



Vijay Institute of Management

(Approved by AICTE, New Delhi & Affiliated to Anna University)

MBA – TANCET Counseling Code 683

Phone: 85 26396 369, 852 6396 469, 852 6396 569

BBA

SERVICE MARKETING

(UG Course Material for MK University - Madurai)

Unit I

Services marketing – Introduction – types – nature-characteristics - classification of services - differences between service & product - service marketing management - managing demand & supply.

Service marketing:

Services marketing is marketing based on relationship and value. It may be used to market a service or a product.

Service is the action of doing something for someone or something. It is largely intangible. A product is tangible (i.e. material) since you can touch it and own it. A service tends to be an experience that is consumed at the point where it is purchased, and cannot be owned since it quickly perishes. A person could go to a café one day and have excellent service, and then return the next day and have a poor experience.

KOTLER'S DEFINITION : A **service** is any activity of benefit that one party can offer to another that is essentially intangible & doesn't result in the ownership of anything. Its production may or may not be tied to a physical product. Thus **services** are those activities which satisfy wants.

Services include the work of airlines, hotels, cars rental firms, barber and beauticians, maintenance and repair people, accountants, bankers, lawyers, engineers, doctors, software programmers and management consultants.

A service is an intangible product involving a deed, performance, or an effort that cannot be physically possessed. Dominant component is intangible.

It includes rental of goods, alteration and repair of goods owned by customers and personal services.

Major differences between goods and services are:

- Intangibility
- Inventory--over/under booking restaurant capacity
- Inseparability--of production and consumption
- Inconsistency/Consistency

Characteristics of Services

Intangibility

They cannot be seen, handled, smelled, etc. There is no need for storage. Because services are difficult to conceptualize, marketing them requires creative visualization to effectively evoke a concrete image in the customer's mind. From the customer's point of view, this attribute makes it difficult to evaluate or compare services prior to experiencing the service.

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Prior to purchase, much service promotion must rely on performance attributes which can only be measured after a purchase experience (tangible goods have search qualities). Also professional services have credence qualities. Need to use promotion to help customers perceive a service as highly tangibility.

develop tangible representation of the service, ie credit card serves as the physical product with own image and benefits. Make advertising easier. Airlines use an aircraft. Travellers umbrella.

- develop a brand image--seek out U Haul as opposed to a truck service
- word of mouth very important due to intangibility.
- offer discounts and free samples/service to customers who encourage friends to come.
- offer tangible benefits in sales promotions, must be consistent with customers needs/wants
- establish a clear product position, ie 24 hour outside service for repair of industrial equipment.

Intangibility also presents pricing problems. How should an auto mechanic charge for his/her services?

Visibility of the service may be a problem. Although a problem may have been fixed, you don't understand why? . Need to explain the time needed for repair, and functions that were performed if you want the repair to be more tangible.

Psychological role of price is magnified since customers must rely on price as the sole indicator of service quality when other quality indicators are absent.

Perishability

Unsold service time is "lost", that is, it cannot be regained. It is a lost economic opportunity. For example a doctor that is booked for only two hours a day cannot later work those hours— she has lost her economic opportunity. Other service examples are airplane seats (once the plane departs, those empty seats cannot be sold), and theatre seats (sales end at a certain point).

Inventory

Services cannot be stockpiled. Need to avoid excess unsatisfied demand and excess capacity leading to unproductive use of resources.

To resolve inventory issues:

- market services to segments with different demand patterns
- market new services having counter cyclical demand patterns from existing services
- market new services to compliment existing services
- market service extras at non-peak times
- market new services not affected by existing capacity constraints
- train personnel to do multiple tasks
- hire PT employees during peak hours
- educate consumers to use service at non peak hours
- offer incentive, ie. reduce price at non peak times, this will not work in all instances, ie, travel at non peak hours.

Lack of transportability

Services tend to be consumed at the point of "production" (although this doesn't apply to Out sourced business services).

Lack of homogeneity

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Services are typically modified for each client or each new situation (customized). Mass production of services is very difficult. This can be seen as a problem of inconsistent quality. Both inputs and outputs to the processes involved providing services are highly variable, as are the relationships between these processes, making it difficult to maintain consistent quality.

Labour intensity

Services usually involve considerable human activity, rather than precisely determined process. Human resource management is important. The human factor is often the key success factor in service industries. It is difficult to achieve economies of scale or gain dominant market share.

Demand fluctuations

It can be difficult to forecast demand (which is also true of many goods). Demand can vary by season, time of day, business cycle, etc.

Buyer involvement

Most service provision requires a high degree of interaction between client and service provider.

Inconsistency

Lawn care service cannot mow a lawn precisely the same way each time, but need to make the service as efficient and consistent as possible.

Remedy--use technology to help make the service provider more consistent or replace workers with technology :

Inseparability

Leads to direct (short) channels of distribution. In some cases it is possible to use intermediaries, travel agents, ATMs etc.

Close provider-customer relationship--employee interpersonal skills very important.

"relationship managers", quality of relationships determines the probability of continued interchange with those parties in the future.

Customers may become loyal to a particular employee as opposed to the company, prevalent in the advertising industry. Therefore must make sure that multiple employees are capable of performing the same tasks.

Classification of services

	Service ontology for service bundling	Economic service classifications
--	--	---

Function	<i>Combine</i> services into groups	<i>Divide</i> whole spectrum of existing services into smaller groups
Grouping rules	<i>Company- and domain-specific</i> business rules	<i>Global rules</i> (hold for the whole service industry)
Nature of grouping rules	Any type of dependency between services (e.g. difference, similarity)	Classification criteria that <i>differentiate</i> one service from another
Abstraction level of reasoning	<i>Instances</i> of services (e.g., ABNAmro private unemployment insurance)	<i>Abstract classes</i> of services (e.g., insurance services)

Types of Service Industries

Government

Non-profit Organizations (NPO)

Business

Differences between product and service

1) Ownership is not transferred

When buying a service, the service ownership is not transferred to the end customer. If you buy a car then the car is yours. But if you buy a ticket for an airline, then the airline is definitely not yours. Car- Product. Airlines -Service.

2) Intangibility

How to measure service? In a restaurant, the dish can be measured, but the efforts gone in making the same dish by two different chefs cannot be measured from the customer end. Same goes for large service corporate like Accenture and Infosys. The time and effort gone for giving service to the customer is intangible. Both ownership and intangibility are old school differences between goods and services.

3) Involvement of customer

Vijay Institute of Management

MBA – TANCET Counseling Code 683



When comparing the difference between goods and services we have to look at the involvement of customer as well. In services involvement of customers is much more than in products. For example – ATM's are services wherein customer has to use the machine. The same goes for vending machines as well as for self service restaurants. Today ice cream chains like Hokey pokey and food chain like Subway have more than 50% involvement of customer where the customer gets to decide the ingredients they want in their ice cream / Subway sandwich.

4) Quality

In case of products, mass manufacturing is common. And mass manufacturing means uniformity. However, services involve a lot of manual labour due to which the quality may vary each time. Uniformity in services is a factor which each service owner tries for. For example – The major challenge of food chains like Subway, Pizza hut and Dominos is to give the same quality over and over again, whereas in local restaurants the quality of food may vary time to time from the same restaurant.

5) Evaluation of services is tougher

As quality varies from time to time and the involvement of customer is maximum, evaluation of different services becomes tougher. For example – HDFC has more number of ATM than SBI. Thus we can evaluate that HDFC service is better because they have more reach to the end customer. But how do we evaluate how a barber cuts your hair.

6) Inventories are absent

Production and consumption of services happens at the same time. This does not mean that the raw material is not present to provide the service. For example in a restaurant, a dish is made only after you order it. The raw material and the chef might be present. But the production does not begin unless and until there is a customer to consume the service.

7) Time is very important in services

Time is a very important difference between goods and services. The keyword here is “delay”. There should be no delay in providing the service. Thus the cab should arrive on time, the food should be prepared by time and the trains should run on time because time is important.

Service marketing management

Service marketing management represents marketing concept in action. The service firm must be customer oriented & must develop a competitive marketing strategy, that strategy formulation consists of two steps

1. Identify the target markets and needs
2. Developing marketing mix

MARKETING MANAGEMENT PROCESS

Vijay Institute of Management

MBA – TANCET Counseling Code 683



1. *SITUATIONAL ANALYSIS*
2. *MARKETING STRATEGY*
3. *MARKETING MIX*
4. *IMPLEMENTATION & CONTROL*

Situation Analysis

Analysis of the situation in which the company finds itself serves as the basis for identifying chances to satisfy unfulfilled customer needs.

Situational and environmental analysis is done to identify the marketing options, to understand the company's own capabilities and to understand the surroundings in which the company is operating.

Marketing Strategy

After identifying the marketing options available, a strategic plan is developed to pursue the identified options. An analysis is done and the best available option is chosen; a plan or strategy is made for that option.

Marketing Mix Decisions

At this step, elaborated tactical decisions are made for the controllable parameters of the marketing mix. It includes decisions related to product development, product pricing, product distribution and product promotion.

Implementation and Control

Finally, the marketing plan is executed and the outputs of marketing efforts are monitored to adjust the marketing mix according to the market changes.

This being the final step, it transforms the written or planned strategy into action and the product is presented according to this process.

Unit 2










Service marketing mix – Services product – pricing

Service marketing mix






7Ps - Price Product Place Promotion, People, Physical Evidence, Process

Elements of the Marketing Mix Sub-elements







Product

-  Product design
-  Product positioning
-  Product name and branding
-  Packaging and labeling
-  Breadth and depth of product line
-  Level and type of customer service
-  Product warranty
-  New product development process
-  Product life cycle strategies

Price

-  Manufacturer, wholesaler and retailer selling prices
-  Terms and conditions
-  Bidding tactics
-  Discount policies
-  New product pricing (Skim vs. Penetrating pricing)

Promotion (marketing communications)

-  Advertising
-  Sales force policies
-  Direct marketing (mail, catalog)
-  Public relations
-  Price promotions – for the consumers and the channel
-  Trade shows and special events

Place (distribution channels)

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- ☞ Direct Vs. Indirect channels
- ☞ Channel length
- ☞ Channel breadth (exclusive, selective or intensive)
- ☞ Franchising policies
- ☞ Policies to ensure channel coordination and control

People

- ☞ Employees
Recruiting, Training, Motivation, Rewards, Teamwork
- ☞ Customers
Education, Training

Physical evidence

- ☞ Facility design
- ☞ Service ambience
- ☞ Equipment
- ☞ Signage
- ☞ Employee dress
- ☞ Point-of-sale displays
- ☞ Other tangibles (e.g. business cards)

Process

- ☞ Flow of activities
- ☞ Service script (number of steps)
- ☞ Customer involvement

Price Product Place Promotion are the 4P's in Marketing mix.

People, Physical Evidence, Process are the 3 more P's added along with the marketing mix

Product:

The challenge for the service managers is to minimize (if not eliminate) these unplanned components and make sure that the customers get what they expected. To facilitate this, a multi-level view of the 'product' helps. It may view the product as comprising of the core product, the facilitating product, the supporting product and the augmented product.

☞ Core product

This is the most basic level of the product and it answer the question – What is the buyer really buying?

☞ Facilitating product

It is the service/good that must be present for the customer to use the core product.

☞ Supporting product

Vijay Institute of Management

MBA – TANCET Counseling Code 683



It is the extra product offered to add value to the core product and help to differentiate it from the competition.

⇒ Augmented product

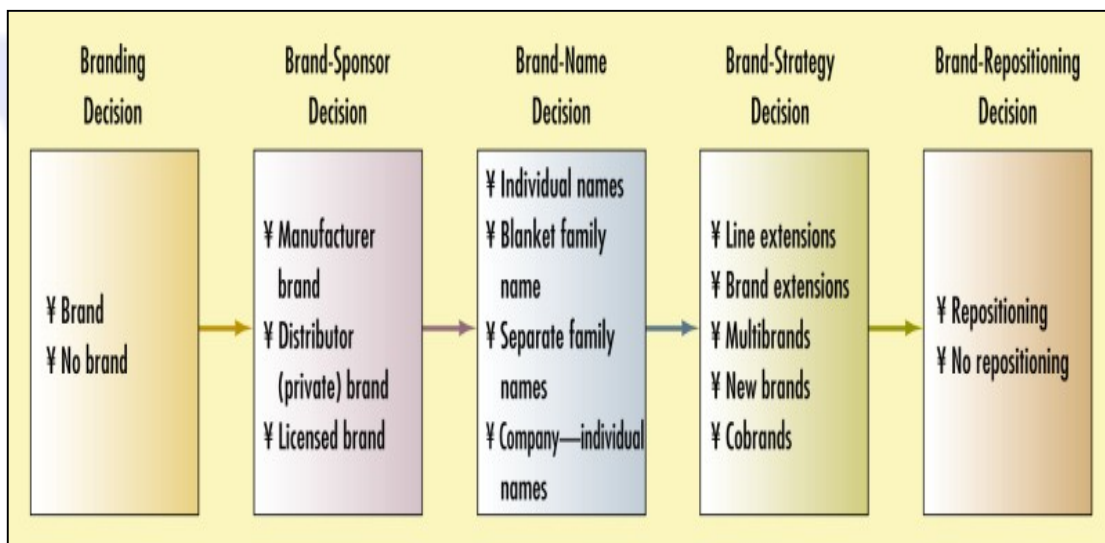
It includes accessibility, atmosphere, customer interaction with the service organization, customer participation and customers' interaction with each other. All these elements combine with the core, facilitating and supporting products to provide the augmented product.

For a mobile phone service provider, the core product is telephone/communication service. The facilitating product refers to its infrastructure, mobile handsets, retail outlets, re-charge options and so on. The supporting product refers to the value-added services like zero-balance call or one-touch services. The augmented product refers to its customer support or helpline, retail reach, atmospherics and so on.

Branding

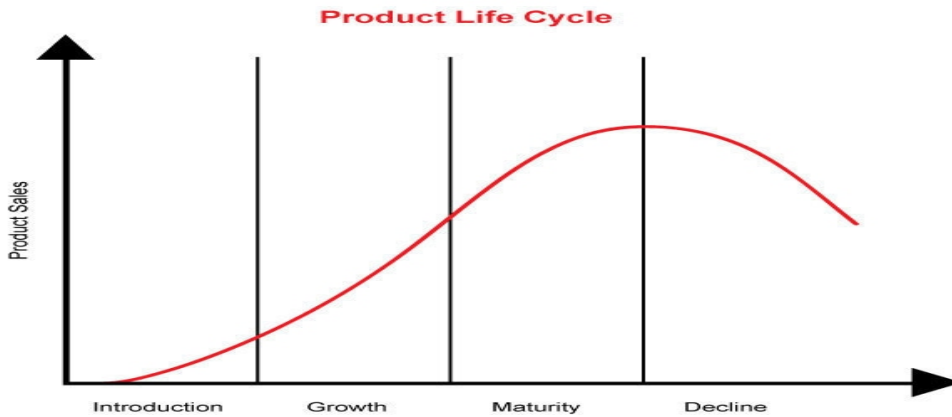
A brand is a name, term, sign, symbol, design or a combination of these elements that is intended to identify the goods or services of a seller and differentiate them from those of competitors. Scott Davis, author of *Brand asset management*, states:

Brands are among a company's most valuable assets and smart companies today realize that capitalizing on their brands is important. These companies know that brands are more than just products and services. They know that the brands are also what the company does and more importantly, what the company is. A brand is a critical component of what a company stands for. It implies trust, consistency and a defined set of expectations. The strongest brands in the world own a place in the customer's mind and when they are mentioned almost everyone thinks of the same thing



Product Life Cycle:

It includes 4 stages like Introduction, Growth, Maturity and Decline.



	Introduction Phase	Growth Phase	Maturity Phase	Decline Phase
Strategic Goal	Acquire a strong market position	Maintain your market position and build on it	Defend market position from competitors and improve your product	-Milk all remaining profits from product
Competition	Early entry of aggressive competitors into the market	Price and distribution channel pressure	Establishment of competitive environment	Some competitors are already withdrawing from market
Product	Introduction of product variations and models	Improvement – upgrade of product	Price decrease	Variations and models that are not profitable are withdrawn

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Price goal	Aggressive price policy (decrease) for sales increase	Re-estimation of price policy	Defensive price policy	Maintain price level for small profit
Promotion Goal	Reinforcement of product awareness and preference	Reinforcement of middle men	Maintain loyal to middle men	Gradual decrease
Distribution Goal	General and reinforced distribution through all distribution channels available	General and reinforced distribution with good supply to the middle men but with low margins of profit for them	General and reinforced distribution with good supply to the middle men but with low margins of profit for them	Withdrawal from most channels of distribution except those used in the development phase

New Product Development

Stages in the new product development process

Idea Generation–Screening–Business analysis–Development–Test marketing–Commercialization

1. Idea generation – NPD starts with idea generation, the systematic search for new ideas. A company typically has to generate many ideas to find a few good ones. The search for new product ideas should be systematic rather than haphazard. Otherwise, the company risks finding new ideas that will not be compatible with its type of business. New product ideas are gained from internal sources (say, employees), customers, competitors, distributors and

suppliers

2. Idea screening – Its purpose is to spot good ideas and drop poor ones as soon as possible. Several organizations maintain checklists of development standards to determine whether to abandon an idea or consider it further. These checklists typically include such factors as product uniqueness, availability of raw materials and the proposed product's compatibility with current product offerings, existing facilities and present capabilities. The screening stage may also allow for open discussions of new-product ideas among representatives of different functional areas in the organization.
3. Business analysis – A product idea that survives the initial screening must then pass a thorough business analysis. The analysis at this stage assesses the new product's potential market, growth rate and likely competitive strengths. It involves a review of the sales, costs and profits projections to determine whether they satisfy the company's objectives.
4. Development – It turns the concept into a prototype of the product. This conversion process is a joint responsibility of the firm's development engineers/designers, who turn the original concept into a product, and its marketers, who provide feedback on consumer reactions to the product design, package, colour and other features. Prototypes may go through numerous changes before the original mock-up reaches the stage of a final product.
5. Test marketing – To gauge consumer reactions to a product under normal conditions, many firms test market their new product offerings. Up to this point, a product development team has obtained consumer information by submitting free products to consumers, who then give their reactions. Other information may come from shoppers' evaluations of competing products. Test marketing is the first stage at which the product must perform in a real-life business environment. It allows the marketers to gain experience in marketing the product, to find potential problems and to learn where more information is needed before the company goes to the great expense of full introduction. Test marketing evaluates the product and the entire marketing program in real market situations.
6. Commercialization – The few product ideas that survive all the steps in the development process emerge ready for full-scale marketing. Commercialization of a major new product can expose the firm to substantial expenses. It must establish marketing programs, fund

Vijay Institute of Management

MBA – TANCET Counseling Code 683



outlays for production facilities, and acquaint the sales force, marketing intermediaries and potential customers with the new product. In launching a new product, the firm must make four decisions, viz., when, where, to whom and how.

Pricing basis, objectives and approaches

Price is the only marketing mix element that produces revenue. All others represent cost. A pricing mistake can lead to business failure, even when all other elements of the business are sound. A price is an expression of value. The value rests in the usefulness and quality of the product itself, in the image that is conveyed through advertising and promotion, in the availability of the product through wholesale and retail distribution

systems, and in the service that goes with it. A price is the seller's estimate of what all of this is worth to potential buyers, recognizing the other options buyers will have for filling the need the product is intended to satisfy. To the extent that the product or service finds markets and is profitable at given price levels, it provides a viable economic base for building and maintaining a business.

In the competitive marketplace, pricing is a game. The struggle for market share focuses critically on price. Pricing strategies of competing firms, therefore, are highly interdependent. The price one competitor sets is a function not only of what the market will pay but also of what other firms charge. Prices set by individual firms respond to those of competitors; they also are intended often to influence competitors' pricing behaviour. All of marketing comes to focus in the pricing decision.

A way to think about making a pricing decision is that price should be set somewhere between what the product costs to make and sell and its value to the customer. If price exceeds the perceived value of the product to potential purchasers, it has no market. If the price is below what the product costs to produce, the business cannot survive for very long. Where a price should be set between cost and customer value is a strategic decision. This decision is more difficult in the case of services than products. It is because of the key differences between customer evaluation of pricing for services and goods. For instance, customers often have inaccurate or limited reference prices for services. Monroe (1989) describes reference price as a price point in memory for a good or a service, and can consist of the price last paid, the price most frequently paid, or the average of all prices customers have paid for similar offerings. But many consumers are quite uncertain about their knowledge of the prices of services and the reference prices they hold in memory for services are not as accurate as what they hold in memory for products. This difference can be explained by the following factors:

Service heterogeneity limits knowledge. The intangible nature of the services gives the service firms great flexibility in the configurations of services they offer. It leads to complex and complicated pricing structures. For example, consider a health insurance plan.

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Service providers are unwilling to estimate prices. The fundamental reason in many cases is that they do not know themselves what the services will involve until the process of service delivery. So a prior estimation is very difficult. For example, consider medical diagnosis and treatment.

Individual customer needs vary. As a result, uniform pricing may not be feasible. For example, consider the legal services.

Price information is overwhelming in services. In most cases, there are not list prices because of the reasons mentioned above. As a result, price comparison becomes difficult.

Prices are not visible and they may be hidden or implicit. For example, consider the financial services. In few cases, many customers do not see the price at all until after they receive certain services.

Another unique characteristic of services is the role of non-monetary costs (like time costs, search costs and psychological costs) in the evaluation of whether to buy a service. Most services require direct participation of the consumer and thus consume real time. Time becomes a sacrifice made to receive service in multiple ways. Also, waiting time for a service is usually longer and less predictable than waiting time to buy goods. Search costs (i.e. the effort invested to identify and select among desired services) are also higher for services than for physical goods. The most difficult non-monetary costs are the psychological costs incurred in receiving some services. Fear of not understanding (say, in the case of an insurance claim), fear of rejection (say, in the case of a bank loan) and fear of uncertainty (say, the fear of being charged more than other consumers) constitute psychological costs that customers experience as sacrifices when purchasing and using services. When quality is hard to detect or when quality or price varies a great deal within a class of services, consumers may believe that price is the best indicator of quality. Unlike goods (products) that are dominated by search properties, services are dominated by experience and credence properties. Therefore price is not used to judge quality in goods as often as it is in services. Since customers depend on price as a cue to quality and because price sets expectations of quality, service prices must be determined carefully.

There are a number of factors which influence the pricing decisions of marketers. While some of these are external or environmental factors (such as competition, demand conditions and so on), others are internal factors (like marketing objectives, cost conditions and so on). Figure 4 represents these factors.

Factors affecting a firm's pricing decision

1. Internal – Marketing objectives, mix, cost, pricing strategy
2. External – Demand, competition, Other environmental factors (e.g. economy, resellers and the Govt.)

General service pricing approaches

The price the company charges will be somewhere between one that is too low to produce a profit and one that is too high to produce any demand. Product costs set a floor for the price and consumer perceptions of

Vijay Institute of Management

MBA – TANCET Counseling Code 683



its value set the ceiling. The firm must consider competitors' prices and other external and internal factors to find the best price between these two extremes. Firms set prices by selecting a general pricing approach that includes one or more of these sets of factors. The following approaches are used:

Cost-based approach

The simplest pricing method is cost-plus or markup pricing - adding a standard markup to the cost of the product. Markups vary greatly among different goods. Cost as a percentage of selling price is a commonly used pricing technique in the restaurant industry. For example, a soft drink may cost Rs.10 and is sold for Rs.20 in an upscale restaurant at a 100 percent markup on cost. Markups are generally higher on seasonal items (to cover the risk of not selling) and on specialty items, slower moving items,

items with inelastic demand. It must be noted that any pricing method that ignores current demand and competition is not likely to lead to the best price. Hence markup pricing only works if that price actually brings in the expected level of sales.

Advantages:

It covers all the costs

It is designed to provide the target rate of margin

It is generally a rational and widely accepted method

It is an easy to comprehend and simple method

Disadvantages:
The cost calculations are based on a predetermined level of activity. If the actual level of activity varies from this estimated level, the costs may vary, rendering this method unrealistic.

If the costs of the firm are higher than its competitors, this method would render the firm passive in relation to price.

Another drawback is that sometimes the opportunity to charge a high price is foregone.

It ignores the price elasticity of demand.

The cost-based pricing would not be helpful for some of the objectives or tasks like market penetration, fighting competition and so on.

It imparts an in-built inflexibility to pricing decisions.

Value-based approach

This approach uses the buyers' perceptions of value, not the seller's cost, as the key to pricing. The non-price variables in the marketing mix are used to build perceived value in the buyers' minds and set price to

Vijay Institute of Management

MBA – TANCET Counseling Code 683



match the perceived value. Any firm using perceived-value pricing must learn the value in the buyers' minds for different competitive offers. Using a technique called trade-off analysis (to identify those service features that add more value than they cost), the customer's willingness to pay for a service can be determined. If the seller charges more than the buyers' perceived value, its sales will suffer. Many firms overprice their products, resulting in poor sales. Other firms underprice. Underpriced products sell well, but they produce less revenue than they would if the firm raised its price to the perceived-value level.

When consumers discuss value, they may use the term in different ways. What constitutes value may be highly personal and hence vary from one customer to another. Zeithaml and Bitner (1996) categorize value as follows and describe the pricing approaches that are suited to these value definitions:

Value is low price – When monetary price is the most important determinant of value to a customer, the firm focuses mainly on price. The appropriate pricing approaches are:

Discounting – To communicate to price-sensitive buyers that they are receiving value, service firms offer discounts or price cuts.

Odd pricing – To make buyers perceive that they are getting a lower price, the services are priced just below the exact/round amount (i.e. Rs.99 instead of Rs.100)

Synchro-pricing – It is the use of price to manage demand for a service by using customer sensitivity to prices. (For example, Internet service providers charge for the connection time during day when the demand is peak and offer it free during the night when the demand is less).

Penetration pricing – New services are introduced at low prices to stimulate trial and widespread use. For example, a mobile phone service provider may offer a new feature such as 'Voice sms' at a low 'introductory' price for quick penetration.

Value is whatever I want in a product or service – When the customer is concerned principally with the 'get' components of a service, monetary price is not of primary concern. The service is valued by the desirable intrinsic attributes it possesses and priced accordingly. The appropriate pricing approaches are:

Prestige pricing – It is used by service firms who offer high quality or status services. Customers of these firms actually value the high price because it represents prestige or a quality image. For example, consider a Golf club membership.

Skimming pricing – This is a strategy in which new services are introduced at high prices with large promotional expenditures. Many customers are more concerned about obtaining the service than about the cost of the service.

Value is the quality I get for the price I pay – When the customer primarily considers quality and monetary price, the task of the marketer is to understand what 'quality' means to the customer and then to match quality level with price level. The appropriate pricing approaches are:

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Value pricing – In the current usage, it involves assembling a bundle of services that are desirable to a wide group of customers and then pricing them lower than they would cost alone. For example, many fast food restaurants offer a value meal consisting of many items in the menu. It represents giving more for less.

Market segmentation pricing – A service marketer charges different prices to groups of customers for what are perceived to be different quality levels of service, even though there may not be corresponding differences in the costs of providing the services to each of these groups. For example, there may be differential pricing for members and non-members in a health club.

Value is what I get for what I give – When the customer considers all that he/she gets for a given price, including the accompanying products, the consumption context and the consumption result, the service marketer may consider the following approaches to arrive at the final price:

Price framing – Because many customers do not possess accurate reference prices for services, service marketers are more likely than product marketers to organize the price information for customers so they know how to view it. Marketers provide a price anchor. If the customers accept the anchor, they view the price and service package favorably.

Price bundling – Some services are consumed more effectively in conjunction with other services. When customers find value in a package of services that are inter-related, price bundling (that is, pricing and selling services as a group rather than individually) is an appropriate strategy.

Complementary pricing – Services that are highly inter-related can be leveraged by using complementary pricing tactics such as captive pricing, two-part pricing and loss leadership. In captive pricing, the firm offers a base service or product and then provides the supplies or peripheral services needed to continue using the service. In two-part pricing, the service price is broken into a fixed fee plus variable usage fees. In loss leadership, a familiar service is priced low to attract customers and then other services available at higher prices are revealed.

Results-based pricing – In service industries (such as legal consulting) in which outcome is very important but uncertainty is high, the most relevant aspect of value is the ‘_result’ or the ‘_outcome’ of the service. Pay-for-performance models are gaining popularity in pricing the services of an ad agency. Money-back guarantees are another example for this pricing tactic.

Competition-based approach

Competition-based pricing approach may take the form of going-rate pricing or sealed-bid pricing. In going-rate pricing, the firm bases its price largely on competitors’ prices, with less attention paid to its own cost or to demand. In oligopolistic industries (where there are a few large service providers), firms normally charge the same price. It is a popular pricing method. When demand elasticity is hard to measure, firms feel the going price represents the collective wisdom of the industry concerning the price that will yield a fair

Vijay Institute of Management

MBA – TANCET Counseling Code 683



return. Competition-based pricing is also used when firms bid for jobs. Using sealed-bid pricing, a firm bases its price on how it thinks competitors will price rather than on its own costs or on the demand. The firm wants to win a contract and winning the contract requires pricing lower than other firms. Yet, the firm cannot set its price below a certain level. It cannot price below cost without hurting its position. In contrast, the higher the firm sets its price above its costs, the less its chance of getting the contract.

Many firms follow the dominant competitors, particularly the price leader, in setting the price. The main advantages of this method are:

It is a very simple method

It follows the main market trend

It has relevance to the competitive standing of the firm

Holding to the going price will prevent harmful price wars The major disadvantages and limitations of following competitors are:

If the competitors' price decisions are unrealistic, the follower will also be going wrong on the price

The cost factors of the follower may not be similar to that of the competitors'

The pricing objective of the firm could be different from that of the competitors'

Sometimes the competitor may initiate price change for wrong reasons

Initiating price changes

After developing their price structures and strategies, service firms may face occasions when they want to cut or raise prices. The following situations may arise:

Initiating price cuts – Reasons for a firm to cut price are excess capacity, unable to increase business through promotional efforts, service efficiency improvement, follow-the-leader pricing and to dominate the market

Initiating price increases – Reasons for a company to increase price are cost inflation or excess demand

Buyer reactions to price changes –Buyers will associate price with quality when evaluating services they have not experienced directly. They use it as a simple heuristic to judge.

Competitor reactions to price changes – Competitors are most likely to react when the number of firms involved is small, when the service is similar and when buyers are well informed.

Responding to price changes – While reacting to competitor's price changes, the issues to consider are: Why did the competitor change the price? Is it going to be temporary or permanent? Are other competitors

Vijay Institute of Management

MBA – TANCET Counseling Code 683



going to respond and what are their likely responses? Of course, the firm must consider its own position and the possible customer reactions to price changes.



Unit 3

Service Promotion – Place in service - people in service

Meaning and Definition.

Promotion is a term taken from Latin word *promovere*. It means 'move towards'. In marketing, promotion means all those tools that a marketer uses to take his product from the factory to the customer and hence it involves advertising, sales promotion, personal selling, and public relation. It is necessary to flow the information about the product from the producer to the consumer either along with the product or well in advance of the introduction of the product. This role is played by promotion.

In the words of Masson and Ruth, "Promotion consists of those activities that are designed to bring a company's goods or services to the favorable attention of customers".

Promotion is the activity of telling your market about your product.

Example – Inside Amazon Lodge, you are using a brochure to tell your customers about a tourism product in the Amazon.

Importance of Promotion:

It may be studied in the following heads:-

- 1. Importance to Business:-** Now a days, it is very necessary to communicate information regarding quality, features, price uses etc. of the product to the present and potential customers. Then only the consumers will select the product from a wide range of competing products. Most modern institutions cannot survive in the long run without performing promotion function effectively.
- 2. Economic importance:** In economic sense, it helps to generate employment opportunities to thousands of people. As a result of promotion sales will increase and it brings economies in the production process and it reduces the per unit cost of product.
- 3. Social importance:** Promotion has become an important factor in the campaign to achieve some socially oriented objectives. For eg. Ad against smoking, drinking etc. It also helpful to provide informative and educational service to the society
- 4. Importance to non business organizations:** The non business organizations like govt. agencies, religious institutions, educational institutions etc also realized the importance of promotion and they are using the various elements of promotion mix very widely

PROMOTION 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.

Firms select a mix of promotional tools to effectively communicate with their target customer group.

The different elements of this group are:

1. Advertising
2. Personal selling
3. Sales Promotion
4. Public relations and
5. Direct Marketing

FACTORS TO BE CONSIDERED WHILE SELECTING A PROMOTION MIX:

1. **Nature of the Product:-** The product may be consumer product or industrial product, convenient goods or specialty goods, simple or technical goods etc. In each case, the promotion mix element may vary.
2. **Overall marketing strategy:-** It means, whether the firm wishes to “push” the product or create “pull” for the product. Depending upon the strategy, the elements of promotion mix will vary.
3. **Buyer readiness stage:-** The choice of different elements of promotion mix is depend on the buyer’s readiness and awareness of the brand.
4. **Product life cycle stages:-** Different elements of promotion mix were used in different stages of product life cycle.
5. **Market size:-** In narrow market, direct marketing is more effective. For a market having large number of buyers the promotion tool is mainly advertising.
6. **Cost of Promotion elements:-** The cost of different tools is very important while selecting the Promotion mix.

People in Service

People as part of the marketing mix

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. Most of us can think of a situation where the personal service offered by individuals has made or tainted a tour, vacation or restaurant meal. Remember, people buy from people that they like, so the attitude, skills and appearance of all staff need to be first class. People have an

Vijay Institute of Management

MBA – TANCET Counseling Code 683



important role in service delivery, they are relied upon to deliver and maintain transactional marketing and people play an important part in the customer relationship.

It includes

- Personal selling,
- Training
- customer service

Personal Selling

There are different kinds of salesperson. There is the product delivery salesperson. His or her main task is to deliver the product, and selling is of less importance e.g. fast food, or mail. The second type is the order taker, and these may be either 'internal' or 'external.' The internal sales person would take an order by telephone, e-mail or over a counter. The external sales person would be working in the field. In both cases little selling is done.

The next sort of sales person is the missionary. Here, as with those missionaries that promote faith, the salesperson builds goodwill with customers with the longer-term aim of generating orders. Again, actually closing the sale is not of great importance at this early stage. The fourth type is the technical salesperson, e.g. a technical sales engineer. Their in-depth knowledge supports them as they advise customers on the best purchase for their needs. Finally, there are creative sellers. Creative sellers work to persuade buyers to give them an order. This is tough selling, and tends to offer the biggest incentives. The skill is identifying the needs of a customer and persuading them that they need to satisfy their previously unidentified need by giving an order.

Customer service

Many products, services and experiences are supported by customer services teams. Customer services provide expertise (e.g. on the selection of financial services), technical support (e.g. offering advice on IT and software) and coordinate the customer interface (e.g. controlling service engineers, or communicating with a salesman). The disposition and attitude of such people is vitally important to a company. The way in which a complaint is handled can mean the difference between retaining or losing a customer, or improving or ruining a company's reputation. Today, customer service can be face-to-face, over the telephone or using the Internet. People tend to buy from people that they like, and so effective customer service is vital. Customer services can add value by offering customers technical support, expertise and advice.

People deliver services in all sorts of settings. It is an important element of the services marketing mix. If you go to an organized event such as the Olympics then everything about the experience is underpinned by people. Behind-the-scenes there are project managers and chefs, maitre d' and accountants. The people deliver the service and this is the same for restaurants, hairdressers and auto mechanics.

Vijay Institute of Management

MBA – TANCET Counseling Code 683



People are the transactional interface between the company and its customers so people deliver the service and they collect money i.e. get paid on behalf the company for the service. So if you go to a restaurant the waiter will greet you, take your order and serve your food and finally he or she will take the money which completes the contractual transaction.

People underpin the customer relationship between the company and the consumer. Remember that people buy from people (as we always remind you on Marketing Teacher) and that the relationship between the person you are dealing with and yourself add much value to the transaction.

If you know you're going to eat at your favorite restaurant, it a good idea to learn the waiter's name and build a rapport. Think of other times such as when you were selling a property and an agent was a particularly reliable and polite person, or perhaps you bought a car because you trusted the salesperson and this advantage clinched the deal. Marketing today is based on Customer Relationship Management (CRM) and the relationship with people that you're dealing with at the company can recruit you as a customer, retaining you as a customer and encourage you to remain a customer in the future. This is where people underpin the long-term customer relationship.

Training

All customer facing personnel need to be trained and developed to maintain a high quality of personal service. Training should begin as soon as the individual starts working for an organization during an induction. The induction will involve the person in the organization's culture for the first time, as well as briefing him or her on day-to-day policies and procedures. At this very early stage the training needs of the individual are identified. A training and development plan is constructed for the individual who sets out personal goals that can be linked into future appraisals. In practice most training is either 'on-the-job' or 'off-the-job.' On-the-job training involves training whilst the job is being performed e.g. training of bar staff. Off-the-job training sees learning taking place at a college, training center or conference facility. Attention needs to be paid to Continuing Professional Development (CPD) where employees see their professional learning as a lifelong process of training and development.

Critical importance of service employees

Front-line employees and those supporting them from behind the scenes are critical to the success of any service organization because they are the service, they are the organization in the customer's eyes, they are the brand and they are marketers. Customers' perceptions of service quality will be impacted by the customer-centric behaviours of employees. In fact, all of the five dimensions of service quality (reliability, responsiveness, assurance, empathy and tangibles) can be influenced directly by service employees. Satisfied employees make for satisfied customers. The front-line service employees are referred to as boundary spanners because they operate at the organization's boundary. They serve a critical function in understanding, filtering and interpreting information and resources to and from the organization and its external constituencies. They also exert emotional labour that goes beyond the physical or mental skills needed to deliver quality service. Friendliness, courtesy, empathy and responsiveness directed toward

Vijay Institute of Management

MBA – TANCET Counseling Code 683



customers require huge amounts of emotional labour from the front-line employees who should this responsibility for the organization. To build a customer-oriented, service-minded workforce, a service firm must

Hire the right people

Compete for the best people in the talent market

Hire for service competencies and service inclination

Be the preferred employer

Develop people to deliver service quality

Train for technical and interactive skills

Empower employees

Promote teamwork

Provide the needed support systems and

Develop service-oriented internal processes

Provide supportive technology and equipment

Measure internal service quality

Retain the best people

Include employees in the firm's vision

Treat employees as customers

Measure and reward strong service performers

The importance of customers in service delivery

Recognition of the role of customers in service delivery is reflected in the definition of the people element of the services marketing mix. The service audience (comprising of the customer receiving the service and other customers in the service environment) contribute to the service outcome through appropriate or inappropriate, effective or ineffective, productive or unproductive behaviors. In many service contexts, customers receive the service simultaneously with other customers or must wait for their turn while others are being serviced. Either way, the presence of other customers in the service environment can affect the service delivery process or its outcome. When other customers exhibit disruptive behaviors, cause delays, overuse & crowd and complain on incompatible needs, it negatively affects the service experience.

Unit 4

Physical evidence – Marketing strategy in services

Servicescapes (Physical evidence) and their roles

Physical evidence is the environment in which the service is delivered and where the firm and the customer interact, and any tangible commodities that facilitate performance or communication of the service. Physical evidence is important for communicating about credence services. Think of the impressions a theme park may leave on its customers using brightly coloured displays, the music, the fantastic rides and the costumed characters – they all reinforce the feelings of excitement and fun.

Physical evidence is important because the services are intangible. They help to tangibilize the intangible service as customers go by tangible cues, to evaluate the service before its purchase and to assess their satisfaction with the service during and after consumption. Table 8 represents the elements and examples of physical evidence.

Elements of physical evidence

Servicescape	Other tangibles
<u>Facility exterior:</u> Exterior design Signage Parking Landscape Surrounding environment	Business cards Stationery Billing statements Reports Employee dress Uniforms Brochures Web pages Virtual servicescape
<u>Facility interior:</u> Interior design Equipment Signage Layout Air quality/temperature	

Vijay Institute of Management

MBA – TANCET Counseling Code 683



<u>Airline:</u>	<u>Airline:</u> Tickets Food Uniforms
Airline gate area Airplane exterior	Website
Airplane interior (decor)	<u>Music concert:</u> Signs
	Tickets Program
<u>Music concert:</u> Seating	
Stadium exterior	
Ticketing area Audience zones	

A classification of service firms can be arrived based on variations in form (elaborate/lean) and use (self-service, interpersonal service, remote service) of the servicescape. Some service environments are very simple, with few elements, few spaces and few pieces of equipment. Such environments are termed lean. Examples include ATM and information kiosks. Other servicescapes are very complicated, with many elements and many forms. They are termed elaborate environments. Examples include hospitals and insurance companies.

Roles of the servicescape

The servicescape plays many roles which help the service firms overcome some of the limitations brought in by the characteristics of services themselves. For example, similar to a tangible product's package, the servicescape (along with other elements of physical evidence) 'wrap' the service to create an image for what is inside'. The servicescape is the outward appearance of a service firm and thus can be critical in forming initial impressions or setting up customer expectations. For example, a coffee shop's exteriors, signage and frontage can convey a up-scale image to the customers.

A well-designed, functional facility can make the service a pleasure to experience from the customer's point of view and a pleasure to perform from the employee's. On the other hand, poor and inefficient design may frustrate both

customers and employees. For example, a coffee shop with a spacious layout, prominent and well lit interior signages will make the customers feel comfortable.

The design of the servicescape aids in the socialization of both employees and customers in the sense that it helps to convey expected role, behaviours and relationships. For example, more and more coffee shops are adopting a living room style of seating with comfortable lounge chairs and tables set to encourage interaction and staying longer.

The design of the physical facility can differentiate a firm from its competitors and appeal to the market segment the service is intended for. For examples, in coffee shops, the signage, colours used in décor and displays and type of music played appeal to the intended market segment.

Thus the servicescape plays the role of package, facilitator, socializer and differentiator.

Servicescape effect on consumer behaviour

A basic model of consumer behaviour follows the basic stimulus-organism- response theory. Servicescape as a stimulus evokes certain responses from the people (employees and customers) in its vicinity. For example, it may cause an approach (say, desire to stay) or avoidance (say, a desire not to stay) behaviour in an individual. Apart from influencing individual behaviour, the servicescape influences the nature and quality of customer and employee interactions, most directly in interpersonal services. Servicescape as a stimulus, may not only cause a particular behaviour, but also produce internal responses. Employees and customers respond to dimensions of their physical surroundings cognitively (e.g. perceptions), emotionally (e.g. excitement) and physiologically (e.g. physical comfort/discomfort). A servicescape can be thought of as a form of non-verbal communication imparting meaning through the physical elements in the servicescape. Environmental dimensions of the physical surroundings can include all of the objective physical factors that can be controlled by the firm to enhance (or constrain) employee and customer actions. These factors can be categorized into three dimensions, namely, ambient conditions (such as temperature, lighting, noise, scent and colour), spatial layout (arrangement of machinery, equipment and furnishings) and functionality (ability of the items in spatial layout to facilitate the accomplishment of customer and employee goals) and signs (as labels, for directional purposes and to communicate rules of behaviour), symbols and artifacts. Signs, symbols and artifacts are particularly important in forming first impressions and for communicating new service concepts. When customers are unfamiliar with a service firm, they will rely on the above discussed environmental cues to help them judge the place and form their expectations.

Guidelines for physical evidence strategy

Some general guidelines provided by Bitner (1993) for an effective physical evidence strategy are listed below:

Recognize the strategic impact of physical evidence – For an evidence strategy to be effective, it must be linked clearly to the firm's overall goals and vision.

Map the physical evidence of service – Everyone should be able to see the service process and the existing elements of physical evidence.

Clarify role of the servicescape – To identify opportunities and decide just who needs to be consulted in making facility design decisions.

Assess and identify physical evidence opportunities – One question to ask is, are there missed opportunities to provide service evidence?

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Be prepared to update and modernize the evidence – Some aspects of the evidence require frequent if not periodic updating and modernizing.

Work cross-functionally – Evidence decisions are made over time and by various functions within the organization.

Service blueprinting (Process)

The 7th P of service marketing mix is process. It refers to the actual procedures, mechanisms and flow of activities by which the service is delivered – the service delivery and operating systems. The service process is designed and specified using the service blueprinting tool.

To match service specifications to customer expectations, the characteristics of the critical service process must be described objectively and depicted for the employees, customers and managers alike to know what the service is, what their role in its delivery is and understand all of the steps and flows involved in the service process. Shostack (1984) describes service blueprinting as a tool that addresses the challenges of designing and specifying intangible service processes.

A service blueprint is a picture or map that accurately portrays the service system so that the different people involved in providing it can understand and deal with it objectively regardless of their roles or their individual points of view. It is 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. It provides a way to break a service down into its logical components and to depict the steps or tasks in the process, the means by which the tasks are executed and the evidence of service as the customer experiences it.

The key components of service blueprints are customer actions, front-end contact employee actions, back-end contact employee actions and support processes. The customer actions encompass the steps, choices, activities and interactions that the customer performs in the process of purchasing, consuming and evaluating the service. The front-end contact employee actions are visible to the customer whereas the back-end contact employee actions are invisible. The support processes cover the internal services, steps and interactions that take place to support the contact employees in delivering the service. A line of interaction is drawn to represent direct interactions between the customer and the organization. A line of visibility separates all service activities that are visible to the customer from those that are not visible. A line of internal interaction separates contact employee activities from those of other service support activities and people.

One of the most significant differences in service blueprints compared with other types of process flow diagrams is the inclusion of customers and their views of the service process.

Building a blueprint

Through the process of developing the blueprint, many intermediate goals can be achieved: clarification of the concept, development of a shared service vision, recognition of complexities and intricacies of the

Vijay Institute of Management

MBA – TANCET Counseling Code 683



service that are not initially apparent and delineation of roles and responsibilities. The following are the steps in building a service blueprint:

Identify the process to be blueprinted

Identify the customer or customer segment

Map the process from the customer's point of view

Map contact employee actions, front-end and back-end and/or technology actions

Link contact activities to needed support functions

Add evidence of service at each customer action step

When people begin to develop a blueprint, it quickly becomes apparent what is actually known about the service. Sometimes the shared knowledge is very little. Biases and prejudices are made explicit, and agreements and compromises must be reached. The process itself promotes cross-functional integration and understanding.

How to market a service in business?

When you run a service-based business, selling the service requires a different approach. Instead of marketing product features, you have to market yourself and your team's ability to get the job done.

1. Reel In Customers With Incentives

Depending on the size of your community, there could be many other options for services just like yours. So how do you attract new customers? Everyone wants a deal, and special promotions are a great way to satisfy that want. While a successful promotion might cut into your profits, it could also bring new customers through your doors. Just remember to strike a balance between your pricing needs and your customer's perception of a good deal. Marriage-mailproviders such as Valpak allow you to pick households by zip code and send your coupons through the mail, whereas companies like Boostability provide similar online marketing services for brands looking to tap into their local markets.

2. Stay in Touch

It might seem obvious, but you should make efforts to keep in touch with your loyal clientele. While we can't recommend a "one-size-fits-all" protocol of how often to call, email or place coupons in the mail, ask yourself, "At which point do I become annoyed by businesses that contact me?" The answer should determine how often communications should be sent by your business. Customers like to be remembered, but they don't want to be annoyed. Good service is worth talking about, and courteous customer service can build a great word-of-mouth following.

3. Make Use of Social Networking

In addition to creating a website for your business, consider creating business pages and profiles on Facebook, LinkedIn, Twitter and any other social networks you find suitable. Once your pages are all set up, make sure you stay on top of them by responding to customer inquiries and posting valuable and relevant updates. This will help you build a following. And even if the immediate recipient of your social media marketing isn't buying what you're selling, he or she can still easily share your offer with someone they know.

4. Stock Up on Business Cards

Business cards are still valuable. They can be an extremely fruitful means of marketing for small businesses. You can network with other local businesses and ask if you can leave a stack of cards in their lobbies, or you can simply pass them out to other business owners at networking events. Business cards are handy and can be passed from customer to customer in a way that's similar to word-of-mouth advertising. As of this article's publication date, Vistaprint and GotPrintboth offer 500 business cards for under \$10.

5. Connect With the Community

Be kind to your neighbors, and don't approach your community with the outdated "competitive advantage" business model. Other established local businesses have their own clientele. So if you treat these businesses with respect, and since they may be only able to handle a certain amount of clientele, they may just refer some clients to your services. A promising way to connect with your community is to be involved in the local Rotary Club or Chamber of Commerce. These assemblies can connect you with other businesses that embrace cooperative interaction.

6. Get in the News

Being featured in the news is one of the best ways to garner free advertising for your company. Sometimes, depending on the size of your community, simply putting up a new sign is enough to get you in the news. If not, you may need to do something more newsworthy, such as donating to a charity or holding a community event. If you decide to do this, it's imperative that you are sincere with your donation and believe in your cause; if not, potential customers will question your motivation and may decide not to do business with you. If you do donate to a charity, pick the right one, and consider teaming up with another local business to coordinate a charitable event. Leveraging the right kind of charities in the right ways can help your business while also helping a cause.

7. Compete Based on Value, Not Price

Competitive markets typically see contenders engaging in price wars. However, savvy service businesses know that lowering rates is a waste, since customers usually opt for the provider that offers the most value for the price. As such, to achieve optimum value, consider a bundling strategy. An example of an industry that relies on bundling is fast food, which incorporates popular items into less-expensive meal combinations while still maintaining profits. In service businesses, since inventory costs are usually not your primary concern, you can bundle additional services and drastically enhance your offer.

These are just a few simple ways to get your marketing off the ground. Ultimately, the success of your marketing campaigns will be dictated by the quality of your offerings and your ability to communicate that quality to your target market. Not all marketing techniques will work with every target market, so test your methods until you find an effective strategy, and go big on that strategy until something even better comes along.

Differentiating Your Service

Service marketers sometimes complain about the difficulty in differentiating their services. For example, a dentist office might wonder how it can differentiate itself from other dentists. It might be tempting to compete on price, but this often ends up hurting business more than helping because competitors will cut prices to match. An alternative to competing on price, is to develop a differentiated offer, delivery, image and/or quality.

- **Offer:** The offer can include innovative features. What customers expect is called the primary service package, and to this, you can add a secondary service feature. A coffee shop might offer free internet access and comfortable couches as secondary services.
- **Delivery:** A service company can hire and train better people to deliver its service, a more attractive physical environment or design a quicker delivery process.
- **Image:** Service companies can also differentiate their image through symbols and branding. If your company is reputable and provides a valued service, use a good logo and symbols to help customers associate high quality to your services.
- **Service Quality:** You can win over the competition by delivering consistently higher-quality services and exceeding customer expectations. These expectations are formed by their past experiences, word of mouth, and the messages you deliver through advertising. If you don't meet or exceed customer expectations, your customers will lose interest in your services.

Unit 5

Managing Service Quality- Marketing of Services-Bank Marketing Tourism Marketing-

-Hospital Marketing- Airline Marketing

Managing Service Quality

One of the major ways a service firm can differentiate it is by delivering consistently higher quality than its competitors do. Like manufacturers before them, many service industries have now joined the total quality movement. Many companies are finding that outstanding service quality can give them a potent competitive advantage that leads to superior sales and profit performance. Some firms have become almost legendary for their high-quality service.

The key is to exceed the customers' service-quality expectations. As the chief executive at American Express puts it, Promise only what you can deliver and deliver more than you promise!! These expectations are based on past experiences, word of mouth, and service firm advertising. If perceived service of a given firm exceeds expected service, customers are apt to use the provider again. Customer retention is perhaps the best measure of quality-a service firm's ability to hang onto its customers depends on how consistently it delivers value to them. Thus, whereas the manufacturer's quality goal might be zero defects, the service providers goal is zero customer defections.

The service provider needs to identify the expectations of target customers concerning service quality. Unfortunately, service quality is harder to define and judge than product quality. It is harder to get agreement on the quality of a haircut than on the quality of a hair dryer, for instance. Moreover, although greater service quality results in greater customer satisfaction, it also results in higher costs. Still,

Vijay Institute of Management

MBA – TANCET Counseling Code 683



investments in service usually pay off through increased customer retention and sales. Whatever the level of service provided, it is important that the service provider clearly defines and communicates that level so that its employees know what they must deliver and customers know what they will get.

Many service companies have invested heavily to develop streamlined and efficient service-delivery systems.

They want to ensure that customers will receive consistently high-quality service in every service encounter. Unlike product manufacturers who can adjust their machinery and inputs until everything is perfect, however, service quality always will vary, depending on the interactions between employees and customers. Problems inevitably will occur. As hard as they try, even the best companies will have an occasional late delivery, burned steak, or grumpy employee. However, although a company cannot always prevent service problems, it can learn to recover from them. A good service recovery can turn angry customers into loyal ones. In fact, good recovery can win more customer purchasing and loyalty than if things had gone well in the first place. Therefore, companies should take steps not only to provide good service every time, but also to recover from service mistakes when they do occur.

The first step is to empower frontline service employees-to give them the authority, responsibility, and incentives they need to recognize, care about, and tend to customer needs. For example, Marriott has put some 70,000 employees through empowerment training, which encourages them to go beyond their normal jobs to solve customer problems. Such empowered employees can act quickly and effectively to keep service problems from resulting in lost customers. The Marriott Desert Springs revised the job description for its customer-contact employees. The major goal of these positions now is to ensure that our guests experience excellent service and hospitality while staying at our resort. Well-trained employees are given the authority to do whatever it takes, on the spot, to keep guests happy. They are also expected

Vijay Institute of Management

MBA – TANCET Counseling Code 683



to help management ferret out the cause of guests problems, and to inform managers of ways to improve overall hotel service and guests comfort.

Studies of well-managed service companies show that they share a number of common virtues regarding service quality. First, top service companies are customer obsessed. They have a distinctive strategy for satisfying customer needs that wins enduring customer loyalty.

Second, well-managed service companies have a history of top management commitment to quality. Management at companies such as Marriott, Disney, Delta, Federal Express, and McDonald's looks not only at financial performance but also at service performance. Third, the best service providers set high service quality standards. Swissair, for example, aims to have 96 percent or more of its passengers rate its service as good or superior; otherwise, it takes action. Citibank aims to answer phone calls within ten seconds and customer letters within two days. The standards must be set appropriately high. A 98 percent accuracy standard may sound good, but using this standard, 64,000 Federal Express packages would be lost each day, 10 words would be misspelled on each page, 400,000 prescriptions would be misfiled daily, and drinking water would be unsafe eight days a year. Top service companies do not settle merely for —good service, they aim for 100 percent defect-free service.

Fourth, the top service firms watch service performance closely—both their own and that of competitors. They use methods such as comparison-shopping, customer surveys, and suggestion and complaint forms. For example, General Electric sends out 700,000 response cards each year to households who rate their service people's performance. Citibank takes regular measures of —ART—accuracy, responsiveness, and timeliness—and sends out employees who act as customers to check on service quality.

Good service companies also communicate their concerns about service quality to employees and provide performance feedback. At Federal Express, quality measurements are everywhere. When employees walk

in the door in the morning, they see the previous week's on-time percentages. Then, the company's in-house television station gives them detailed breakdowns of what happened yesterday and any potential problems for the day ahead.

Managing Productivity

With their costs rising rapidly, service firms are under great pressure to increase service productivity. They can do so in several ways. The service providers can train current employees better, or they can hire new ones who will work harder or more skillfully for the same pay. Or the service providers can increase the quantity of their service by giving up some quality. Doctors who work for health maintenance organizations (HMOs) have moved toward handling more patients and giving less time to each. The provider can industrialize the service by adding equipment and standardizing production, as in McDonald's assembly line approach to fast-food retailing. Commercial dishwashing, jumbo jets, and multiple-unit movie theaters all represent technological expansions of service.

Service providers also can increase productivity by designing more effective services. How-to-quit-smoking clinics and exercise recommendations may reduce the need for expensive medical services later on. Hiring paralegal workers reduces the need for expensive legal professionals. Providers also can give customers incentives to substitute company labor with their own labor. For example, business firms that sort their own mail before delivering it to the post office pay lower postal rates.

However, companies must avoid pushing productivity so hard that doing so reduces perceived quality. Some productivity steps help standardizes quality, increasing customer satisfaction. But other productivity steps lead to too much standardization and can rob consumers of customized service. Attempts to industrialize a service or to cut costs can make a service company more efficient in the short

Vijay Institute of Management

MBA – TANCET Counseling Code 683



run but reduce its longer-run ability to innovate, maintain service quality, or respond to consumer needs and desires. In some cases, service providers accept reduced productivity in order to create more service differentiation or quality.

TYPE OF SERVICE OPERATIONS-PARTIAL LIST

Transportation services

- Railway
- Airlines
- Local passenger transportation
- Inter-state passenger transportation
- Road transportation
- Helicopter service
- Private aircraft services
- Water transportation

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Public utilities services

- Water supply services
- Electric supply
- Gas supply

Communication services

- Telephone
- Postal and Courier
- Radio and TV broadcasting
- Telecommunication
- Tele-conferencing
- Satellite

Trading services

- Wholesaling and Retailing

Financial and Insurance services

- Banking
- Leasing
- Security and brokerage
- Investment banking
- Retail banking
- Insurance
- Credit reporting

Real estate services

- Renting

- Investment consultants
- Property consultants
- Building and real estate management

Marketing related services

- Marketing consultancy
- Advertising
- Tele-marketing
- Sales promotion
- New product development
- New product testing
- Market research

Government provided services

- Infrastructure
- Defense
- Police
- Transport
- Broadcasting
- Education
- Medical and others

Engineering services

- Equipment inspection
- Designing

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- Construction design
- Architectural
- Facility planning
- Technical research
- ERP

Entertainment services

- Motion pictures
- Video parlours
- Game parlours
- Theme parks
- Party
- Event management
- Discos
- Bowl parks
- Clubs

Business and professional services

- Records management
- Management consultancy
- Legal
- Accounting
- Meeting facilities

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- Office management

Hospitality services

- Hotels & restaurants
- Catering
- Home delivery

Others services

- Janitorial
- Security
- Public relations
- Land scaping / Lawn care
- Printing
- Data processing
- Speech writing
- Professional speaking
- Educational
- Training
- Travel related
- Courier
- Health and hospital
- Equipment rental
- Interior designing
- Laundry and cleaning

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- Computer programming
- Personal grooming
- Fax
- Old age homes
- Ware housing
- Window dressing
- Repair and maintenance
- Home-help

The banking industry is undergoing a revolution caused by deregulation. The causes for bank marketing can be seen as:

- Rising customer needs and expectations due to improvements in general standard of living
- Entry of foreign and private sector banks in India
- Economic liberalization of Indian economy.
- Phenomenal growth of competition due to economic liberalization.
- Rise in the Indian middle class with considerable resources.
- Government intervention in protecting the interest of consumers.

Thus the significance of bank marketing in Indian banking system is undeniable.

Bank marketing is not just advertising and promotion campaign but a managerial process by which services are matched with markets. This indicates evolving a suitable marketing strategy, which suits the needs of the customer. The major step in this direction is to blend the marketing variables-product, price, place, promotion, people, process and physical evidence, to satisfy the requirements of the customer.

BBA – SERVICE MARKETING - Phone: 852 6396 369, 852 6396 469, 852 6396 569 42

Bank marketing

“Bank marketing is the aggregate of functions, directed at providing services to satisfy customers’ financial needs and wants, more effectively and efficiently than the competitors keeping in view the organizational objectives of the bank”.

- ⊙ Bank marketing deals with providing services to satisfy financial needs and wants of the customers.
- ⊙ Marketing helps in achieving the organizational objectives of the bank. Indian banks have dual organizational objectives - Commercial objectives – to make profit and social objectives – developmental role particularly in rural.

Marketing concept is essential in banking because,

- ⊙ Bank cannot exist without customers.
- ⊙ Purpose is to create, win and keep the customers.
- ⊙ Services should be performed and delivered in effective way.
- ⊙ To attain total customer satisfaction

First and most important marketing concept in bank marketing is to have a **whole hearted commitment** to customer orientation by all the employees.

- Marketing function is to be integrated with operation.
- Separate marketing department may widen the gap between marketing and operations.
- Marketing is much more than just advertising and promotion.

Marketing function involves:

1. **Market research:**

- ⊙ Identification of customers financial needs and wants.
- ⊙ Forecasting and researching future financial market
- ⊙ Analyzing competitors’ activities

2. **Product development**

- ⊙ Appropriate products to meet consumers’ financial needs.

3. **Pricing of the service:**

BBA – SERVICE MARKETING - Phone: 852 6396 369, 852 6396 469, 852 6396 569

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- ⦿ Promotional activities and distribution system in accordance with the rules of RBI.

4. Developing market orientation:

- ⦿ Marketing culture- among all the customer consciousness ‘personnel’ of the bank through training.

Market research

- Marketing begins with the information about the market in which the bank operates. With that information new services can be developed and existing services can be improved. Better more effective promotion programmes can be designed.
- Market research serves as a communication channel between the market and the bank.
- The most important reason for undertaking market research is to improve the quality of managerial decision making.
- Main problem in marketing is
 - Discovering what needs the customers have
 - Determining how the banks can meet the needs.

Market research in Indian banks

Areas for market research

1. New service development
2. Research on existing financial services
3. Bank image study
4. Measuring advertising effectiveness.
5. Market research of competitive service products.
6. Customer opinion study
7. Customer profile study
8. Market share analysis

Information regarding bank wise market research studies

- Allahabad bank – survey on customer service
- Canara bank – marketing research study for two new deposit schemes.
- Indian overseas bank – potential areas for future business expansion
- Punjab National Bank – sample survey on customers’ response

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- ❑ Syndicate bank – evaluation study on the quality of customer service
- ❑ UCO bank – customers opinion study
- ⊙ Most important subject for market research is **the customer service/customer profile and opinion studies.**

ICICI

The way ICICI Bank has promoted itself to become a leader in consumer perception has few parallels in the Indian service industry, especially when you consider the fact that it was earlier a staid development bank in the unglamorous business of project financing, and significantly owned by the government. At least in the public perception, it was a typical government bank, until it literally changed its colours to an attractive orange-red. Along with a spanking new logo, and aggressive marketing which included print, television, and personal selling through mailers and telemarketing, the ICICI Bank almost blanketed the landscape and the consumer's mind space in the years 2000-02, to emerge as a leading player in the retail banking industry.

From an NBFC to a Bank: Kotak Mahindra's Strategic Shift

Kotak Mahindra, which has started as an NBFC (non-banking financial services company) and has now become a bank. A major paradigm shift is taking place in the way corporate finance is structured. Traditionally, banks in India

approached corporate and said "here is our bag of money". I don't think that is sustainable any longer. You have to go to the supply chain and look for gaps.

If you take the automobile sector, for instance, we are end-to-end providers. We have done car financing at one end of the retail chain. Now we are going to the other end, financing the ancillary units and suppliers. We do about Rs.2,000 crore of car financing a year. At any point of time, we have about Rs 300 crore of dealer finance. We do about Rs.1,000 crore of commercial vehicle financing. We are targeting another Rs. 500 crore at the auto ancillary unit level. The total churn or the transaction volumes in the auto sector would be in excess of Rs. 5,000 crore a year.

We are number three in auto financing, behind ICICI and HDFC Bank. As a vertical, it is a large part of our balance sheet.

If you are in end-to-end financing, we can compensate the reductions, if any, in fee income. But the auto sector is growing at 30 per cent. we are trying to replicate the auto financing model in other sectors-in FMCG, pharmaceuticals, tractors, etc.

Don't look at the profits of Kotak Primus in the normal way. That is because there is a very large royalty that Kotak Primus pays the bank, under our agreement with Ford. If you look at Kotak Primus's operating profits (before the royalty payments), it is quite good. Spreads have been under

Vijay Institute of Management

MBA – TANCET Counseling Code 683



pressure. But even today, I can get a customer for car finance at 15 per cent and 7 per cent. It depends on the risk profile that you want to take on.

This is true to some extent. As you go deeper, you get higher returns, but you also run higher risks. We cover the top 60 to 70 cities now. Primarily, we'll stay there. But as a bank, we do have the obligation to go to rural areas and we will do that.

We see the conversion as conferring a longer term advantage. We did not have access to call money earlier. No

doubt there is a branch cost, but that is met not only by deposits but also by investment products. We see this as a stronger model.

If you have Rs 100, you'll put Rs 80 in various products but leave around Rs 20 in the SB account. We need to capture that and make it grow bigger. There is a fundamental change happening, globally.

Most banks have been focusing on the stock of money. Now it is moving to the flow. Money is becoming more mobile. If you look at the nationalised banks, it is all focused on the stock.

The trick to get stable money for us, is to be in the middle of the flow. As we do have more of investment products, and keep on the churn, some part of the flow will keep on getting left behind and the residue will gradually grow. Other banks, which are focused on the stock, may not be able to hold on to it.

INSURANCE MARKETING

The term insurance marketing refers to the marketing of insurance services with the motto of customer-orientation and profit-generation. A fair blending of profit-generation and customer-satisfaction makes the ways for development and expansion. The insurance marketing focuses on the formulation of an ideal mix for the insurance business so that the insurance organisations survive and thrive in a right perspective. The quality of services can be improved by formulating a fair mix of the core and peripheral services. The persuasion process can be speeded up with the support of creative promotional measures. The premium and bonus decisions can be made motivational, the gap between the services-promised and services-offered can be bridged over, the quality and value based personnel can make possible performance-orientation and these developments can make the insurance organisations stronger enough to face the challenges and threats in the markets. It is meant managerial proficiency, which makes an assault on unethical and unfair practices by regulating profiteering. The organisations thus are found successful

Vijay Institute of Management

MBA – TANCET Counseling Code 683



in increasing the market share, maximizing the profitability and keeping on the process of development. In the

Indian perspective where rural-orientation needs a prime attention, the insurance marketing may prove to be a device for combating regional imbalance by maintaining the sectoral balance. As an investment institution, the rural development oriented projects make ways for the transformation of rural society.

The selection of risks (product planning), Policy writing (customer Service) rating or actuarial (pricing) and agency management (distribution)-all marketing activities make up an integrated marketing strategy. We can't neglect that during the yester decades, there have been considerable developments in the perception of customer servicing firms like banking and insurance companies. Particularly in the developing countries like ours, the organizational objectives advocate spreading of insurance services much more widely and in particular to the rural areas and especially to the economically backward classes with a view to reaching all insurable persons. This naturally necessitates an integral marketing strategy. In other words, market-orientation in place of sales orientation is need of the hour. Hence the marketing concept in the insurance business focuses on the formulation of marketing mix or a control over the whole group of marketing activities that make up an integrated marketing strategy.

INSURANCE MARKETING IN INDIA

The Insurance sector plays a vital role in the economic development of our nation. It acts as a mobilizer of savings, financial intermediary, promoter of investment activities, stabilizer of financial markets and a risk manager. India is still an under-insured country in the world. It is at the 18th position among life insurance markets and 28th in non-life Insurance markets in the world. This indicates that there is a huge potential, yet to be explored.

TABLE 1

Market share (%) – August 2005					
LIFE INSURERS			NON – LIFE INSURERS		
1.	LIC	76.07	1.	New India	21.41

Vijay Institute of Management

MBA – TANCET Counseling Code 683



2.	ICICI Prudential	6.91	2.	National	17.11
3.	Bajaj Allianz	4.75	3.	United Inida	17.11
4.	HDFC Standard	2.98	4.	Oriental	17.02
5.	Brila Sunlite	1.72	5.	ICICI-Lombard	8.04
6.	Tata AIG	1.66	6.	Bajaj Allianz	6.15
7.	SBI Life	1.46	7.	IFFCO-Tokio	4.00
8.	Max New York	1.28	8.	Tata-AIG	2.89
9.	Aviva	1.08	9.	ECGC	2.50
10.	Kotak Mahindra Old Mutual	0.71	10.	Royal Sundaram	2.17
11.	ING Vysya	0.54	11.	Cholamandalam	1.22
12.	AMP Sanmar	0.46	12.	HDFC-Chubb	0.89
13.	Met Life	0.37	13.	Reliance General	0.75
14.	Sahara Life	0.03	14.	Agriculture Insurance Co.	-
PRIVATE TOTAL		23.93	PRIVATE TOTAL		26.10
PUBLIC TOTAL		76.07	PUBLIC TOTAL		73.90
GRAND TOTAL		100.00			100.00

Source: WWW. Irdaindia.org

Vijay Institute of Management

MBA – TANCET Counseling Code 683



In August 2005, the private players in the life insurance business have increased their market share to 23.93 per cent. Among them ICICI prudential is ranked first in capturing the market followed by Bajaj Allianz and HDFC Standard.

In the General Insurance sector the private players have captured 26.10 per cent. Among them ICICI-Lombard is ranked first, followed by Bajaj Allianz and IFFCO- Tokio.

The healthy competition in the sector enabled the state owned insurers of our mother country to reduce its market share to 76.07 per cent and 73.90 per cent in life and non-life business respectively. Moreover, private insurers have planned to increase their market share in the next five years. The public insurers have to enrich its approach to with held its share.

Insurance is a unique service industry. They key industry drivers are related to life style issues in terms of perceiving insurance as a saving instrument rather than for risk cover, need based selling, quality of service and customers awareness.

TOURISM MARKETING

In tourism marketing the destination is marketed. When the destination is sold it is called as tourism marketing.

- ⊙ A destination may be visited because of its
 - Natural landscape or resource
 - Historical monument
 - Religious significance or
 - Shopping
 - Tourism plays a vital role in **economic development**.
 - Tourism is one of the largest **foreign exchange** earning industries in India.

In this context, the **role of marketing** takes greater significance for tourism promotion

Tourism Marketing: the Madhya Pradesh Experience

- Madhya Pradesh is the India's largest state which had nothing glamorous as Taj Mahal
- There is a disadvantage of size – 4.4 lakh sq kms.
- No multiple cultural identities

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- The two tasks were to develop and promote tourism in the state and to maintain and strengthen the existing tourist infrastructure.
- It was the mental distance in the perception of the tourist.

Low awareness

Research amongst potential tourists was carried out which brought to light the following distinct problems:

- MP was not actively considered as a tourist destination.
- Most tourist segments lacked knowledge about the state and therefore showed no interest to visit it.
- There was low awareness of the infrastructural facilities
- The image of the state in the tourists' mind was not very high
- Total ignorance about the State prevented people from even trying to find out more about it.
- There were also tourists who felt that MP was not the place to be seen.
- In MP, which is basically a hot and dry state, the peak tourist season is during the winter months.
- As there are only odd destinations like Khajuraho, foreign tourists are rarely seen.

Phased Strategy

Phase I

- The basic aim was to convince potential tourists to consider MP as a destination.
- Tourists expect to see the environment, the ambience, and the enjoyment that constitutes the total experience.
- So it was decided that Madhya Pradesh State Tourism Development Corporation would sell not a place, but an enjoyable experience.
- Advertisements were released in colour supplements of dailies in Delhi, Mumbai, Calcutta and Gujarat.
- The media budget was 26 lakhs
- Details about package tours were also included.

Phase II

- This phase included informing and educating potential tourists about the various destinations in Madhya Pradesh.
- Spot-the –Dot contest was announced in major dailies at the end of 1990 in Mumbai, Delhi and Gujarat.
- Prizes were announce upto Rs.25,000.

Phase III

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- The aim was to motivate tourists to visit specific destinations.
- Specific destinations were identified to ensure representation of different kinds of experiences.
- Separate advertisements were created for each destination.

Package tours

- Along with the promotional campaigns, package tours were used as an integral marketing and selling tool designed to offer maximum value and variety to the tourist.

Like consumer products, tourism has also assumed huge proportions, resulting in a multiplicity of products and sales intermediaries trying to get maximum share in the market. Today, tourism is the fastest growing industry in the world and also one of the most competitive sector. This competition is constantly growing as more and more destinations seek to attract tourists and more companies and organizations become involved in highly skilled business of destination planning, transportation, accommodation and catering for the tourists. Travel and tourism needs to be marketed more vigorously than other products as it is an industry in which the customer has immense variety of choice and also varied motivations for travel.

Marketing for tourism

As long as the inherent sense of curiosity and adventure dwells in the hearts of human beings, the desire to travel, in order to see new sights and experience new things and to live under different environments, will always grow. Hence marketing in the tourism industry is greatly simplified, as part of the process has already been completed by the desire for travel in people.

Tourism is a very complex industry because of its multi-faceted activities which together produce the 'tourist product'. It is also complex because of various subsectors that are in themselves complex industries, if considered independently. Its complexity lies in the tourism promotion in its various forms directed at large number of people in various lands of different socio-economic structures, having different needs, expectations and behaviour patterns. Tourism marketing can be defined as the systematic and coordinated efforts exerted by the National Tourist Organisations and the tourist enterprises at international, national and local levels to optimize the satisfaction of tourists, groups and individuals, in view of the sustained tourism growth.

Marketing in tourism is concerned with the needs of identifiable consumer groups. Marketing involves much more, including product/service development, place(location and distribution), and pricing. It requires information about people, especially those interested in what you have to offer (your "market"), such as what they like, where they buy and how much they spend. Its role is to match the right product or service with the right market or audience.

Modern marketing is heavily based on the "marketing concept" which holds that businesses and organizations should:

- (1) design their products/services to meet customer needs and wants;
- (2) focus on those people most likely to buy their product rather than the entire mass market; and
- (3) develop marketing efforts that fit into their overall business objectives.

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Marketing For Services

The important characteristics of marketing for services are:

- Intangibility
- Inseparability
- Heterogeneity
- Perishability
- Ownership

We need to examine the quality of tourism services in terms of these factors.

Marketing Mix In Services Marketing

For marketing products, the four elements of marketing mix are product, price, distribution and production. In the case of services, there are three additional elements which are people, physical evidence and process

Product

Marketing in general emphasises on customer orientation and customer satisfaction. The concept of customer orientation makes it necessary to understand the components of the tourist product from the point of view of the consumer. The product of the tourist covers the complete experience from the time he leaves home to the time he returns. A product may be defined as the sum of the physical and psychological satisfaction it provides to the buyer. In the case of tourism product, the basic raw materials would be the country's natural beauty, climate, history, culture and the people. Other aspects would be the existing facilities necessary for comfortable living such as water supply, electricity, roads, transport, communication and other essentials.

Tourist product, in other words can be seen as a composite product, as the sum total of a country's tourist attractions, transport, accommodation and entertainment which hopefully result in consumer satisfaction. A number of tourist destinations have placed at the disposal of the tourist a large variety of tourist products in abundant quantity from a large number of competing destinations. This has led to the new concept i.e., the marketing concept in tourism.

Kerala, God's own country, is blessed with natural resources and has to its kitty almost all the tourism products like ayurveda, backwaters, beaches, hillstations, pilgrim centres, eco-tourist centres etc. Further, Kerala has introduced new products in the form of responsible tourism, spice tourism etc.

Tamil Nadu known as land of temples is rich in its heritage monuments and pilgrimage centres. Further it has to its credit famous hillstations like Ooty and Kodaikkanal. Tamil Nadu is rich in beaches, pilgrimage centres, festivals etc.

Features of Tourism Marketing

Since the nature of the service marketed being highly intangible and perishable a limited scope can be seen for creating and maintaining the distinctive competitive edge. Effective marketing of tourism needs

Vijay Institute of Management

MBA – TANCET Counseling Code 683



constant gearing up of infrastructure to international standards and presupposes its co-ordination with the tourism suppliers.

- Tourism is an intangible product. In tourism, certain facilities are made available for a specific time and for a specific use.
- There is close link between production and consumption of tourist services. Since consumption once begun cannot be stopped, the risk for the customer is high and his need for reliable pre-purchase information is strong.
- The tourist product cannot be provided by a single enterprise. Each of the components of a tourist product is highly specialised and together make the final product.

The main marketing functions in tourism sector include:

1. market research
2. product formulation and development
3. analysis and selection of target markets
4. distribution networks
5. product promotion

Tourist product can be analyzed in terms of attractions, facilities and accessibility. Attractions are those elements in the tourist product which determine the choice of a particular tourist to visit one particular destination rather than another. Attractions could be in the form of areas of archaeological interest, historical buildings, scenic beauty, events etc. Facilities are those elements in the tourist product which are a necessary aid to the tourist centre. It complements the attractions which include accommodation, various types of entertainments, picnic sites, recreation and so on. Accessibility is a means by which a tourist can reach the area where attractions are located.

Market Segmentation in tourism

Market segmentation is the first step in the development of a total marketing strategy of a firm or an enterprise. It helps in converting as many potential tourists into actual ones. Marketing strategy thus developed would now attempt to penetrate and persuade the target markets through a variety of tools mainly promotion and advertising.

The strategy of market segmentation in tourism recognizes that a few vacation areas are universally accepted and desired. The best marketing strategy is to isolate those segments of the entire market which are likely prospects and aim at the promotional efforts specifically to the needs of selected groups. One of the early steps in marketing tourism is to divide the present and potential market on the basis of meaningful characteristics and then concentrate on promotion, supply and pricing efforts on serving the target markets.

The segmentation of tourist is usually on the following basis:

Vacation tourist: They are the most common tourist. They are easily affected by the changes in price and influenced by aggressive marketing effort.

Business tourist: Market for these types of tourists have increased considerably. These types of tourists give least preference for price and marketing. They give more importance for exhibitions, fairs, conferences, etc.

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Common interest tourist: It comprises people who make visits to their relatives, friends, for education and pilgrimage purposes. They are also not influenced by price and promotion. The visits made are not frequent and the stay is comparatively for a short period.

Marketing mix in tourism is largely a complex group of several factors intervening to achieve the marketing 'end product' which is increased effectiveness in demand output in relation to supply and marketing investment by tourist enterprises. A tourist enterprise with a combination of specific activities can decide which specific activity to use, how it is to be used, when and where to use and what resources are to be allocated to them. The different elements in the mix may be seen as coordinating or replacing each other as complements or substitutes.

Pricing

One characteristic of services that creates a problem in price determination is the high content of the intangible component. The higher the intangibility, the more difficult it is to calculate cost and the greater tendency towards non-uniform services.

Another feature is that prices are subject to regulation either by the Government or by trade associations. For example, international air fares are regulated by international agreement of airlines.

The two methods a service organization may use to determine prices are cost based pricing and market – oriented pricing. In the former, price may be regulated by the government or industry association on the basis of cost incurred by the most efficient unit. The market oriented pricing may be a result of competition or customer oriented pricing. In the case of competition oriented pricing prices are fixed at the level which the competitor is charging or fixed lower to increase the market share. Customer oriented pricing varies according to the customer's ability to pay.

Promotion

While designing the promotion strategy for services, it should be kept in mind that the customer relies more on subjective impressions rather than concrete evidence. The customer is likely to judge the quality of service on the basis of the performer rather than the actual service. The customer finds it difficult to evaluate its quality and value as it is difficult to sample the service before paying for it. But the methods used for promotion of services like advertising, personal selling, publicity and sales promotion are the same used in the promotion of products.

Tourism as a product

As a service industry, tourism comprises of several allied activities which together produce the tourist product. In the tourism product development, there are three major sub-industries. They are:

- (a) Tour operators and travel agents
- (b) accommodation sector
- (c) passenger transportation

According to international estimates, a tourist spends 35% of his total expenditure on transportation, about 40% on food and lodging and the balance 25% on entertainment and shopping.

Since tourism is primarily a service based industry, the principal products provided by recreation/tourism (R/T) businesses are recreational experiences and hospitality. These are intangible products and more difficult to market than tangible products. The intangible nature of services makes quality control difficult but crucial. It also makes it more difficult for potential customers to evaluate and compare service offerings. In addition, instead of moving the product to the customer, the customer must travel to the

Vijay Institute of Management

MBA – TANCET Counseling Code 683



product (area/community). Travel is a significant portion of the time and money spent in association with recreational and tourism experiences and is a major factor in people's decisions on whether or not to visit your business or community. Tourism has many components comprising the overall "travel experience." Along with transportation, it includes such things as accommodations, food and beverage services, shops, entertainment, aesthetics and special events. It is rare for one business to provide the variety of activities or facilities tourists need or desire. This adds to the difficulty of maintaining and controlling the quality of the experience. To overcome this hurdle, tourism related businesses, agencies, and organizations need to work together to package and promote tourism opportunities in their areas and align their efforts to assure consistency in product quality.

The Marketing Plan

One of the most important steps a business or community can take to improve the effectiveness and efficiency of their marketing efforts is to develop a written marketing plan. This plan will guide their marketing decisions and assist them in allocating marketing resources such as money and personnel time.

The plan

should include:

- (1) the overall business objectives--what you want to accomplish;
- (2) an assessment of the market environment--what factors may affect your marketing efforts;
- (3) a business/community profile--what resources are available,
- (4) market identification (segmentation)--the specific groups or clientele most interested in your product;
- (5) the marketing objectives for each segment;
- (6) the marketing strategies (or mixes) for different markets you target—the best combination of the 4 Ps (product, price, place, promotion) for each segment; and
- (7) a method for evaluation and change.

Overall Business Objectives

Businesses, agencies, and communities should develop overall objectives and regularly monitor their progress. The objectives should provide guidance for all decisions including finance, personnel and marketing. They should be quantitative and measurable statements of what the business or community wants to accomplish over a specified period of time. Business objectives are often stated in terms of sales, profits, market shares and/or occupancy rates. Communities frequently establish objectives relating to such things as increasing the number of tourists, developing or changing their image, facility and activity development, cooperation among tourism related businesses and increasing length of stay and local expenditures. It is important that the objectives be reasonable given the market conditions and the firm's or organization's resources. Establish a few reasonable objectives instead of a long, unrealistic "wish list." This is especially true for new businesses or communities which do not have much experience in tourism development and/or marketing.

Market Environment Analysis

The next step in developing a marketing plan is to assess the impact of environmental factors (such as economic, social and political) on present and future markets. Changes in these factors can create marketing opportunities as well as problems.

Demographic and Lifestyle Trends

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Changing demographics and lifestyles are having a major impact on R/T participation. An assessment of these trends is important to understand how they are likely to affect the business or community.

Some of the important trends that bear watching:

- (1) population growth and movement;
 - (2) rural community growth compared to metropolitan areas;
 - (3) number of adult women employed outside the home;
 - (4) the number of households is growing, especially non family and single parent households, but family size is decreasing;
 - (5) the impact of two wage earner households on real family income;
 - (6) the number of retired persons with the financial ability to travel;
 - (7) better health to the older age; and
 - (8) continued aging of the population (we are becoming a middle aged society)
- The Human Development index of Tamil Nadu and Kerala indicates that there has been a stable trend in the human development index of Kerala increasing to 0.6 in the year 2001. In the case of Tamil Nadu, the HDI value ranges from 0.2-0.4 in 1981, 0.4 in 1991 and 0.5 in 2001 showing an increasing trend.

Economic Conditions

Overall economic conditions can have significant impacts on recreation and tourism markets. A marketing strategy that is effective during periods of low unemployment rates may have to be significantly adjusted if unemployment increases. Businesses and communities should monitor and assess the likely impact of factors such as unemployment rates, real family income, rate of inflation, credit availability, terms and interest rates. Consideration should also be given to the prices of complementary products, such as lodging, gasoline and recreation equipment.

Laws and Government Actions

As a complex industry, tourism is significantly affected both positively and negatively by laws and by actions of governmental agencies. For instance, rulings on such things as liability issues or decisions regarding building and health codes may change or possibly prevent the construction of a proposed facility. If a public facility changes the prices of its services, this could affect the service offerings of associated private businesses. These actions may have both positive and negative effects on the marketing efforts of the business and community. To avoid wasting valuable resources it is important that R/T businesses, agencies, and communities continually monitor and evaluate governmental actions.

Technology

Technological developments are increasing rapidly. New recreation products, such as all-terrain vehicles and wind surfers, provide new ways for people to satisfy their recreational preferences. New production technologies and materials offer recreation and tourism businesses ways to reduce costs and improve the quality of their products/services. Advances in telecommunications have and will continue to create new promotional opportunities. Technological innovations, in relation to jobs and the home, have resulted in increased leisure time for many people.

Competition

Businesses and communities must identify and analyze existing and potential competitors. The objective of the analysis is to determine the strengths and weaknesses of the competition's marketing strategies. The analysis should include

the competition's:

- (1) product/service features and quality;
- (2) location relative to different geographic markets;
- (3) promotional themes and messages;
- (4) prices; and
- (5) type of customer they are attracting.

Business and Community Profiles

Too many communities attempt to market themselves as tourist destinations without accurate information about their resources (facilities, services, staff), image (projected vs. actual), and how well their customers are satisfied. Without this information, it is difficult to make other decisions in the planning process. Included should be such things as recreational and entertainment facilities, cultural and historic sites, overnight accommodations, restaurants, shopping opportunities, special events and activities, staff size, and transportation. Each item of the "inventory" should also be assessed in terms of quality and availability.

Market Segmentation (Identification)

Recreation and tourism businesses and communities often make the mistake of attempting to be all things to all people. It is difficult, and risky, to develop marketing strategies for the mass market. Strategies designed for the "average" customer often result in unappealing products, prices, and promotional messages.

Marketing is strongly based on market segmentation and target marketing. Market segmentation is the process of:

- (1) taking existing and/or potential customers/visitors (market) and categorizing them into groups with similar preferences referred to as "market segments;"
- (2) selecting the most promising segments as "target markets;" and
- (3) designing "marketing mixes," or strategies (combination of the 4 Ps), which satisfy the special needs, desires and behavior of the target markets.

There is no unique or best way to segment markets, but ways in which customers can be grouped are:

- (1) location of residence---instate, out-of-state, local;
- (2) demographics---age, income, family status, education;
- (3) equipment ownership/use--- sailboats, canoes, tents, snowmobiles;
- (4) important product attributes---price, quality, quantity; and
- (5) lifestyle attributes---activities, interests, opinions.

To be useful, the segment identification process should result in segments that suggest marketing efforts that will be effective in attracting them and at least one segment large enough to justify specialized marketing efforts.

Vijay Institute of Management

MBA – TANCET Counseling Code 683



After segments have been identified, the business or community must select the "target markets," those segments which offer them the greatest opportunity. When determining target markets, consideration should be given to:

- (1) existing and future sales potential of each segment;
- (2) the amount and strength of competition for each segment;
- (3) the ability to offer a marketing mix which will be successful in attracting each segment;
- (4) the cost of servicing each segment; and
- (5) each segment's contribution to accomplishing overall business/community objectives.

It is often wiser to target smaller segments that are presently not being served, or served inadequately, than to go after larger segments for which there is a great deal of competition.

Marketing Objectives for Each Segment

Marketing objectives which contribute to the accomplishment of the overall business objectives should be established for each target market. Objectives serve a number of functions including:

- (1) guidance for developing marketing mixes for different target markets;
- (2) information for allocating the marketing budget between target markets;
- (3) a basis for objectively evaluating the effectiveness of the marketing mixes (setting standards); and
- (4) a framework for integrating the different marketing mixes into the overall marketing plan.

The target market objectives should:

- be expressed in quantitative terms;
- be measurable;
- specify the target market; and
- indicate the time period in which the objective is to be accomplished.

Marketing Strategy (Mix)

The marketing strategy, or mix, should be viewed as a package of offerings designed to attract and serve the customer or visitor. Recreation and tourism businesses and communities should develop both external and internal marketing mixes for different target markets.

External Mix

The external marketing mix includes product/service, price, place/location, and promotion.

Product

Earlier we said the principal products that recreation and tourism businesses provide are recreational experiences and hospitality. The factors that create a quality recreational experience often differ among people. To another it might be a good restaurant and a chance to socialize. Decisions on what facilities, programs and services to provide should be based on the needs and desires of the target market(s). They should not be based on the preferences of the owner/manager or necessarily on what the competition is providing.

Recognize that a recreational/tourism experience includes five elements:

trip planning and anticipation; travel to the site/area; the experience at the site; travel back home; and recollection. Businesses should look for ways to enhance the quality of the overall experience during all phases of the trip. This could be accomplished by providing trip planning packages

Vijay Institute of Management

MBA – TANCET Counseling Code 683



which include maps, attractions en route and on site, and information regarding lodging, food and quality souvenirs and mementos.

Recreation and tourism businesses should also view their service/product in generic terms. Thinking of products/services in this manner helps focus more attention on the experiences desired by customers and also the facilities, programs and services that will produce those experiences.

Location and Accessibility---Place

Too many tourism businesses and communities fail to recognize their role in improving travel to and from their areas. They focus instead on servicing the customer once they arrive at the site/community. A bad experience getting to or leaving an R/T site can adversely affect a person's travel experience. The different ways to prevent this include:

- (1) providing directions and maps;
- (2) providing estimates of travel time and distances from different market areas;
- (3) recommending direct and scenic travel routes;
- (4) identifying attractions and support facilities along different travel routes; and
- (5) informing potential customers of alternative travel methods to the area such as airlines and railroads.

Potential businesses should also carefully assess alternative locations for:

- (1) distance and accessibility to target markets;
- (2) location of competitors with respect to target markets;
- (3) modes of travel serving the area; and
- (4) other attractions and activities that might induce travel to the area.

Pricing

Price is one of the most important and visible elements of the marketing mix.

When setting prices it is important to take into consideration all of the following:

- (1) business and target market objectives;
- (2) the full cost of producing, delivering and promoting the product;
- (3) the willingness of the target market to pay for the product or service you provide;
- (4) prices charged by competitors offering a similar product/service to the same target market(s);
- (5) the availability and prices of substitute products/services (for example, campgrounds, motels, and bed and breakfast are all substitutes for lodging);
- (6) the economic climate (local and national); and
- (7) the possibility of stimulating high profit products/services (such as boats) by offering related services (such as maintenance) at or below cost.

When establishing prices, R/T businesses should give attention to pricing strategies which may encourage off season and non-peak period sales, longer stays, group business, and the sale of package plans (combination of room, meals, and recreational facilities).

Promotion

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Promotion provides target audiences with accurate and timely information to help them decide whether to visit your community or business. The information should be of importance and practical use to the potential or existing visitor and also accurate. Misrepresentation often leads to dissatisfied customers and poor recommendations.

Developing a promotional campaign is not a science with hard and fast rules.

Making decisions regarding which type or combination of promotion types to use (personal selling, advertising, sales promotions, or publicity) is not always easy. If, however, you follow a logical process and do the necessary research, chances for success will be improved. It will be necessary to make decisions regarding:

- (1) Target audience---the group you are aiming at;
- (2) Image---that which your community or business wants to create or reinforce;
- (3) Objectives---those of the promotional campaign;
- (4) Budget---the amount of money available for your promotion;
- (5) Timing---when and how often should your promotions appear;
- (6) Media---which methods (television, radio, newspaper, magazine) will most effectively and efficiently communicate your message to the target audience; and
- (7) Evaluation---how can the effectiveness of the promotional campaign be determined.

Internal Mix

As stated, marketing services such as recreation and tourism differ from marketing tangible products. Recreation and tourism businesses must direct as much attention at marketing to customers on site as they do to attracting them. In this respect, internal marketing is important because dissatisfied customers can effectively cancel out an otherwise effective marketing strategy.

The success of internal marketing is dependent on creating an atmosphere in which employees desire to give good service and sell the business/community to visitors.

To create such an atmosphere requires the following four important elements:

- (1) Hospitality and Guest Relations---An organization wide emphasis on hospitality and guest relations, including a customer oriented attitude on the part of the owners and managers as well as the employees. If the owner/manager is not customer sensitive, it is unlikely the lower paid employees will be.
- (2) Quality Control---A program which focuses on improving both the technical quality (the standards associated with what the customer receives) and the functional quality (the standards associated with how the customer receives the service). All employees who come into contact with customers should receive hospitality training.
- (3) Personal Selling---Training the staff in the selling aspects of the property (business) or community. This also includes rewarding them for their efforts. By being informed about the marketing objectives, and their role in accomplishing those objectives, they can help increase sales.
- (4) Employee Morale---Programs and incentives aimed at maintaining employee morale. The incentives can be both monetary and non-monetary. A customer oriented atmosphere usually results in customers that are more satisfied, do less complaining and are more pleasant to serve. This helps build employee morale, their desire to provide good service and their efficiency.

Integrated tourism

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Tourism ought to be promoted as a composite package that provides for all the above elements that builds up a healthy body for which a healthy mind and spirit is essential. The need of the hour is to have an integrated tourism. Integrated tourism package offers a set of products comprising a lushy backwater, an ayurvedic resort, eco-tourist centre, festival etc in one district itself. This is possible through establishing linkages, cross marketing of various products and exploitation of human resources.

Evaluation

It is important that marketing efforts be continually evaluated. This will improve the effectiveness of marketing strategies by quickly identifying differences between actual results and expected performance and determining likely reasons for the success or failure to realize objectives.

A framework for evaluation would include:

(1) determining which elements of the different marketing mixes are most important to evaluate.----It is rarely possible or cost effective to evaluate all elements;

(2) establishing performance standards to compare against actual results.---

Marketing objectives, if properly formulated, should serve as performance standards;

(3) development of formal and informal methods for collecting data on actual results.---There are many ways different elements of the marketing mix can be evaluated. For example, promotions can be evaluated with money off coupons. Special information request forms, telephone numbers to call or post office box numbers to write to can identify the area the request is coming from. Also, formal (written) and informal (face-to-face) surveys can be used to determine the promotional material the customer used in planning the trip;

(4) comparison of results with objectives;

(5) determination of needed change(s).

Customer satisfaction in tourism is greatly influenced by the way in which the service (hospitality) is delivered and the physical appearance and personality of the business. It is critical that these elements be communicated in the best possible manner to convince people to come and experience what your business or community has to offer. Equally important is the ability to generate repeat business because of your efforts. Thus, marketing becomes the method to reach potential visitors. It is a vital part of tourism management and can be done effectively and well, with sophistication and tact, or it can be done poorly in a loud, crass and intrusive manner. Hopefully, this bulletin has given you the basics for the former rather than the latter. Remember that to do an effective job at marketing:

(1) adopt a strong customer orientation which includes regular research and assessment of their needs, wants and attitudes;

(2) allocate sufficient resources and time to marketing;

(3) assign formal responsibility for marketing to one person or department; and

(4) develop and regularly update a marketing plan.

Tourism Motivation

Motivation to travel may spring from a variety of needs. There are seven reasons for travel:

Explorer: These tourists look for discovery and involve with people.

Elite: People who favour special, individually tailored trips to exotic places

Offbeat: These are filled with a desire to get away from the usual humdrum life.

Vijay Institute of Management

MBA – TANCET Counseling Code 683



Unusual: Visitors who are looking forward to trips with peculiar objectives such as physical danger or isolation.

Incipient mass: A steady flow traveling alone or in small organized groups using some shared services.

Mass: The general packaged tour market leading to tourist enclaves abroad.

Charter: Mass travel to relaxation destinations which incorporate as many standardized developed world facilities as possible.

A different way of looking at tourists is by analysing them psychographically. Psychographically all tourists can be viewed as being spread along a continuum. At one end of the centre are allocentric tourists who want an independent vacation experience and at the other end are psychocentrics who become part of the mass tourism market.

The supply factors mix of destinations, facilities and services can be divided into five broad types:

1. Attractions: These may be natural or manmade
2. Transport: The growth of tourism is closely related to the supply and extent of transport development systems.
3. Accommodation: It can be further divided into commercial sector (hotels, guest houses etc) and private residence.
4. Support and auxiliary services: It covers supporting services like shops, restaurants, banks and medical centres.
5. Physical and Communication Infrastructure: It includes roads, airports, electricity, sewage disposal etc.

Marketing strategies for the Tourism Market

The basic steps in tourism marketing strategy are:

- Definition of needs of all the potential tourists and their possible destinations
- Segmenting the market according to the type of need the firm wants to satisfy.
- Defining the environmental constraints and competitive scene.
- Formulating marketing objectives and allocating marketing resources in terms of designing the tourism product.

The main strategies followed by tourism firms can be classified as growth strategies or competitive strategies.

The main strategies for tourism marketers are:

Market Penetration strategy:

This entails building a foothold in the market through creating a differential advantage in pricing or promotion or both. Market Extension strategy: This entails reaching new types of tourists through modification of existing tourist products, by planning in advance launch of a new product managing the lifecycle stages of a tourist product.

There are five factors in working out a tourism marketing policy:

- Tourism Product
- Tourism Promotion
- The Price of the Product

Vijay Institute of Management

MBA – TANCET Counseling Code 683



The Tourist market
The Tourist transport

Tourism Product

As far as a tourist is concerned a tourist product includes a complete experience from the time he leaves home to the time he returns home. It is not a single product but a package of attraction, transport, accommodation and entertainment. Tourists products may include architectural resources, natural resources, museums and monuments and culture. These products are to be designed according to the sector of the market, the size of the sector will depend on the characteristic of the tourist product. The tourist product can be analysed in terms of accessibility, facilities and attraction.

Attractions are those elements in the tourist product which determine the choice of the tourist to visit one destination rather than another. They may include site attractions and event attractions. Facilities are those elements which do not themselves provide the motivation for tourist flows. But the absence of these may deter a tourist from traveling to enjoy the attractions. Accessibility relates to the mode of transportation to the destination chosen by the tourist. In other words it is the proximity of a destination to a tourist place of residence. The concept of the product is central to marketing strategy.

Tourist market

The tourist market is divided into three major segments:

1. The Holiday tourist
2. The Business tourist
3. The Common Interest Tourist

The holiday tourist has proved to be very sensitive to price changes. It has been regarded as highly seasonal. Business tourists are attracted by event attractions in the form of exhibitions, trade fairs and conferences. Common Interest tourist includes visitors to friends and relatives, visitors for educational purposes and visitors for pilgrimages.

Hospital Marketing

- As the specialized hospitals are growing in number, each is trying to create a distinct ‘positioning’.
- There are hospitals specialize in
 - Cardiac surgery
 - Cancer care
 - Spinal injury
 - Eye hospitals
 - Maternity homes
- Each one is trying to create a unique identity and wants to cater to a specific segment of the market.

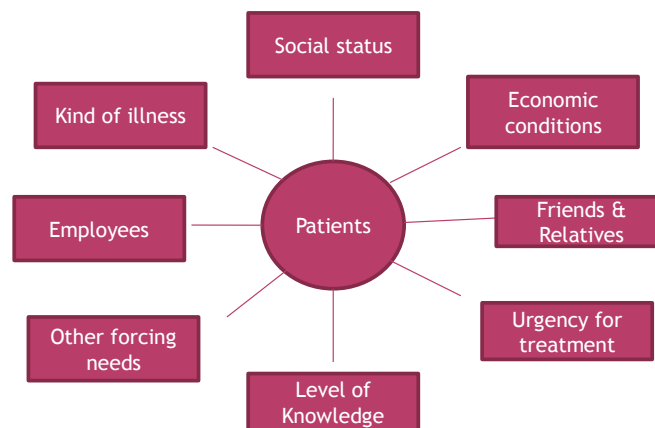
Vijay Institute of Management

MBA – TANCET Counseling Code 683

- The process of identifying the health care service can be done by applying some concepts relating to **segmentation, targeting, positioning**.

HOSPITAL SYSTEM AND FUNCTIONS

- When a patient enters a hospital, many groups are involved inside and outside the hospital.
- ⦿ The patient is concerned internally with
 - ❖ Admission
 - ❖ Doctors
 - ❖ Nurses
 - ❖ Business office
 - ❖ Housekeepers etc
- ⦿ The patient is concerned externally with
 - ❖ Relatives,
 - ❖ Friends
 - ❖ Government regulations etc.



Influences that work on patients

- The key input of the hospital is the patient.
- The other important inputs are the skill and knowledge of the doctors, nurses, support staff, the level of sophistication of the equipment utilized etc.

Three important components of internal hospital system:

- ⦿ The medical staff who diagnose, admit and treat patients
- ⦿ Programmes for the detection of illness such as nursing, x-ray and laboratory.
- ⦿ Support and administrative services such as record keeping, finance and administration.

Functional strategies of hospitals

1. Patient care function

It is important to remember that, besides treatment, the attitudes and behavioural pattern of health professionals will have an important influence on patient care. The different systems affecting the patients and their effects are:

- ⦿ **Environmental system:** physical environment of the hospital affects patients response to treatment.
- ⦿ **Social system:** the effect of attitude of staff towards patients is also an important factor.
- ⦿ **Cultural relationships:** the lower income group persons have a problem in communicating with higher socio-economic status physicians. The barrier exists not only because of different languages spoken by them but also because of class difference. Doctors must make conscious effort to overcome this.

2. Providing workshop for physicians

It has to be understood that the physician is not the so much a part of the hospital, as the hospital is the part of the physician's practice.

Three important parameters in hospitals

- Patient's satisfaction with the services of the hospitals
- Level of patients' confidence that he would get right treatment

Vijay Institute of Management

MBA – TANCET Counseling Code 683



- Level of confidence of the patients served by the hospital.

Monitoring the hospital performance

It can be done through one of the following methods:

- Regular MIS – Budget Proposals, Budget review
- Annual comparison of performance
- Complaints from patients.
- Waiting time in different queues
- Time taken between reaching the hospital and the attention given by the medical staff.
- Monitoring and caring for the opinion of patients and the employees served in the hospital.

Airline Marketing

- The Airline industry came into existence during the 17 th centuries.
- Origin of Indian aviation industry can be traced back to the year 1912. Air travel remains a large and growing industry. It facilitates economic growth, world trade, international investment and tourism and is therefore central to the globalization taking place in many other industries
- India has the private airlines as its key players 75% of the market share is owned by the private sector. India is the 9th largest aviation market in the world.

Stages in the Application of Marketing Principles to Airline Management

1. The Customer

The cornerstone of successful marketing activity is that firms should obtain full knowledge of their current and potential customers. This knowledge needs to encompass information about market size, demographics, customer requirements and attitudes. There also needs to be an ability to forecast the future size of the market, and any possible future changes in customer needs. The processes whereby airlines seek this information will be those of market research and market analysis

2. The Marketing Environment

The nature of sound marketing policies will clearly vary according to the constraints and opportunities provided by the external environment.

In analysing a firm's marketing environment it is usual to use the model known as PESTE analysis. This model categorises the factors in the marketing environment under the five headings of Political, Economic, Social, Technological and Environmental. The analyst's task is to isolate those factors in the external environment which will have a significant impact on the formulation of sound marketing policies and to assess their implications.

3. Strategy Formulation

Clearly, it will not be possible to define marketing policies without the marketing input being a crucial one in the definition of a firm's overall strategic direction. This strategic direction must identify the firm's goals and objectives, the markets in which it will participate and the methods it will employ to ensure successful exploitation of market potential.

4. Product Design and Development

5. Pricing and Revenue Management

6. Distribution Channel Selection and Control

Once an overall strategy has been selected, the next three stages should follow on logically. Today's aviation industry offers airlines many possible routes to success.