

## **Service Marketing**

### **Short Questions:**

#### **Q1. What is market segmenting?**

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

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

#### **Q2. What are the various ways by which service can be classified? Discuss.**

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

#### **Classifications:**

Import from tangible products domain:-

- Copeland's convenience, shopping, specialty goods. (Retail service institutions can also use this approach; e.g., from financial services providers to restaurants).-
- Durability. (For services: durability of benefits is relevant to repurchase frequency).-
- Consumer/industrial. (Different evaluation of competing alternatives, purchasing procedures and usage behavior is also transferable to services). Operations approach to classification: every service is different (insisting that airlines' marketing has nothing to do with banks, insurance, motels, etc.).

However, marketing views demonstrate a lot of similarities in sharply different services; valid classification highlights implications for managers—concepts and strategies can be shared between industries. Classification will have managerial value if it offers strategic insight—i.e. implications for managers. This includes both the core and supplementary services.

#### **Q 3. Discuss the problem of customer misbehavior.**

**Ans. Consumer Misbehavior:** Consumer misbehavior is behavior that violates generally accepted norms of a particular society.

1. Definitions of misbehavior can vary between cultures

2. Shoplifting, consumer fraud, abusive consumers, and pirating/illegally copying products are all examples of consumer misbehavior.

3. Understanding the psychological and social reasons for misconduct can help in preventing and responding to problems.

Q 4) What is customer satisfaction and why it is important.

**Ans:** **Customer satisfaction** is a marketing term that measures how products or services supplied by a company meet or surpass a **customer's** expectation. **Customer satisfaction is important** because it provides marketers and business owners with a metric that they can use to manage and improve their businesses.

**Here are the top six reasons why customer satisfaction is so important:**

- It's a leading indicator of consumer repurchase intentions and loyalty
- It's a point of differentiation
- It reduces customer churn
- It increases customer lifetime value
- It reduces negative word of mouth
- It's cheaper to retain customers than acquire new ones

Q 5) What do you mean by Services?

**Ans:** The service sector, also called the tertiary sector, is one of the three parts of the economy in the Three-sector hypothesis. The service sector provides a service, not an actual product that could be held in your hand. Activities in the service sector include (a) Retail, (b) Banks, (c) Hotels, (d) Real Estate, (e) Education, Health, (f) Transport, (g) Media & Communications, (h) Recreation, (i) Electricity, (j) Gas And Water Supply; etc.

Q6) What do you mean by Service marketing?

**Ans:** Services marketing refers to the marketing of services as against tangible products. Services marketing are a sub field of marketing, which can be split into the two main areas of goods marketing (which includes the marketing of fast moving consumer goods (FMCG) and durables) and services marketing. A service marketing typically refer to both business to consumer (B2C) and business to business (B2B) services, and includes marketing of services like telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services.

Q7) What do you mean by service Product?

Ans: The service product is a service that can be sold and that is performed within Customer Service (for example, inspection of your car). You can use the sales order and the service order to process these service tasks. Service as a product represents a wide range of intangible products offerings that customers value and pay for in the marketplace. Service products are sold by service companies and by non-service companies such as manufacturers and technology companies.

Q8) What do you mean by Service Strategy?

Ans. Service Strategy defines the objectives, resources, and constraints within which services and the relationships they define with customers are to be managed. The service strategy for the service provider can be defined in a number of ways. The principle methods of these definitions can be summarized as follows: a. Perspective: where the service strategy is articulated as a mission statement or vision statement. b. Position: where the service strategy is expressed in a specific way that allows comparison between competitors. c. Plan: where the service strategy is asked as a question. d. Pattern: where the service strategy is defined as a consistent set of activities to be performed in a defined period of time. The reality of these four Ps of strategy is that a combined definition is most commonly used. However, certain circumstances may dictate a more dominant element to come through the strategy statement.

Q9) What is Service Encounter?

Ans: Service encounter is also known as the Moment of truth. it is when the customer interacts with the service or product for the first time. It has 3 different P's than the product and they are:

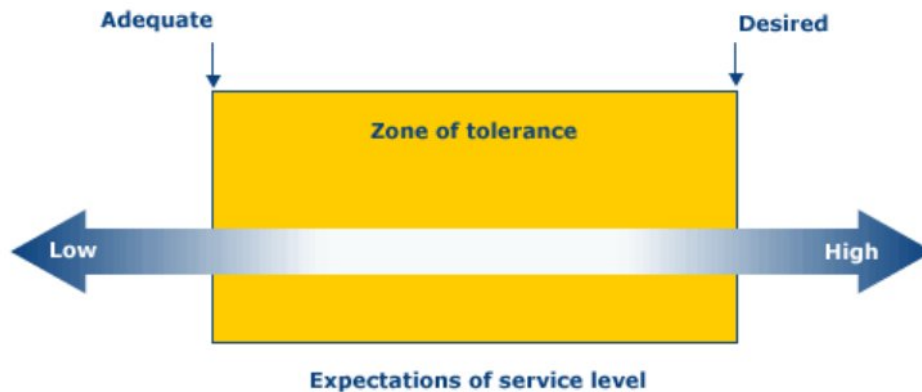
- a. people
- b. process
- c. physical evidence

Service encounters are transactional interactions in which one person (e.g., a vendor, office clerk, travel agent) provides a service or good (e.g., a product, an appointment, airline tickets) to another person. A service encounter is a period of time during which customer interact directly with a service. It is also called as "Moment of Truth".

Q10) What Do you mean by "Zone of Tolerance"?

Ans: Services are heterogeneous in that performance may vary across providers, across employees from the same provider, and even with the same service employee. The extent to which customers recognize and are willing to accept this variation is called the "Zone of tolerance".

- a. Different Customers possess Different Zones of Tolerance
- b. Zones of Tolerance Vary for Service Dimensions



Q11) Give Few marketing Challenges in service Business.

Ans: Because of the basic characteristics of services, marketers of services face some very distinctive challenges. Answers to questions such as the ones listed here still elude managers of services:

- (i) How can service quality be defined and improved when the product is intangible and non-standardized?
- (ii) How can new services be designed and tested effectively when the service is essentially an intangible process?
- (iii) How can the firm be certain it is communicating a consistent and relevant image when so many elements of the marketing mix communicate to customers and some of these elements are the service providers themselves?
- (iv) How does the firm accommodate the fluctuating demand when capacity is fixed and the service itself is perishable?

Q12) How customers respond to Service Failure?

Ans: Customers who experience service failures can respond in a variety of ways. It is assumed that, following a failure, dissatisfaction at some level will occur for the customer. In fact, research suggests that a variety of negative emotions can occur following a service failure, including such feelings as anger, discontent, disappointment, self-pity, anxiety, and regret. These initial negative responses will affect how customers evaluate the service recovery effort and presumably their ultimate decision to return to the provider or not. Many customers are very passive about their dissatisfaction, simply saying or doing nothing. Whether they take action or not, at some point the customers will decide whether to stay with that providers or switch to a competitor. Customers who do not complain are not very likely to return. For companies, customer passivity in the face of dissatisfaction is a threat to future success.

### Long Questions

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

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

### **Characteristics of services**

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

#### **Intangibility:**

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

#### **For e.g.**

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

#### **Perishability :**

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

#### **Inseparability:**

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

#### **Heterogeneity:**

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

**Ownership:**

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

**For e.g.**

a consumer can use personal care services or medical services or can use a hotel room or swimming pool, however the ownership remains with the providers. According to Philip Kotler, "A service is an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. "From this it is clear that the ownership is not affected in the process of selling the services.

**Simultaneity:**

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

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

**Quality Measurement:**

A service sector requires another tool for measurement. We can measure it in terms of service level. It is very difficult to rate or quantify total purchase. E.g. we can quantify the food served in a hotel but the way waiter serves the customer or the behavior of the staff cannot be ignored while rating the total process. Hence we can determine the level of satisfaction at which users are satisfied. Thus the firm sells good atmosphere convenience of customers, consistent quality of services, etc.

**Q2. What is the nature of Service Marketing?**

**Ans:** Nature, characteristics And Classification of services. According to

**American Marketing Association,**

"Services are the activities, benefits or satisfactions which are offered for sale or are provided in connection with the sale of goods." A service is an act or a performance offered by one party to another whose production may or may not be attached to the physical product. Services, which are economic activities, are solutions to customer problems or needs. They are typically aimed at improving, upholding or sustaining the lifestyle of the customer. Also includes social efforts by the government to fight the evils present in the society.

**For e.g.:**

Services offered by banks, insurance companies' etc. Certain characteristics distinguish goods from services. They are:

- 1) Intangibility
- 2) Inseparability
- 3) Inconsistency
- 4) Perish ability

### **1. Intangibility:**

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

### **2. Inseparability:**

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

- i) **Inseparability of production and consumption**
- ii) Inseparability of the services from the person who possesses the skill and performs the services. Service is produced and consumed simultaneously. This is not so with physical products (goods). Moreover consumer also plays an active role in the production and delivery of services.

### **3. Inconsistency:**

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

### **4. Inventory-Less or Perish ability:**

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

### **5. Cannot be Produced in Anticipation of Demand:**

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

### **6. Cannot be returned to Seller Once Used:**

A defective computer can be returned back to the seller, but a defective hairstyle or poor quality of teaching/counseling cannot be returned back to the service provider. Because of this reason,

consumer of services do prefer to take services of highly skilled specialists, may be even quite a distance away.

**7. Time Utility is Crucial:**

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

**8. No Ownership Transfer:**

Services may not result in transfer of ownership rights from the service provider to the customer. However, in case of marketing of goods, the ownership transfer takes place once the sale contract takes place.

**9. Direct Channel:**

Generally, services are provided directly to the customers. Rarely middlemen may be present in case of services marketing. For instance, if a client needs bank services or hotel services he may directly go to the service provider. Even where indirect channels are used, such as in the case of insurance services, travel and tours. the channel of distribution will be restricted to one or two intermediaries. A common approach for distribution of some services to a broad market is through franchising like McDonalds Fast Food Chain. The franchiser provides to the franchisee the rights of operating the business under the franchiser's trade name for a consideration of royalty or franchising fees.

**10. Need for Personal Interaction :**

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

**Q.3 How important is it to understanding consumer behavior in the marketing of services?**

**Ans.** Marketing and consumer behavior are intrinsically connected. Without grasping a level of understanding of what drives consumers, marketers would have a pretty difficult time identifying the right market segments and putting together a marketing campaign that will attract attention. Studying consumers helps marketers improve their strategies because it gives them stronger insight into understanding buyer behavior. By obtaining a view into how consumers think, feel, reason and choose, marketers can use this information to not only design products and services that will be in demand, but also how to present these options to the consumer base in an attractive fashion. An "official" definition of consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society." Here are some of the other factors that influence consumer behavior and the attributes marketers should consider valuable:

**Decision making**

The thought processes consumers use in their decision making is an important behavior to try and understand. Marketers want to try and tap into what makes consumers tick as they ponder

their choices and learn just what the types of things lead to a final decision. This way they can align their products to remaining the running and be hopefully chosen.

### **Product use/complements**

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

### **Environmental influences**

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

### **Consumer knowledge**

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

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

### **Motivation**

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

### **Social media marketing**

Friends influencing friends is also an important behavior today's marketers need to understand. Some statistics, as e Marketer points out, suggest about 7 out of 10 millennial social users are "somewhat" influenced by the recommendations provided by friends on social networks. It is unwise for marketers to ignore this very popular and valuable channel of advertising. Social media has become an important channel, and will likely continue to maintain a strong presence in the lives of consumers; however, how it is leveraged will depend on how social networks are perceived and utilized. Understanding consumer behavior is a vital component of marketing. Businesses that don't understand the how, why and where of consumers, and gain insight to why they make the choices they do, are going to have a much harder time making a connection and reaching those coveted sales.

## **Q4 Why is it important to measure and monitor customer satisfaction and service quality?**

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

only 22% of consumers value price over service and as many as 38% of consumers admit to never contacting their suppliers, and those that do don't get in touch very often. How can you build customer relationships and create a loyal customer base if this is the case?

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

### **Making quality the 'norm'**

While the customer's personal experience cannot always be completely captured and analyzed, this information - call recordings in contact centers, customer emails and social media interactions - combined with customer satisfaction surveys, can give an organization a better idea of the customer experience. These insights will allow companies to improve their service and tailor their products precisely to what their customers want, improving satisfaction and increasing loyalty. Unfortunately, the reality for many organizations is slightly different, and organizations often struggle to manage the basic call monitoring functions, or capture additional insight from other channels such as email, instant messaging or social networking sites. Too often the focus is put on streamlining internal efficiency-based metrics, meeting tightly monitored call routing and time SLAs, while the detailed assessment of the customer experience and the outcome of the call are put to one side. By treating calls as one-off customer issues, the contact centre is at risk of ignoring the underlying commonalities and actually being able to identify the root-cause and possible prevention for these situations. Fundamentally, though, this can all act towards improving the customer service.

### **What needs to change?**

The key to effective quality monitoring includes six crucial steps: 1.

Listen to your customers by monitoring interactions. Ask questions such as: are these interactions related to the company's goals and objectives, or are they related to specific areas of concern such as customer attrition? This is where analytics comes into play for the contact centre. Speech analytics identifies calls that are relevant for evaluation and text analytics identifies email and chat interactions that should be monitored. 2.

Capture all of your customer feedback channels. Apply the same quality standard that is used for calls to text-based interactions like email and chat. 3.

Ask your customer what they think. Instead of using your organisation's internal metrics to measure the quality of a call, ask the customer: "What did you think of your experience and the agent you worked with?" or "Did your service experience match the promise made in our advertising?" It's very important to map high-quality interactions with your customers' expectations, comparing internal evaluation scores with customer scores. 4.

Use quality monitoring to help agents improve skills. Evaluate interactions to identify skills gaps, and provide individual learning opportunities where there are deficiencies.

5. Do not view agent development as a one-off activity. Provide continuous coaching that will help improve agent performance and productivity. Coaching is key to consistent customer service.

6. Measure your results and keep track of continuous feedback and evaluation to monitor and measure progress.

**Q5 What are the steps for choosing target market segmentation?**

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

**Steps for Market Segmentation Process**

As mentioned above, one of the basic objectives of market segmentation is to maximize sales and profits. Hence, the three important objectives of any segmentation process is to gain new customers, sustain the existing consumers and introduce newer products into the market for the existing consumers and thereby gain new consumers. The five step process of market segmentation goes as follows. The **first step** in the segmentation process is to establish the market and targeted consumers. This process involves tremendous paperwork and surveys. Economic and demographic factors are also analyzed in the process. In addition to that this step might also include advertising about the product.

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

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

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

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

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

**Q6. What is the strategy of target marketing? Ans.**

**Ans:** Select Target Market: Selecting and aiming marketing efforts to the correct target market for a product will help its success

- 1) The primary types of markets are consumer markets, industrial markets, institutional markets, and reseller markets. A business may encompass multiple categories, or a product may be sold in multiple markets. These categories are not always clear-cut so selecting a target market may be more complex.
- 2) An important concept in target marketing is that those who are targeted show a strong affinity or brand loyalty to that particular brand. Target marketing allows the marketer and sales team to customize their message to the targeted group of consumers in a more focused manner.
- 3) There are several different ways to satisfy target markets: mass marketing, differentiated marketing, concentrated marketing, and niche marketing. The method chosen will depend on the product and the target market. A target market is a group of customers that the business has decided to aim its marketing efforts and ultimately its merchandise toward. A well-defined target market is the first element to a marketing strategy. The target market and the marketing mix variables of product, place (distribution), promotion, and price (the four elements of a marketing mix strategy) determine the success of a product in the marketplace. A product provider might ask: Given that my product will not be needed or wanted by all people in the market, and given that my organization has certain strengths and weaknesses, which target group within the market should I select?

### **Types of Markets**

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

#### **1. Consumer markets**

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

#### **2. Industrial markets**

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

#### **3. Institutional markets**

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

#### **4. Reseller markets**

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

### **The Psychology of Target Marketing**

A principal concept in target marketing is that those who are targeted show a strong affinity or brand loyalty to that particular brand. Target marketing allows the marketer and sales team to customize their message to the targeted group of consumers in a more focused manner. Research has shown that racial similarity, role congruence, labeling intensity of ethnic identification, shared knowledge and ethnic salience all promote positive effects on the target market. Research has generally shown that target marketing strategies are constructed from consumer inferences of similarities between some aspects of the advertisement (e.g., source pictured, language used, lifestyle represented) and characteristics of the consumer (e.g. reality or desire of having the represented style). Consumers are persuaded by the characteristics in the advertisement and those of the consumer. For example, CVS Caremark's target market is women since they make up 80% of the pharmacy chain's customers. CVS has marketed its stores to aid women who are constantly multitasking. They recently redesigned many of their stores to women, including shorter wait times for prescriptions, wider and better-lit shopping aisles, and more beauty products.

### **Strategies for Reaching Target Markets**

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

#### **1. Mass marketing**

- Mass marketing is a market coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer. It is the type of marketing (or attempting to sell through persuasion) of a product to a wide audience. The idea is to broadcast a message that will reach the largest number of people possible.

#### **2. Differentiated marketing**

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

#### **3. Concentrated marketing**

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

#### **4. Niche marketing -**

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

### **Q7. What should we know before our company goes after a niche market?**

**Ans** Most companies, whether big or small, direct their marketing to select niche audiences. Even the country's largest manufacturers target carefully pinpointed market segments to maximize the effectiveness of their programs and often tackle different niches for each product group. Hewlett-Packard, for example, markets all-in-one machines that print, fax and scan to segments of the home office market, while targeting larger businesses for higher-priced, single-function units. Niche marketing can be extremely cost-effective. For instance, imagine you offer a product or service that's just right for a select demographic or ethnic group in your area, such as

Hispanics or Asians. You could advertise on ethnic radio stations, which have considerably lower rates than stations that program for broader audiences. So your marketing budget would go a lot further, allowing you to advertise with greater frequency or to use a more comprehensive media mix. Taking on a new niche can be a low-risk way to grow your business, as long as you keep in mind several important rules:

**1. Meet their unique needs.**

The benefits you promise must have special appeal to the market niche. What can you provide that's new and compelling? Identify the unique needs of your potential audience, and look for ways to tailor your product or service to meet them. Start by considering all the product or service variations you might offer. When it comes to marketing soap, for example, not much has changed over the years. But suppose you were a soap maker and you invented a new brand to gently remove chlorine from swimmers' hair. You'd have something uniquely compelling to offer a niche market--from members of your neighborhood pool to the Olympic swim team.

**2. Say the right thing.**

When approaching a new market niche, it's imperative to speak their language. In other words, you should understand the market's "hot buttons" and be prepared to communicate with the target group as an understanding member--not an outsider. In addition to launching a unique campaign for the new niche, you may need to alter other, more basic elements, such as your company slogan if it translates poorly to another language, for example. In instances where taking on a new niche market is not impacted by a change in language or customs, it's still vital to understand its members' key issues and how they prefer to communicate with companies like yours. For example, suppose a business that markets leather goods primarily to men through a Website decides to target working women. Like men, working women appreciate the convenience of shopping on the Web, but they expect more content so that they can comprehensively evaluate the products and the company behind them. To successfully increase sales from the new niche, the Web marketer would need to change the way it communicates with them by expanding its site along with revising its marketing message.

**3. Always test-market.**

Before moving ahead, assess the direct competitors you'll find in the new market niche and determine how you will position against them. For an overview, it's best to conduct a competitive analysis by reviewing competitors' ads, brochures and Web sites, looking for their key selling points, along with pricing, delivery and other service characteristics. But what if there is no existing competition? Believe it or not, this isn't always a good sign. True, it may mean that other companies haven't found the key to providing a product or service this niche will want to buy. However, it's also possible that many companies have tried and failed to penetrate this group. Always test-market carefully to gauge the market's receptiveness to your product or service and message. And move cautiously to keep your risks manageable.

**Q8) Discuss Branding And Packaging of Services.**

**Ans:** The main purpose behind branding is to "add value". Today, most companies view "brands" as assets that will yield long term returns through customer satisfaction and loyalty. This is based on the brand's capacity to add value to the usage experience of the customer. We define "value" here as 'the consumer's estimate of the product's overall capacity to satisfy his or her needs' (Kotler). This

satisfaction comes from comparing the product's perceived performance in relation to her expectations. There is no doubt that branding adds to both expectations (if I fly Singapore airlines I will get quick, efficient, courteous service. I will get whatever I need with minimal effort on my part) and perceived performance (I am flying Singapore Airlines. It is known for its top class service. I find the food and ambience to be of excellent quality. The service personnel go out of their way to make me feel comfortable). Most branding goes on to add value through "intangibles"(such as brand associations, values, culture, brand personality) to what is essentially "tangible" in terms of the product itself (soap, shampoo, toothpaste). But this does not happen when the product in question is a "service". A service is a deed, process and performance (Zeitaml and Bitner). It is intangible and does not result in the ownership of anything. It cannot be standardized. Services cannot be displayed as "tangible" products can. It is therefore difficult to communicate even the basic benefits and attributes of a service. The success of any brand lies in consistently delivering "value" over a period of time. Such consistency is possible in the case of a "tangible" product that is homogenous, standardized, readily displayed and communicated. But how does one manage this aspect of consistency when the product in question is intangible or a "service"? But for the customer, branding in a service definitely adds value. This is because the decision making process in a service is essentially a complex one. Let us look at the various stages.

1. Information search : Since services cannot be displayed, information regarding them is hard to evaluate. Branding can reduce the risk associated with selecting a service by making this evaluation easier.

2. Evaluation of alternatives : Again, the evoked set of alternatives in the case of a service is likely to be smaller because a service is not readily displayed (hairdresser, travel agent, hotel). And if a brand has been successful in capturing a place in the consumer's mind it is likely to stay there. This is because the consumer may find that the costs of switching from the currently used service are high.

3. Purchase and consumption : Branding can influence the customer's experience of a service in terms of both expectations and perceptions. 4. Post purchase evaluation : If a customer is satisfied, she may go to the same service brand again to cultivate a " more satisfying" relationship (using the same tailor, designer, courier). So how does one successfully brand a service and what does one brand? The answer probably lies in managing the following:

- The process : Even if a service is non-standardized, a fair degree of standardization can be achieved in the actual mechanism and flow of activities through which a service is delivered (interaction of bank staff with customers)

- The people : Successful service brands such as Singapore Airlines, Club Med, Walt Disney and Hyatt have shown that training and motivation can make service interactions a success. Most of these organizations have a ' what to do if ...' kind of a list as a part of their training. Roles of service personnel are rehearsed to achieve a fair degree of consistency. A word of caution here. While the roles should be rehearsed, the 'scripts' should not, and should be spontaneous (witness the interactions of airhostesses on Indian Airlines. They have given a new meaning to the terms 'friendly' and 'courteous')

- The evidence : Since a service is essentially intangible, it is the tangible aspects that reassure a customer and create a certain amount of credibility. This could be in the form of documents, physical equipment and personnel themselves (the actual credit card for a subscriber, the facilities at the hotel for a user, appearance of flight attendants for a traveler). A brand can help shape expectations and perceptions about all these to add value to the customers' experience. Packaging is the process of

enclosing, or containing the product in bottles, plastic bags, wrappers, lubes, paper cartoons and boxes etc. For the purpose of displaying useful information regarding the product, its contents, weight, size, price, constituents, usage necessary instruction about the usage and storing the product must be recorded on the package. Package reduces the risk of wastage, spoilage, leakage, and evaporation etc. in the process of transportation and storage.

#### Function of Packaging

1. Protection The fundamental functions of packaging is to protect it from sun, rain, moisture, insects and atmospheric contracts etc. packaging maintain the product fresh and enhances its life. So, we use air-tight containers for certain products.

2. Easy identification Every producer has its own distinct packaging, different from other with respect to design, size, color and other specification packaging helps-us in the easy identification and immediate picking up of the product.

3. Convenience Packaging provides convenience in the transportation and storage of the product. It is convenient for the consumers to use these products. Packaging of Tropicana Real and Frooti Juices facilitates their consumption. Packaging, no doubt helps us in the safe and convenient handling and storing of the product.

4. Sales promotion It is rightly said that packaging works as silent, salesman. It catches the attention of customers, who pick up the product, go through its description and are induced to purchase the product. Self service is becoming more and more common in the field of shopping, where the customer picks up the product himself and makes its payment on the counter. Packaging in these circumstances promotes the sales.

5. Innovative ideas The producers sometime develop innovative ideas about packaging which promotes their sales. For examples, shampoo, tomato ketchup, surf, sugar, milk, oil etc., are sold in small pouches. In addition to the above functions packaging facilities branding of the product. Empty packages have their resale value for customers. Packaging builds image of the product and its producers. The effective packaging is the source of prestige to its producers. Packaging continues to be more important in the modern growing completion, open, display of the product and self service of the customers.

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