e. turning customers into ‘friends and advocates’ and as such is so important that it should be allocated a minimum of 50% of the marketer’s time effort and budget.

Types of „marketing“ in services



Source: Kotler & Keller (2016)



- Internal marketing is a term commonly used to describe the programmes necessary to instill and maintain a strong service mentality throughout the organisation. For every service, employees remain the primary ingredient of success.



- Internal marketing is a management strategy that focuses on how to develop customer conscious employees. Employees must be skilled, have customer orientation and be service minded so that they can influence customer perceptions positively in interactions during production, delivery, client handling, technical service, and other related activities.



- The objective of external marketing is to attract every customer to participate in the service process.
- Service companies should design an effective promotional campaign to inform, educate, persuade, train, and encourage buying and experiencing the service offered.



- Developments of promotional mix strategies are vital to the success of external marketing.
- The most powerful media in services is word of mouth communication.
- Service organisation should be careful of negative word-of-mouth. In the absence of relevant and effective communication, consumers may have doubts and suspicions about the service offering.



- Interactive marketing describes the employees' skill in serving the client.
- Clients judge service not only by its technical quality (Was the surgery successful?), but also by its functional quality (Did the surgeon show concern and inspire confidence?).
- In interactive marketing, teamwork is often key.



- Delegating authority to frontline employees can allow for greater service flexibility and adaptability because it promotes better problem solving, closer employee cooperation, and more efficient knowledge transfer.
- Top service companies are “customer obsessed.”
- They have a clear sense of their target customers and their needs and have developed a distinctive strategy for satisfying them.

SINGAPORE AIRLINES Singapore Airlines (SIA) has been consistently recognized as the world’s “best” airline, in large part due to its stellar marketing. The carrier wins so many awards, it has to update its Web site monthly to keep up to date. Famous for pampering passengers, it continually strives to create a “wow effect” and surpass customers’ expectations. SIA was the first to launch on-demand entertainment systems in all classes, Dolby sound systems, and a book-the-cook service that allows business- and first-class passengers to order meals before boarding. Thanks to a first-of-its-kind \$1 million simulator the airline built to mimic the air pressure and humidity inside a plane, it found that taste buds change in the air and that, among other things, it needed to cut back on spices in its food. New SIA recruits receive four months of training, twice the industry average, and existing staff get nearly three weeks of refresher training a year (costing \$70 million). With its stellar reputation, the carrier attracts some of the best local graduates and staffs each flight with more attendants and other cabin crew members than other airlines. SIA applies a 40–30–30 rule: 40 percent of resources go to training and motivating staff, 30 percent to reviewing process and procedures, and 30 percent to creating new product and service ideas.

Source: Kolter & Keller (2016)

Focus on the experience



- Marketers of goods (e.g. motor vehicles) have very little control over how a customer experiences the use of their product, try as they might to influence this via badging, branding and advertising of the aspirational lifestyle of the stereotypical customer for that model.
- The marketer's influence is always at several removes from the actuality of the product's use.



- The customer of a good is almost invariably out of direct contact with the firm producing and/or supplying that good when it is used. Whereas:
 - A service product **IS the experience** that a customer has when the service is being delivered to them.
 - A service is no more, and no less than this experience.
 - A customer's perception of this experience is **THE MOST CRITICAL** aspect of its marketing.



- The customer's favorable experience of the delivery of that service, confirms that they made the right choice of supplier, and promotes the possibility that they will return to this supplier when next they are in the market.

Focus on the experience



- Favorable perceptions will create and build relationships, unfavourable ones will destroy them.
- So important is this ‘experiential’ aspect of a service that it has been rightly named ‘The Moment of Truth’.
- During this ‘Moment of Truth’ all the effort taken to deliver the service either comes to fruition, or is wasted.



- The customer's perception will be formed from their perspective, not ours.
- All marketers must strive to manage the perceptions of their customers and prospects.
- However, for the service marketer this issue is vital to the extent that a major part of the service marketer's job has been described (by Tom Peters) as 'the strategic management of perception'.



- The process by which services are created and delivered to the customer is a major factor within the services marketing mix, as services customers will often perceive the service delivery system as part of the service itself.
- Thus, decisions on operations management are of great importance to the success of the marketing of the service.

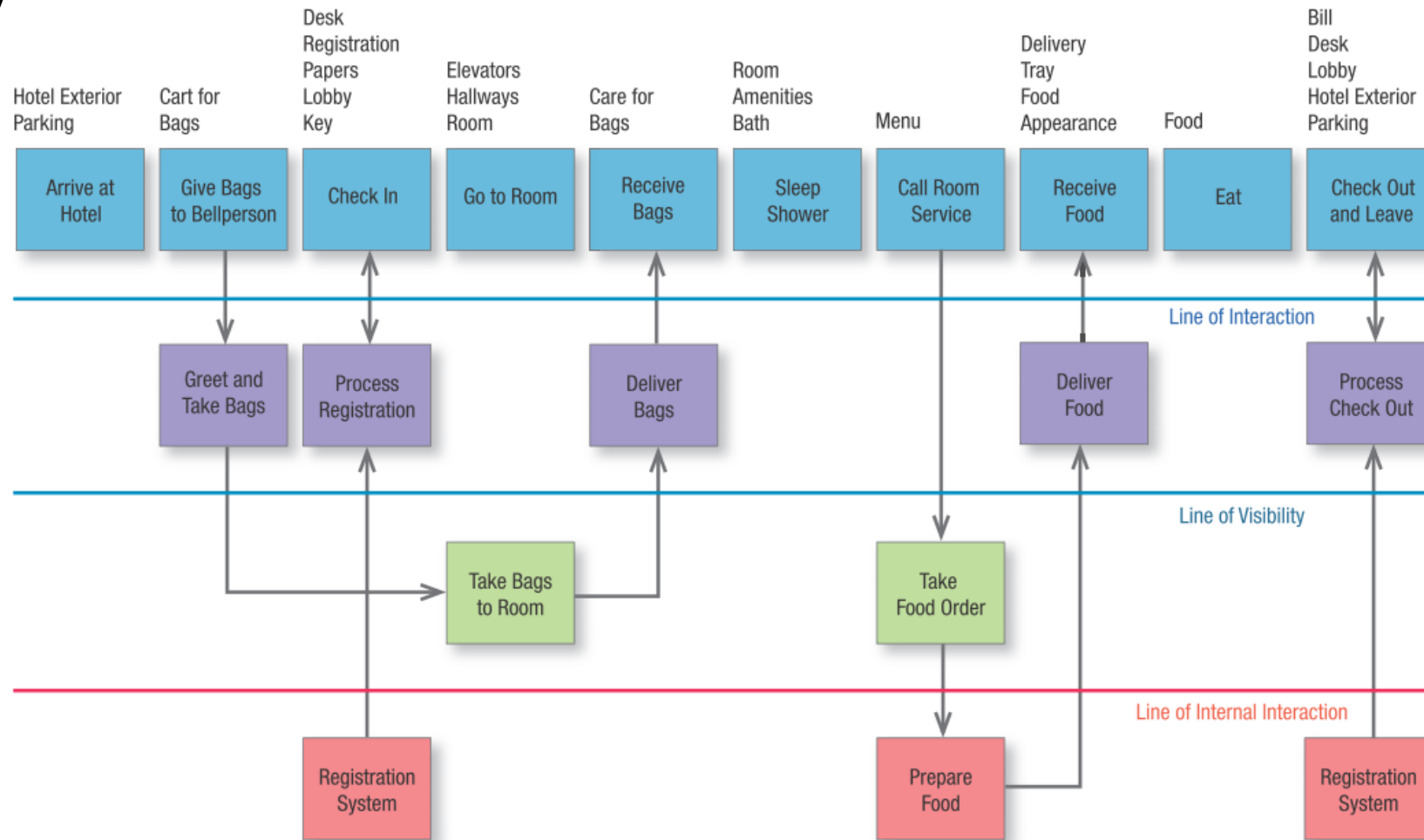


**It is the perceptions of the ‘prospects’ and
‘customers’, not our perception, that will
drive their behavior!**



- The wise service marketers will therefore devote at least half of their energy, attention and budget to ensuring that the performance of their service delivers the optimum experience to the customer and turn as many of them as possible into ‘friends’ and ‘advocates’ and thus grow their business.
- The element of the services marketing mix that covers this aspect, the performance, is process.

Service process form customer perspective



| Fig. 14.2 |

Blueprint for Overnight Hotel Stay

What a customer may want from a service



- **Reliability**, the service is consistent, dependable and perhaps backed by guarantees.
- **Accessibility**, provided at convenient times and locations with little waiting.

What a customer may want from a service



- **Credibility**, the firm and its staff are seen to be trustworthy in terms of delivering what they promise, and with a respectable track-record in their business.

What a customer may want from a service



- **Prestige**, the source/supplier is well respected by the customer's peers, and at least there will be no disrepute to the customer's image, at best this will confer status by association.

What a customer may want from a service



- **Security**, there will be no financial or other risk to the customer.
- **Privacy**, the customer's confidentiality, and/or person will be respected.

What a customer may want from a service



- **Responsiveness**, the speed and attention given to the customer's needs, requests, questions and/or problems.
- **Competence**, the service deliverers' level of relevant skills, know-how, expertise.

What a customer may want from a service



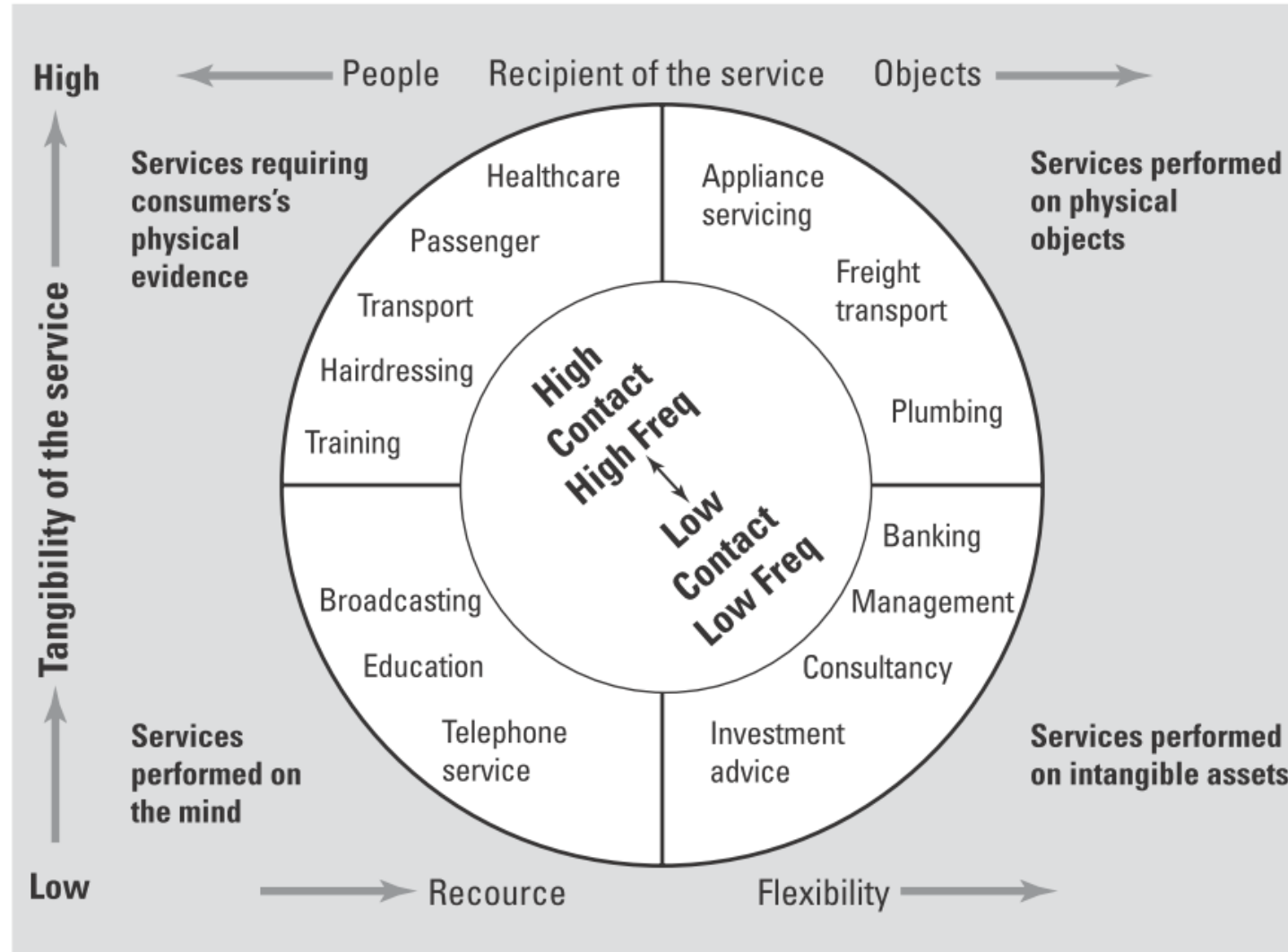
- **Communication**, how well do the service deliverers interface with the customer, how accurately and clearly is the service described?
- How well do they feel that the service deliverer(s) listened to them?

What a customer may want from a service



- **Courtesy**, the pleasantness/friendliness of the service deliverers toward the customer.
- **Stress free**, i.e. freedom from physical and/or mental stress, the customer feels welcome, feels 'at home' when dealing with the service provider.

Classification of service encounter types



Conclusion



- The process by which services are created and delivered to the customer is a major factor within the services marketing mix, as services customers will often perceive the service delivery system as part of the service itself.
- Thus, decisions on operations management are of great importance to the success of the marketing of the service. In fact, continuous coordination between marketing and operations is essential to success in most services businesses. Identification of process management as a separate activity is a prerequisite of service quality improvement.
- The importance of this element is especially highlighted in service businesses where inventories cannot be stored.