

MARKETING MANAGEMENT

UNIT-5 PART-II

OBJECTIVES

The four primary objectives of service marketing: building trust, empowering service delivery personnel, establishing uniform processes, and promoting customer satisfaction.

1) Building Trust

Since services are intangible, determining value and quality can be difficult. This is particularly true for services such as insurance, which may be purchased years before any benefit other than peace of mind is realized. As such, service customers look for tangible signs of quality to make purchasing decisions. Building trust in customer's eyes through tangible signs of quality is one of the principle objectives of service marketing. Cynthia Coldren, managing partner of rethink Marketing, identifies several tangible indicators of quality and value, including "personal interaction, trusted recommendations, clear communications, equipment used or processes followed, pricing, and the physical environment in which the business operates."

2) Empowering Personnel

The production and consumption of services are inseparable, meaning that a customer's experience of a service occurs simultaneously with its delivery. As such, service delivery personnel play a critical role in customer satisfaction and retention. Service marketing should focus on empowering these key players to ensure that they are able to communicate effectively with customers, respond appropriately to feedback, and instill confidence throughout the service delivery process. As Jeffrey Tarter, executive director of the Association of Support Professionals, notes, "Our perception of the service company's people largely defines how we feel about the service itself."

3) Establishing Uniform Processes

The provision of services is inherently variable, since each instance is distinct from all others, varying by service delivery personnel, the circumstances of delivery, and the service environment. In order to minimize variation, service marketers must establish uniform processes to provide consistent delivery services. Cynthia Coldren recommends service

marketers achieve consistency by developing special service packages tailored to the differing levels of service required by differently situated customers. Additionally, she suggests that service marketers can overcome customer concerns about consistency by leveraging case studies and positive customer recommendations to build trust, by responding quickly to remedy customer complaints, and empowering personnel to make customer-focused decisions.

4) Promoting Customer Satisfaction

Services are perishable, meaning they cannot be stored for later use. If the ticket you purchased for a concert goes unused, its value is lost. Greg Clarke, managing director of Smarter Marketing Ltd., suggests that the transient nature of services requires service marketers to manage the peaks and valleys of supply and demand to ensure optimal business performance. According to Clarke, the best way to manage variable demand is by cultivating repeat business from satisfied customers. Kim Gordon, marketing coach at Entrepreneur.com, points out, "it costs considerably less to keep a customer than to win a new one," so promoting customer satisfaction should be a primary goal of service marketers.

NEED FOR SERVICE MARKETING

The concept of marketing was not given much attention by most of the service organisations hitherto. Some service organisations like educational institutions, hospitals etc. once had so much demand that they did not need marketing until recently. Still others (legal, medical and accounting practices) believed that it was unethical to use marketing. With the passage of time the service economy has gained momentum and has achieved growth far exceeding the growth of the industrial economy especially in the developed countries. Services marketing ideas and techniques have thus grown alongside the growth of the service economy. Like manufacturing businesses, service firms ultimately felt the need to use marketing principles to position themselves strongly in the chosen target markets. The multi-faceted developments in the service sector and in the mounting intensity of competition have been engineering a strong foundation for the application of modern marketing principles in the service organisations. The following facts make it clear that the application of modern - marketing principles by service generating organisations would pave avenues for qualitative and quantitative transformation:

Increase in the Disposable Income The disposable income of the people has been found increasing in recent years. This trend is also visible in developing countries like India. The increase in income in turn leads to demand for a number of services and thereby, new opportunities are created in the service sector. The positive developments in the service sector open new doors for an increase in disposable income. The moment an increase in the disposable income is found, the process of demand generation gains a rapid momentum creating more opportunities for the development of services sector. The intensity of competition is found at its peak and this necessitates application of marketing principles. **Increasing Specialisation** Organisations have now no option but to promote specialisation since this helps them to be cost effective. The firms prefer to engage specialists for almost all purposes. Experts and professionals like consultants; legal advisors, financial experts, technocrats etc. play a decisive role in managing an organisation. Greater specialisation in management requires the services of experts and consultants in almost all areas. It is right to mention that due to growing specialisation, service generating organisations would need a new culture influenced by corporate culture, and marketing practices can do a lot towards this end. **Changing Lifestyles** With the development of corporate culture and the emergence of a well-established services sector there would be a basic change in the lifestyles. The busy working environment and increased personal stress and strain would pave the way for development of innovative personal services like healthcare, fashion-designing, recreational centres, beauty parlours etc. The change in lifestyles creates new waves in the demand for specialised services and marketing can play a vital role in meeting the new aspirations of the consumers.

Professional Excellence Corporate culture makes an advocacy in favour of performance orientation. The development of human resources would be given greater importance by all organisations either producing goods or services. Professional excellence thus would get a new priority and the masses would be tempted to the professional education. Excellence and professionalism in knowledge require the development of world-class educational institutions for almost all disciplines. The services sector would be professionalised in which only the world-class human resources can get a place. This will lead to greater efficiency in service organisations. The application of marketing principles along with this professionalism will make it easier to achieve the corporate goals. **Information Explosion** The inventions and innovations in the field of communications have been found fuelling information explosion. The tremendous opportunities generated by communications would influence almost all the sectors especially service industries like entertainment, advertisement, fashion designs etc. It

is in this context that it is essential to practice the modern marketing principles so that the marketing information system plays a positive role in improving the quality of decisions.

Sophistication in Market; There is more sophistication in the modern market where consumer expectations would be greater and more complex in nature. There would be frequent changes in the hierarchy of needs and requirements of consumers that result in the changes in the nature of market in terms of products or services required for that market. These multi-dimensional changes in the market necessitate the application of modern marketing principles. Increasing Governmental Activities; The expanding governmental activities in almost all sectors of the economy would also make ways for the development of the service sector. The latest trends in the trade and cultural exchange policies, the global partnership etc. would pave the way for more profitable growth of service sector. This will also lead to more positive and sophisticated qualitative changes in the service sector which call for intensive use of innovative marketing principles.