



KARPAGAM ACADEMY OF HIGHER EDUCATION

(Deemed to be University)
(Established under section 3 of UGC Act 1956)
Coimbatore-641021

DEPARTMENT OF MANAGEMENT

Subject: **SERVICES MARKETING**

Semester: **III**

Subject Code: **17MBAPM303A**

Class- II MBA

SCOPE

Services Marketing has gained enormous growth and identity in the present era. Services Marketing considers marketing of hospitality, financial services and services pertaining to nonprofit organization.

OBJECTIVES

To understand the meaning of Service Marketing. To clarify the Marketing Mix and extended Mix in Service Marketing. To create awareness of Pricing and distribution of service industry. To understand the concept financial services and its importance.

UNIT I

Services Marketing – Meaning – Characteristics of services – Service Environment – Dimensions – Service Blueprint - Relationship marketing – Service Recovery – Service Expectations – Service Encounters.

UNIT II

Service Quality – SERVQUAL – Service Leadership – Service Strategy – Process – Service Triangle - Interactive Marketing. Marketing Mix decisions: Service Products – Branding services – New service development - Pricing - Promoting and distributing services.

UNIT III

Segmentation - Bases of segmentation - Positioning and differentiation strategies - Quality of service industries – Customer support service.

UNIT IV

Marketing of hospitality: Perspectives of Tourism, Hotel and Travel services – Airlines, Railway – Information Technology - Real estate services – Postal services - Courier services.

UNIT V

Marketing of Financial services: Concepts of Banking, Insurance, Lease, Mutual Fund, Factoring, Portfolio and financial intermediary services. Marketing of Non-Profit Organizations: NGOs – Services Offered by Trust/Societies – Educational service – Power and Telecommunication - Hospital services.

SUGGESTED READINGS:**TEXT BOOKS**

1. Christopher, Lovelock. Jochen wirtz. (2011) Services Marketing-People, Technology, Strategy (7 th edition). New Delhi: Pearson Education.

REFERENCES

1. Jha, S.M. (2015). Services Marketing. New Delhi: Himalaya Publishing House.
2. Rammohan Rao. K. (2009). Service Marketing. New Delhi: Pearson education.
3. Roland & Anthony, (2012). Service Marketing. Addison-Wesley.



KARPAGAM ACADEMY OF HIGHER EDUCATION

(Deemed to be University)

(Established under section 3 of UGC Act 1956)

Coimbatore-641021

Department of Management

Name: **GOWRISHANKKAR.V**

Department: **Management**

Semester: **III**

Subject: **SERVICES MARKETING - Lesson Plan**

Subject Code: **(17MBAPM303A)**

Year: **2017-19 Batch**

UNIT 1			
S.No	Lecture Hours	Contents	References
1	1	Services Marketing- Meaning,	T1-6,9
2		Characteristics of services	T1-13,14
3	1	Service Environment- Dimension-	R4-11
4		Service Blueprint	R4-15-17
5	1	Relationship marketing- Service Recovery	R2-16,17
6		Service Expectation- Service encounters	R2-26
7	1	Service Quality- SERQUAL	R3-13,14,15
8	1	Service leadership, Service strategy- process	R1-12,13,15,16
9	1	Service Triangle, Interactive Marketing	R2-28,30
10	1	Case study	
11	1	Recapitulation and Discussion on important questions	
Total Number of hours planned for Unit 1			11
UNIT 2			
1	1	Marketing Mix decisions	R1-36,37,38
2	1	Service Products- Branding Services	R1-53,54
3		New service development- Pricing	T1-31-34
4	1	Promoting and distributing services	R4-41-45
5	1	Segmentation- Bases of segmentation	R4-49-52

6		Positioning and differentiation strategies	R2-25-29
7	1	Quality of service industries- customer support service	R2-40-43
8	1	Case study	
9	1	Recapitulation and Discussion on important questions	
Total Number of hours planned for Unit 2			9
UNIT 3			
1	1	Marketing of hospitality	T1-78-80
2	1	Perspectives of Tourism	T1-86,87,88
3		Hotel and Travel Services	R3-94-97
4	1	Airlines, Railway	R3-99-102
5	1	Information Technology	R1-112-115
6	1	Real Estate Services- Courier Services	R4-126-130
7	1	Case study	
8	1	Recapitulation and Discussion on important questions	
Total Number of hours planned for Unit 3			8
UNIT 4			
1	1	Marketing of Financial Services	R4-143-144
2	1	Concept- Features of Banking	R4-151-153
3	1	Insurance- Lease, Mutual Fund,	T1-89-93
4		Factoring	T1-261-263
5	1	Portfolio and financial intermediary services	R2-53-55
6	1	Negotiation & parties involved in negotiation	R2-58-59
7	1	Case study	
8	1	Recapitulation and Discussion on important questions	
Total Number of hours planned for Unit 4			8
UNIT 5			
1	1	Marketing of Non- Profit organization	T1-116-119
2	1	NGOs- Services offered by Trust	T1-122-128
3	1	Societies	T1-136-139

4	1	Educational Service	R4-167-169
5	1	Miscellaneous Services	R4-172-176
6	1	Power and Telecommunication	T1-142-146
7	1	Hospital Services	T1-148,149
8	1	Recapitulation and Discussion on important questions	
9	1	Revision of previous year question paper	
10	1	Revision of previous year question paper	
11	1	Revision of previous year question paper	
		Total Number of hours planned for Unit	11
Total Number of hours allotted for all five units			48

SUGGESTED READINGS:

Text Book :

T1- Christopher, Lovelock, Jochen wirtz(2011) Services Marketing- People, Technology, Strategy (7th edition) New Delhi: Pearson Education

References :

R1- Jha, S.M. (2015). Services Marketing, New Delhi: Himalya Publishing House.

R2- Rammohan Rao.K.(2009). Services Marketing, New Delhi: Pearson Education.

R3- Roland & Anthony, (1999). Services Marketing. Addison. Wesley

R4- ICFAI Publications

UNIT-I-INTRODUCTION TO SERVICES MARKETING

SYLLABUS

Services Marketing – Meaning – Characteristics of services – Service Environment – Dimensions – Service Blueprint - Relationship marketing – Service Recovery – Service Expectations – Service Encounters.

Definition

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

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

Characteristics of Services

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

1. **Intangibility:** Services are intangible and do not have a physical existence. Hence services, cannot be touched, held, taste or smelt. This is most defining feature of a service and that which primarily differentiates it from a product. Also, it poses a unique challenge to those engaged in marketing a service as they need to attach tangible attributes to an otherwise intangible offering.
2. **Perishability:** Services cannot be stored, saved, returned or resold once they have been used. Once rendered to a customer the service is completely consumed and cannot be delivered to another customer.

3. Inseparability: This refers to the fact that services are generated and consumed within the same time frame.

Types of services

1. **Core Services:** A service that is the primary purpose of the transaction. Eg. A haircut or the services of lawyer or teacher.
2. **Supplementary Services:** Services that are rendered as a corollary to the sale of a tangible product. Eg: Home delivery options offered by restaurants above a minimum bill value.

Service Marketing Environment

All organizations operate within the marketing environment. The marketing environment is made up of two parts.

1. Macro environment.
2. Micro environment.

Macro Environment

The macro environment represents all the outside influences which have impact on an organizations marketing or business activity. It includes economic and political factors and socio-cultural trends, for example the external environment influences will effect all organizations within a sector to greater or lesser degree. The internal environment relates to a particular organization and its publics.

Micro Environment

The micro environment is the internal environment of the organization. The factors to be analyzed in the internal environment will include the following:

1. Company management structure
2. Customers
3. Suppliers
4. Channel members

5. Competitors
6. Other publics which may include
7. Government and political bodies
8. Pressure groups
9. Financial institutions
10. Shareholder

However certain environment features have a greater impact on service. These environmental factors are:

1. Political-legal environment
2. Economic environment
3. Socio-cultural environment
4. Technological environment

Service Blueprint

Service blueprint is a picture or map that accurately portrays the service system, so that different people involved in providing it can understand and deal with it objectively regardless of their individual point of view. Particularly useful at design and redesign stages of service development. It provides a way to break the service into logical components and to depict the steps or tasks in the processes, the means by which they are executed and evidence of the service as consumer experiences it.

Services Mapping

A tool for simultaneously depicting the service process, the points of customer contact, and the evidence of service from the customers point of view.

- a. Process
- b. Points of contact
- c. Evidence

Blueprint components

Customer actions: it includes steps, choices, activities and interactions that customer performs in the process of purchasing, consuming and evaluating the service.

Onstage employee actions: steps and activities that the contact employees performs that are visible to the customer.

Backstage employee actions: steps and activities that occur behind the scene to support onstage activities.

Support processes: covers the internal services, steps and interactions that take place to support the contact employees in delivering the service.

Relationship marketing

Relationship marketing was first defined as a form of marketing developed from direct response marketing campaigns which emphasizes customer retention and satisfaction, rather than a focus on sales transactions.[citation needed] Relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages. With the growth of the internet and mobile platforms, relationship marketing has continued to evolve as technology opens more collaborative and social communication channels. This includes tools for managing relationships with customers that goes beyond demographic and customer service data. Relationship marketing extends to include inbound marketing efforts, (a combination of search optimization and strategic content), PR, social media and application development.

Service recovery

Service recovery is, according to Fitzsimmons a "Service recovery converting a previously dissatisfied customer into a loyal customer." It is the action a service provider takes in response to service failure. By including also customer satisfaction into the definition, service recovery is a thought-out, planned, process of returning aggrieved/dissatisfied customers to a state of satisfaction with a company/service. Service recovery differs from complaint management in its focus on service failures and the company's immediate reaction to it. Complaint management is based on customer complaints, which, in turn, may be triggered by service failures.

However, since most dissatisfied customers are reluctant to complain, service recovery attempts to solve problems at the service encounter before customers complain or before they leave the service encounter dissatisfied. Both complaint management and service recovery are considered as customer retention strategies. Recently, some researches proved that strategies such as value co-creation, follow up, etc. can improve the effectiveness of service recovery efforts.

on service recovery suggests that a good recovery has a positive impact on satisfaction, recommendation intention, word-of-mouth, loyalty, image, and trust. Effective service recovery could not only eliminate the loss of service failure, but also improve much higher service satisfaction on contrast with the situation without service failure.

Some even argue that a good recovery can increase satisfaction to a higher level than if nothing had gone wrong in the first place, which is referred to as the service recovery paradox. Many researchers provided evidence in the existence of service recovery paradox from rational customer expectation through interaction between employees and customers under service failure. Categories Three categories of recovery strategies can be distinguished: Customer recovery is aiming at satisfied customers, process recovery tries to improve processes and employee recovery as an internal marketing strategy to help employees coping with failure and recovery situations.

Service Expectations

Satisfaction and delight are both strongly influenced by customer expectations. By “expecta-tions,” behavioral researchers mean an array of possible outcomes that reflect what might, could, should, or had better not happen. There are several different kinds of expectations. Figure 3.1 show a hierarchy of expectations that might exist for a typical customer. The will expectations come closest to the mathematics definition. It is the average level of quality that is predicted based on all known information. This is the expectation level most often meant by customers (and used by researchers). When someone says that “service exceeded my ex-pectations,” they generally mean that the service was better than they had predicted.

This should expectation is what customers feel they deserve from the transaction. Very often what should happen is better than what the customer actually thinks will happen. For example, a student may think that each lecture should be exciting, but doubts that a particular day’s lecture actually will be exciting. Or, professors may think that students should be lively and intelligent, but think that actually they will sit in class passively .ADVERTISEMENTS: The ideal expectation is what would happen under the best of circumstances.

It is useful as a barometer of excellence. On the other end of the scale are the minimally accept-able level (the threshold at which mere satisfaction is achieved), and the worst possible levels (the worst outcome that can be imagined).Expectations are affected strongly by experience. For example, if the customer has a bad expe-rience, then the will expectation will decline. A good

experience will tend to raise the will expecta-tion. Generally speaking, this should expectation will go up, but never decline. Very good experi-ences tend to bring this should expectations up to that level. Thus expectations change over time, often for the better.

Service Encounters

In this module, you will learn the ins and outs of service encounters in Spanish.

What are service encounters?

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.

Many different communicative acts are included in service encounters including, for example, greetings, leave takings, requests, and offers. It is importatn to fully understand the service encounter context in order to appropriately perform communicative acts. Many of the pragmatic strategies addressed in the other modules still apply to the communicative acts produced in service encounters; however, this unique service context warrants detailed pragmatic exploration.

In this module, we will specifically address unique features of service encounters as well as the pragmatic strategies used in this specific context. We will look at three specific components of service encounters:

Openings and Tone Setting

Negotiating Service

Closing the Interaction & Leave Taking

Vice Quality

Philip Kotler (1997) defined service as 'an action or an activity which can be offered by a party to another party, which is basically intangible and can not affect any ownership. Service may be related to tangible product or intangible product' On the other hand, Zeithaml and Bitner (2003:85) mentioned that, 'Service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service namely reliability, responsiveness, assurance, empathy, tangibles.' Based on the assessment of service quality provided to the customers, business operators are able to identify problem quickly, improve their service and better assess client expectation. (Business Dictionary.com)

Importance of Service quality

Londe et al, 1988 stated that it is the customer service management that will derive the importance of service. In services marketing, customer service is regarded as a component of marketing mix. Zeithaml and Bitner, 1996 mentioned that high quality customer service is not just customer service department but all levels of management and staffs need to accept and have a state of mind regarding customer care.

SERVQUAL

SERVQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses (Parasuraman et. al., 1988). The scale decomposes the notion of service quality into five constructs as follows:

Tangibles - physical facilities, equipment, staff appearance, etc.

Reliability - ability to perform service dependably and accurately

Responsiveness - willingness to help and respond to customer need

Assurance - ability of staff to inspire confidence and trust

Empathy - the extent to which caring individualized service is given

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions (Parasuraman et. al., 1988). The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et. al., 1988). Parasuraman et. al. (1991) presented some revisions to the original SERVQUAL measure to remedy problems with high means and standard deviations found on some questions and to obtain a direct measure of the importance of each construct to the customer.

Service leadership

Service Leadership is the powerful force that occurs once a person discovers their heart to serve, answers their call to lead, and summons their courage to engage.

Heart to Serve + Call to Lead + Courage to Engage = Service Leadership

Our Service Leadership Programs are designed to inspire elementary, middle school, high school, and college students, as well as adults who live with disabilities, to become engaged members of their communities who work to solve problems and help others through service.

HEART TO SERVE

Service Leadership Programs provide opportunities for individuals to discover their heart to serve and realize that serving others is not just something they do, but it is their way of life. The service club experience helps members accept their own ability to make a difference, enhances their knowledge of their own passions and convictions, and develops their ability to empathize with those in need in their communities.

CALL TO LEAD

Service Leadership Programs help members answer their call to lead. Every person has leadership potential and these programs provide a forum for individuals to unlock theirs. Someone with a call to lead decides to step forward when the easier choice might be to stand still. The service club experience helps members accept their own identity as a leader, enhances their knowledge of other-centered leadership, and develops their ability to transform an idea into purposeful action.

COURAGE TO ENGAGE

Service Leadership Programs are excellent forums for members to summon the courage to engage and decide to live a life of collaboration, not isolation. More than ever before, young people need to develop the capacity to effectively interact with others face-to-face. The service club experience helps members recognize collaboration as a key to success, enhances their knowledge of how to build coalitions to address community needs, and develops their ability to build strong human connections through conversation.

Service Strategy

Service Strategy is the center and origin point of the ITIL Service Lifecycle. It provides guidance on clarification and prioritization of service-provider investments in services. More generally, Service Strategy focuses on helping IT organizations improve and develop over the long term. **Services marketing strategy** focuses on delivering processes, experiences, and intangibles to customers rather than physical goods and transactions. ... Another category of **service** is customer **service**, which includes the **service** provided in support of a company's core products. Service Strategy is the center and origin point of the ITIL Service Lifecycle. It provides guidance on clarification and prioritization of service-provider investments in services. More generally, Service Strategy focuses on helping IT organizations improve and develop over the long term. In both cases, Service Strategy relies largely upon a market-driven approach.

Strategy activities are:

1. Define market
2. Develop strategic offer
3. Develop strategic assets
4. Prepare for execution

Service Triangle

Service Marketing Triangle Service marketing triangle a dynamic model where there are three interlinked groups that work together to develop, promote, and deliver services. The company, its employees and its customers form the three integral roles in the service marketing triad. The business has products and services to offer and promote to customers. It uses external marketing, such as advertising and public relations, to attract customers. The marketing triangle is an analytical tool that defines the three most important factors of marketing success. Active marketing, passive marketing and follow-up represent the individual components of the marketing triangle. Effective campaigns typically utilize all three elements of the marketing triangle.

Interactive Marketing

Interactive marketing is a one to one marketing process that reacts and changes based on the actions of individual customers and prospects. This ability to react to the actions of customers and prospects means that trigger based marketing is dramatically more effective than normal direct marketing. Interactive marketing, sometimes called trigger-based or event driven marketing is a marketing strategy that uses two-way communication channels to allow consumers to connect with a company directly

Types of Interactive Marketing

1. Interactive Storytelling
2. Personalized Content
3. Layered Information
4. Two-way interaction

UNIT -1 POSSIBLE QUESTIONS

(2 Marks) Questions:

1. Define services marketing
2. Differentiate Goods Vs Services
3. Explain intangibility.
4. Explain non -ownership of services with example
5. List out the characteristics of services

(8 Marks) Questions:

1. Explain the generic differences between goods and services
2. Distinguish between service marketing and goods marketing.
3. Describe the evolution of service sector.
4. Identify the overall growth trend of the service marketing industry.
5. Explain the various issues and challenges of services marketing.
6. Briefly explain the classification of service sector.
7. Describe the unique features of services with example.

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE**Class: II MBA****Course Name: SERVICES MARKETING Course Code:****17MBAP303A****Unit 1****Semester: III Year: 2017-19 Batch****UNIT-I**

S.NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWERS
1	Marketing services aims at	Profit making through user's satisfaction	User's satisfaction	Profit making	Resources utilization	Profit making through user's satisfaction
2	Crawling out stage (prior to 1980) is marked by	Existence of distinct body of service marketing literature	Marketing strategies specific to service sector	Application of marketing principles in the service sector	Paucity of marketing theories	Paucity of marketing theories
3	The study of characteristics of services was considered important during	The crawling out stage	Scurrying about stage	Walking erect stage	None of the above	The crawling out stage
4	Service marketing is important	In service sector only	In business enterprise only	In service sector as well as business sector	In manufacturing operations only	In service sector as well as business sector
5	The new service unit "old age homes" is expanding due to	Increase in life expectancy	Consumer affluence	Complexity of life	Corporate crowd	Increase in life expectancy
6	A service is	Primary activity	Complementary activity	Not a physical product	All the above	All the above
7	Professional services are characterized by	Advisory and problem solving	Provision of tangible goods	Tangible goods and provision of service	Provision of intangible goods	Advisory and problem solving
8	The user pays for each specific service provided, is called	Discrete transaction	Continuous delivery of service	Customization	Tutor relationship	Discrete transaction
9	Member relationship exists in case of	Public transportation	Movie theater	Restaurant	College enrolment	College enrolment
10	Inseparability of services results in	The customers being co-producers of the service	Service perishability of demand	Unpredictability of demand	Reduction in perceived risks	The customers being co-producers of the service

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 1

Semester: III

Year: 2017-19 Batch

11	Activities that are performed by the contract employee that are visible to the customer are	On stage employee actions	Backstage actions	Support process actions	Key actions	On stage employee actions
12	The line in a blueprint which represents direct interactions between the customer and the organization is called	Line of visibility	Line of interaction	Line of internal interaction	Line of activities	Line of interaction
13	Blueprints are	Process flow decisions	Basic technological decision	Specific equipment decision	Conversion or material decision	Process flow decisions
14	Grouping similar machines together to produce batches of service is called	Process based conversion system	Fixed position conversion system	Service based conversion system	None	Process based conversion system
15	The part of the system which is directly experienced and visible to the customer is	Back office	Lower divergence	Front office	High divergence	Front office
16	The benchmarking which compares specific functions such as distribution and after sales service is called	Internal benchmarking	Competitive benchmarking	Functional or generic benchmarking	None of the above	Functional or generic benchmarking
17	In service marketing mix, the cheque book possessed by the customer of the bank represents	Peripheral evidence	Essential evidence	Process element	Promotional element	Peripheral evidence
18	Essential evidence	Can be possessed	Cannot be possessed	Cannot be dominant in its impact	Cannot give a clue about the service	Cannot be possessed
19	People element in the services marketing mix include	Competitors and policy makers	Personnel outside the service units	Service personnel and customers of the service units	None	Service personnel and customers of the service units
20	People such as receptions and switchboard personnel who play a vital role in service marketing are called	Modifiers	Constrictors	Influencers	Isolators	Modifiers
21	Referrals are concerned with	Advertising	Publicity	Sales promotion	Word of mouth	Word of mouth
22	The stage in the product life cycle	Maturity	Core product	Service offering	Service form	Maturity

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 1

Semester: III

Year: 2017-19 Batch

23	Examining in detail the various options relating to each service element	Service levels	Service forms	Core benefit concept	Service offer	Service forms
24	The ingredients of a total service offer which are the particular bundle of tangibles and intangibles which compose the service product	Service offer	Service elements	Service forms	Service benefits	Service elements
25	Translating the proposed idea into a firm business proposal	Testing	Development	Idea screening	Business analysis	Business analysis
26	Which one of the following helps the service firm re-mix the marketing mix elements in order to reduce the risk of launch	Idea generation	Idea screening	Testing the concept	Market testing	Market testing
27	What is followed to tangibilise the intangible is	Branding	Service positioning	Service offering	Gap analysis	Branding
28	Use of multi site location, in order to increase accessibility, customize the services and pay extra attention to individual customer requirements	Intangibility	Heterogeneity	Simultaneity	None	Simultaneity
29	Related to the way the consumers perceive and evaluate products and service	Service positioning	Idea screening	Panel of consumers	Price comparison	Service positioning
30	Seller's offering over and above what customer expects	Augmented product	Potential product	Core product	Expected product	Augmented product
31	They effect an actual change to a feature of service, already on offer to an established market	Major innovations	New services	Style change	Service improvements	Service improvements
32	Introduction of a new service at high price	Skimming pricing	Penetration pricing	Premium pricing	Price lining	Skimming pricing
33	Introduction of a new service at low price	Skimming pricing	Penetration pricing	Premium pricing	Price lining	Penetration pricing
34	Three major criteria involved in pricing are	Cost, competition and objectives	Consumer, value and service provider	Demand, supply and capacity	Segmentation, strategy and price sensitivity	Cost, competition and objectives
35	Claim for personal injury and certain consumer	Complementary	Price bundling	Contingency	Price framing	Contingency

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 1

Semester: III

Year: 2017-19 Batch

	cases are billed on the basis of	pricing		pricing		pricing
36	Describing how sensitive demand is to changes in pricing	Break even analysis	Pricing objective	Price elasticity	The pricing tripod	Price elasticity
37	Honorarium is the price paid for	Union membership	Stock broking service	Guest speaker	Hair dressing	Guest speaker
38	Toll is paid for	Road use	Municipal services	Transport	Legal service	Road use
39	Tariff is paid for	Utilities	Insurance	Property usage	Employee services	Utilities
40	Subscription is the price paid for	Membership	Education	Insurance	Use of money	Membership
41	Financial cost of service	Time costs	Search costs	Physical costs	Purchase price	Purchase price
42	Which of the following is a consumer-promotion tool?	Coupons	Sales contests	Specialty advertising	Off-invoice	Coupons
43	Which of the following is a trade promotion tool?	Samples	Premiums	Patronage awards	Allowance	Allowance
44	Which of the following is a sales-force promotion tool?	Existence of distinct body of service marketing literature	Price off	Free trials	Cash refund offers	Price off
45	Relationship marketing is	Transactional oriented	Developing long-term customer relationship	Profit oriented	Seeking an immediate sale	Developing long-term customer relationship
46	Sponsorship is	A public activity	A private activity	Word of mouth communication	Direct marketing	A public activity
47	Public relationship is	Internal marketing communication	Interactive marketing	External marketing communication	Relationship marketing	External marketing communication
48	Advertising is	Personal communication	Mass communication	Interactive communication	Direct communication	Mass communication
49	Organization that buy from producers and sell	Franchisees	Wholesalers	Service outlets	Franchisers	Wholesalers

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 1

Semester: III

Year: 2017-19 Batch

	to retailers and organizational customer are					
50	A software park is an example of	Concentrated service	Dispersed service	Neither dispersed nor concentrated service	None of the above	Concentrated service
51	In the case of franchise, trade name, format and procedure are owned by	Franchiser	Franchisee	Both the franchiser and franchisee jointly	Neither the franchiser nor the franchisee	Franchiser
52	The benefits of choosing the agent or dealer in the service delivery process is	Contact with customer	Savings in distribution cost	Reduced advertisement expenditure	The agent represents only one service principal	Contact with customer
53	When the physical presence and interaction of the customer with the employee for longer time, he is called	High contact personnel	Low contact personnel	No contact personnel	Support personnel	High contact personnel
54	Where the employee helps the create the service exchange but is not part of it, it is called	Primary service	Facilitating service	Ancillary service	None	Ancillary service
55	The conflict between the role requirements and the self image of the employee is known as	Role conflicts	Organization conflicts	Client conflict	Interfluent conflict	Role conflicts
56	The skills and knowledge necessary to do the job are called	Service inclination	Service orientation	Service competencies	Service quality	Service competencies
57	Social setting is	Physical facility	Appearance of the premises	Physical setting	Appearance of staff	Appearance of staff
58	The place where the service is performed, delivered and consumed is	Services cape	Peripheral evidence	Essential evidence	Ambience	Services cape
59	Remote service consists of	Customer only	Employee only	Both customer and employee	Neither customer nor employee	Employee only
60	Which one of the following is the lean services cape	Health clinic	Bank	Airlines	Hair salon	Hair salon

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 1

Semester: III Year: 2017-19 Batch

KAHE

UNIT-II- SERVICE QUALITY

SYLLABUS

Service Quality – SERVQUAL – Service Leadership – Service Strategy – Process – Service Triangle - Interactive Marketing. Marketing Mix decisions: Service Products – Branding services – New service development - Pricing - Promoting and distributing services.

SERVQUAL

SERVQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses (Parasuraman et. al., 1988). The scale decomposes the notion of service quality into five constructs as follows:

Tangibles - physical facilities, equipment, staff appearance, etc.

Reliability - ability to perform service dependably and accurately

Responsiveness - willingness to help and respond to customer need

Assurance - ability of staff to inspire confidence and trust

Empathy - the extent to which caring individualized service is given

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions (Parasuraman et. al., 1988). The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et. al., 1988). Parasuraman et. al. (1991) presented some revisions to the original SERVQUAL measure to remedy problems with high means and standard deviations found on some questions and to obtain a direct measure of the importance of each construct to the customer.

Service leadership

Service Leadership is the powerful force that occurs once a person discovers their heart to serve, answers their call to lead, and summons their courage to engage.

Heart to Serve + Call to Lead + Courage to Engage = Service Leadership

Our Service Leadership Programs are designed to inspire elementary, middle school, high school, and college students, as well as adults who live with disabilities, to become engaged members of their communities who work to solve problems and help others through service.

HEART TO SERVE

Service Leadership Programs provide opportunities for individuals to discover their heart to serve and realize that serving others is not just something they do, but it is their way of life. The service club experience helps members accept their own ability to make a difference, enhances their knowledge of their own passions and convictions, and develops their ability to empathize with those in need in their communities.

CALL TO LEAD

Service Leadership Programs help members answer their call to lead. Every person has leadership potential and these programs provide a forum for individuals to unlock theirs. Someone with a call to lead decides to step forward when the easier choice might be to stand still. The service club experience helps members accept their own identity as a leader, enhances their knowledge of other-centered leadership, and develops their ability to transform an idea into purposeful action.

COURAGE TO ENGAGE

Service Leadership Programs are excellent forums for members to summon the courage to engage and decide to live a life of collaboration, not isolation. More than ever before, young people need to develop the capacity to effectively interact with others face-to-face. The service club experience helps members recognize collaboration as a key to success, enhances their knowledge of how to build coalitions to address community needs, and develops their ability to build strong human connections through conversation.

Service Strategy

Service Strategy is the center and origin point of the ITIL Service Lifecycle. It provides guidance on clarification and prioritization of service-provider investments in services. More generally, Service Strategy focuses on helping IT organizations improve and develop over the long term. **Services marketing strategy** focuses on delivering processes, experiences, and intangibles to customers rather than physical goods and transactions. ... Another category of **service** is customer **service**, which includes the **service** provided in support of a company's core products. Service Strategy is the center and origin point of the ITIL Service Lifecycle. It provides guidance on

clarification and prioritization of service-provider investments in services. More generally, Service Strategy focuses on helping IT organizations improve and develop over the long term. In both cases, Service Strategy relies largely upon a market-driven approach.

Strategy activities are:

1. Define market
2. Develop strategic offer
3. Develop strategic assets
4. Prepare for execution

Service Triangle

Service Marketing Triangle Service marketing triangle a dynamic model where there are three interlinked groups that work together to develop, promote, and deliver services. The company, its employees and its customers form the three integral roles in the service marketing triad. The business has products and services to offer and promote to customers. It uses external marketing, such as advertising and public relations, to attract customers. The marketing triangle is an analytical tool that defines the three most important factors of marketing success. Active marketing, passive marketing and follow-up represent the individual components of the marketing triangle. Effective campaigns typically utilize all three elements of the marketing triangle.

Interactive Marketing

Interactive marketing is a one to one marketing process that reacts and changes based on the actions of individual customers and prospects. This ability to react to the actions of customers and prospects means that trigger based marketing is dramatically more effective than normal direct marketing. Interactive marketing, sometimes called trigger-based or event driven marketing is a marketing strategy that uses two-way communication channels to allow consumers to connect with a company directly

Types of Interactive Marketing

1. Interactive Storytelling
2. Personalized Content
3. Layered Information
4. Two-way interaction

Marketing Mix Decision Definition

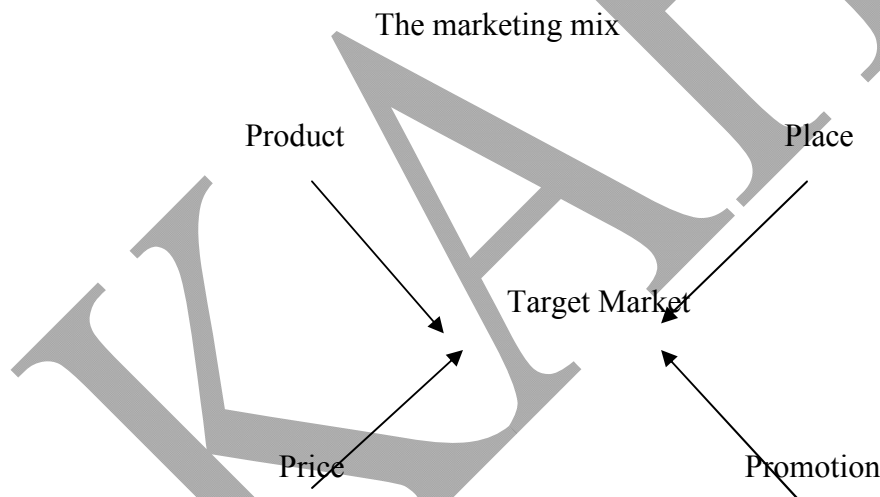
A planned mix of the controllable elements of products marketing plan commonly termed as 4ps:

1. Product
2. Price
3. Place
4. Promotion

Marketing Mix Decision

The marketing mix refers to the set of actions or tactics that a company uses to promote its brand or product in the market the make up a typical marketing mix price product promotion and place.

The Marketing Mix



Product

The product is the physical product or services offered to the consumer .in the case of physical product it also refer to any services or conveniences that are part of the offering

Product decisions includes aspect such as functions appearance packing service warranty etc

Price

Pricing decisions should take into account profit margin and the probable pricing response of competitors pricing includes not only the list price but also discounts financing and other options such as leasing

Place

Place (or placement) decision are those associated with channels of distribution that serve as the means for getting the product.

Promotion

Promotion decisions are those related to communicating and selling to potential consumer since these cost can be large in proportion to the product price a break-even analysis should be performed when making promotion decisions.

Marketing mix decisions

Product	Price	Place	Promotion
Functionality	List price	Channel members	Advertising
Appearance	Discounts	Channel motivation	Personal selling
Quality	Allowance	Market coverage	Public relations
Brand	Financing	Locations	Message
Warranty	Leasing options	Logistics	media
Service\support		Service levels	Budget

Service products**Definition**

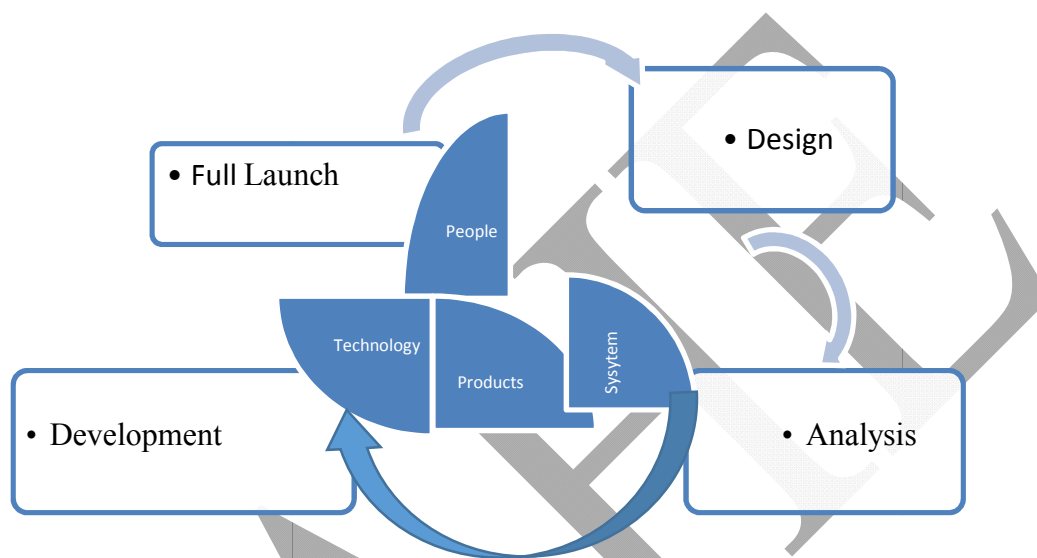
Business involving aspect of both a tangible (physical) good and intangible service and where typically of services is more important than the physical products for example lodging programming or training almost every product comprise of some degree of service good mix

Branding Service

Branding a service is very different from branding a product for a variety of reasons, such as: Products are made where services are delivered. Products are used where Services are experienced. Products are tangible where Services are emotional

New Service Development Definition

Process of developing a new product or service for the market. this types of Development considered the primary step in product or service development and involves a number of steps that must be complete before the product can be market.

New service development Cycle**Pricing**

The process whereby a business sets the price at which it will sell its products and services, and may be part of the business's [marketing plan](#). In setting prices, the business will take into account the price at which it could acquire the goods, the [manufacturing cost](#), the market place, competition, market condition, [brand](#), and quality of product.

Promotion and Distribution Service Definition

The process of planning and executing the conception pricing promotion and distribution of ideas, goods, and services to create exchange the safety individual and organizational objective.

Promotion and Distribution Service

- An essential part of developing multilingual resources is a promotion and distribution strategy. MHCS can assist your organization to develop a distribution plan of your resource to reach culturally and linguistically diverse (CALD) communities
- Some of the existing promotion and distribution service MHCS offers Include:
- Promoting your information through Polyglot, our newsletter sent via email and hard copy to around 900 different individuals and organizations who work with CALD groups and

individuals who have registered to receive updates on health related information in languages other than English

- Culture festivals and events where MHCS has an exhibition booth, such as Chinese new year and test festival

Segmentation Definition

Market segmentation is the process of dividing a market of potential customers into groups or segments based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar

Base of Segmentation

- Geographic segmentation geographic location is one of the simplest methods of segmentation the market
- Demographic segmentation
- Psychographic segmentation
- Behavioristic segmentation
- Volume segmentation
- Product-space segmentation
- Benefit segmentation

Positioning and differentiation strategies Definition

Positioning and differentiation are very closely related marketing strategies. Positioning is your strategy for conveying what makes your company or products bigger, different or better than those offered by competitors.

Differentiation Purpose

Positioning is a behind-the-scenes strategy that guides your advertising. In your ad messages, you differentiate yourself by promoting the benefits or company attributes that make your brand distinct. Internet service provider GoDaddy.com has differentiated itself greatly from competitors with sexually themed TV commercials not traditionally used by tech companies. Small businesses

often have cost disadvantages relative to larger companies and therefore focus on personalized services, niche products and product knowledge in differentiation

Differentiation Tools

In your marketing, you can use a number of symbols and tools to establish your brand differentiation. A distinct name, such as Zappos for a shoe brand, helps. An effective brand logo and distinct packaging are visually driven methods to differentiate. Target emphasizes a strong quality-to-price relationship, or a top value-orientation. Aldi is a low-price grocer. Distribution is also a means of differentiating your brand. Amazon.com has an efficient and controlled system to ensure efficient delivery of third-party goods.

Target Customers

Positioning is relative to competitors but specific to a target customer group. The benefits and value one customer market appreciates may be different than those other customers desire. For instance, a frozen yogurt shop typically provides fresh, customized yogurt products to health-conscious, middle class or higher-income customers willing to pay more for better quality. Fast food shops such as McDonald's and Burger King offer low-price ice cream cones and products for more budget-conscious buyers.

Quality of service industries Definition

A System for Developing or Improving Processes. Establishing a quality management system is not rocket science. The intent of any QMS is simply to provide a system for developing or improving processes through a structured approach, effective deployment and better control.

The Basis of Quality

1. Customer focus
2. Strong leadership
3. Involvement of people
4. Process approach
5. System approach
6. Continuous improvement

7. Decision making based on facts
8. Creating value for the company, its clients and its suppliers

Quality Control

As earlier HBR articles have emphasized, quality control is a crucial function in an organization that markets services. But is quality control the same thing in a service company as in a manufacturing concern? And what does management have to do to establish it in operations? Little has been written on these questions, though valuable insights and principles have been acquired by leading companies in the service sector. In this article a top executive of one such company shares his organization's knowledge with other business leaders.

Because of pressures like these we pursue an elaborate "rescue" operation for our good management people. But, needless to say, maintenance of a high level of performance cannot be accomplished just by retrieving good people who have left. When able employees are hired, the objective must be to retain them by keeping them challenged and satisfied and growing in their jobs.

Customer support services definition

Customer support is a range of customer services to assist customers in making cost effective and correct use of a product. It includes assistance in planning, installation, training, troubleshooting, maintenance, upgrading, and disposal of a product.

Customer Support Service

Customer Support Service is a professional consulting, customer support, customer service, and a technology infrastructure company. We provide businesses with professional consulting and support services in the areas of customer support, employees training, business process outsourcing, business development and marketing. We also provide technical support professionals to support customer support and services for your growing product lines round the clock.

Customer Support Service is a professional consulting, customer support, customer service, and a technology infrastructure company. We provide businesses with professional consulting and

support services in the areas of customer support, employees training, business process outsourcing, business development and marketing. We also provide technical support professionals to support customer support and services for your growing product lines round the clock.

Support Service

From lead generation to lead closure, we support the entire sales cycle. We also provide up-sell and cross-sell services. They handle order status enquiry requests, product-related information, and resolve customer complaints. Our helpdesk / technical support offers a round-the-clock service portfolio consisting application operation support, remote desktop management, network support, and messaging system support. We also provide level 0, level 1, and level 2 support services.

UNIT -2 POSSIBLE QUESTIONS

(2 Marks) Questions:

1. Define marketing environment
2. Differentiate between micro environment and macro environment
3. Define marketing mix.
4. What do you mean by segmentation.
5. Explain targeting.
6. What is Market positioning.

(8 Marks) Questions:

1. What is marketing mix? Why should firms need to create a successful mix for marketing their products?
2. Explain the trends service marketing environment.
3. Target marketing follows market segmentation." Discuss the statement
4. Explain the basic methods of market segmentation for services
5. How would you assess services marketing opportunities.
6. Why is targeting and positioning an important process in service marketing

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 2

Semester: III Year: 2017-19 Batch

UNIT-2

Questions	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWERS
Which one of the following signs constitutes label in the services cape	Name of the department	Exits	Entrances	No smoking	Name of the department
Where a service is perceived by certain segments as being of no value	Negative demand occurs	Latent demand occurs	No demand occurs	Flattening demand occurs	No demand occurs
Where an understanding need for a service exists but there is no product that can satisfy this need at an affordable price to consumers	Latent demand occurs	No demand occurs	Flattening demand occurs	Wholesome demand occurs	Latent demand occurs
When demand for service is too high, the strategy to be adopted is	Offering discounts appeal	Modifying the service offering to new market segments	Modifying hours of operation	Offering incentives to customers for usage during non-peak times	Offering incentives to customers for usage during non-peak times
When demand is too low, the strategy to be adopted is	Charging full price for the service	Offer incentives to customers for usage during non-peak times	Advertising benefits of non-peak use	Modify the service offering to appeal to new market segments	Modify the service offering to appeal to new market segments
A common response during slow demand is to	Discount the price of the service	Increase the price of the service	Reduce hours of operation	Increase the productive capacity	Discount the price of the service
Single queue to multiple servers involve	Parallel lines	Designated lines	No lines	Common lines	Common lines
Facilities are the constraint for	Legal service	Accounting service	Consulting service	Restaurants	Restaurants
Which of the following recommends the use of services it has experienced in a pleasant way	Referral market	Potential market	Internal market	Supplier market	Referral market
The strategy that suggests that customer loyalty can be encouraged through intimate knowledge of customer is known as	Financial bond	Social bond	Customization bonds	Structural bonds	Customization bonds
Service is marketing is about	Promises	About costs	About profit	Goods	Promises

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE**Class: II MBA****Course Name: SERVICES MARKETING Course Code:****17MBAP303A****Unit 2****Semester: III Year: 2017-19 Batch**

Transaction marketing focuses on	Customer retention	High customer service emphasis	High customer	Short time sale	Short time sale
Customer retention gives free advertising through	Word of mouth	Customer advice	Customer satisfaction	Customer service	Word of mouth
All those factors that customers can see, hear and touch are	Tangibles	Intangibles	Empathy	Assurance	Tangibles
Customer perceptions are	Subjective assessment	Customer expectations	Controllable factor	Reference points	Subjective assessment
Customer expectations are	Customer perception	Subjective assessment	Standards of performance	Beliefs	Standards of performance
The key factors leading to "Not knowing what customers expect" is	Poor service design	Absence of customer defined standards	Failure to match supply and demand	Insufficient relationship focus	Insufficient relationship focus
The key factors leading to the gap "not matching performance to promise" is	Overpromising	Deficiencies in human resource policies	Inappropriate physical evidence	Inadequate service recovery	Overpromising
Users forming a habit and availing the services regularly are known as	Habitual users	Occasional users	Actual users	Potential users	Habitual users
Vocal persons are associated with	Advertisement	Publicity	Sales promotion	Word of mouth promotion	Word of mouth promotion
Safe custody is found in the	Banking service	Insurance service	Transport service	Hospital service	Banking service
Investment counseling is	A deposit	International banking	Project counseling	A consultancy service	A consultancy service
Sales promotion technique directed at employee is	Point of sales	Direct mail	Incentives	Free samples	Incentives
The person who buys the individual elements in the travel product on his own account and combines them into a package of travel is known as	Tour operator	Travel agent	Client conflict	Traveler	Tour operator
Which one of the following is a "a line service" in	Intensive care	Dietary	Radiology	Registration	Intensive care

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 2

Semester: III Year: 2017-19 Batch

hospital marketing?					
A official approach to this consumer-focused marketing is identified as	Product	Information	Access	Target marketing	Target marketing
Worth of how marketers go to marketplace with aim of optimizing their expenditure to attain product results for together short-term and long-term is	Marketing mix	Marketing ROI	Marketing effectiveness	Marketing decision	Marketing effectiveness
Primary item to decide is	Services marketing	Segmentation	Location	All of above	Segmentation
To raise demand is purpose of	Location	Segmentation	Services	Promotion	Promotion
Which of the following is not a tangible dominant	Detergents	Automobiles	Investment management	Soft drinks	Investment
Select name of the country having maximum percent of GDP attributed to services	United states	China	Germany	India	United states
Which of the following is not an element of physical evidence	Employee dress	Employee training	Equipment	Facility design	Employee training
Which of the following is not an element of people	Motivation	Teamwork	Flow of activities	Customer training	Flow of activities
Standardized and customized flow of activities, simple and complex number of steps and customer involvement by which a service is delivered is called	Place mix	Physical evidence mix	Process mix	People mix	Process mix
.....is the environment in which the service is delivered and where the firm and customer interact and any tangible components that facilitate performance or communication of the service	Physical evidence	Process	Place	People	Physical evidence
"All human actors who play a part in service delivery and thus influence the buyer's perceptions: namely, the firm's personnel, the customer and other customers in the service	Process	Physical environment	People	Place	People

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 2

Semester: III Year: 2017-19 Batch

environment"					
.....is the difference between customer expectations and perceptions	Customer delight	Customer satisfaction	Customer gap	The supplier gap	Customer gap
Which of the following is difficult to evaluate	Jewellery	Auto repair	Furniture	Clothing	Auto repair
Evaluation of medical diagonals service is mainly depends on	High in experience quality	High in credence quality	High in service quality	Both a and c	High in credence quality
.....is defined a the caring, individualized attention that the firm provides its customers	Empathy	Responsiveness	Sympathy	Assurance	Empathy
Which of the following is not a type of service encountered	Remote encounters	Phone encounters	Face to face encounters	Check in encounters	Check in encounters
.....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	Front end planning	Service blueprinting	Service standardization	None of these	Service blueprinting
.....is the physical surroundings or the physical facility where the service is produced, delivered and consumed	Service space	Service escape	Service place	Service scope	Service escape
".....is the culture where an appreciation for good service exists and where giving good service to internal as well as ultimate, external customers is considered a natural way of life and one of the most important norms by everyone"	Service culture	Corporate culture	Service triangle	Service quality dimensions	Service culture
SSTs stands for	Stable Service Technologies	Social Service Technologies	Smart Service Technologies	Self Service Technologies	Self Service Technologies
.....are the only service distributors which do not require direct human interactions	Electronic channels	SSTs	Direct service channels	Speculative channels	Electronic channels
.....measures involve the translation of customer perceptual measures into the standards or actions that must be set internally to meet customer expectations.	Operational	Market	Customer	Service	Operational

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 2

Semester: III Year: 2017-19 Batch

Tata sky is the joint venture of Tata and	Sony	Star	IBN	Zee	Star
How many key facts are there in service marketing	Two	Three	Four	Five	Five
Service marketing triangle consists of	Company	Employs	Market	Company, employees and market	Company, employees and market
Greater demand for IT prepares, legal advisers, employment services is due to	Increasing complexity of life	Increasing number of new products	Increasing affluence	More leisure time	Increasing complexity of life
Greater demand for skilled specialist is due to	Increasing affluence	Greater life expectancy	Greater complexity of products	Higher percentage of women in the labor force	Greater complexity of products
Greater demand for lawn care, carpet cleaning and other services that consumers used to provide for themselves is due to	More leisure time	Increasing number of new products	Increasing complexity of life	Increasing affluence	Increasing affluence
Greater demand for nursing homes and health care services is due to	Greater complexity of products	Greater life expectancy	Higher percentage of women in the labor force	Increasing affluence	Greater life expectancy
The computer-sparked development of such service industries as programming, repair and time sharing in	Decreasing complexity of life	Greater concern about ecology and resource scarcity	Increasing number of new products	Greater life expectancy	Greater concern about ecology and resource scarcity
Which is the modality of privatization	Ownership transfer	Management transfer	Marketisation	Ownership, management transfer and marketisation	Ownership, management transfer and marketisation
Privatization through ownership measures can be of	Total denationalization	Joint ventures	Liquidation	Total denationalization, joint ventures and liquidation	Total denationalization, joint ventures and liquidation

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE**Class: II MBA****Course Name: SERVICES MARKETING Course Code:****17MBAP303A****Unit 2****Semester: III Year: 2017-19 Batch**

Options available for management transfer are	Leasing	Franchising	Sub-contracting	Leasing, franchising and sub-contracting	Leasing, franchising and sub-contracting
Expand MAI	Mutual Agreement on Trade	Mutual Agreement on Industries	Marketing Association of India	Multilateral Agreement on Investment	Multilateral Agreement on Investment
All human actors who play a part in service delivery and thus influence the buyer's perceptions. Which element in marketing mix is discussed above	Process	Physical evidence	price elasticity	People	People

UNIT-III- SEGMENTATION

SYLLABUS

Segmentation - Bases of segmentation - Positioning and differentiation strategies - Quality of service industries – Customer support service.

Segmentation Definition

Market segmentation is the process of dividing a market of potential customers into groups or segments based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar

Base of Segmentation

- Geographic segmentation geographic location is one of the simplest methods of segmentation the market
- Demographic segmentation
- Psychographic segmentation
- Behavioristic segmentation
- Volume segmentation
- Product-space segmentation
- Benefit segmentation

Positioning and differentiation strategies Definition

Positioning and differentiation are very closely related marketing strategies. Positioning is your strategy for conveying what makes your company or products bigger, different or better than those offered by competitors.

Differentiation Purpose

Positioning is a behind-the-scenes strategy that guides your advertising. In your ad messages, you differentiate yourself by promoting the benefits or company attributes that make your brand distinct. Internet service provide GoDaddy.com has differentiated itself greatly from competitors with sexually themed TV commercials not traditionally used by tech companies. Small businesses often have cost disadvantages relative to larger companies and therefore focus on personalized services, niche products and product knowledge in differentiation

Differentiation Tools

In your marketing, you can use a number of symbols and tools to establish your brand differentiation. A distinct name, such as Zappos for a shoe brand, helps. An effective brand logo and distinct packaging are visually driven methods to differentiate. Target emphasizes a strong quality-to-price relationship, or a top value-orientation. Aldi is a low-price grocer. Distribution is also a means of differentiating your brand. Amazon.com has an efficient and controlled system to ensure efficient delivery of third-party goods.

Target Customers

Positioning is relative to competitors but specific to a target customer group. The benefits and value one customer market appreciates may be different than those other customers desire. For instance, a frozen yogurt shop typically provides fresh, customized yogurt products to health-conscious, middle class or higher-income customers willing to pay more for better quality. Fast food shops such as McDonald's and Burger King offer low-price ice cream cones and products for more budget-conscious buyers.

Quality of service industries Definition

A System for Developing or Improving Processes. Establishing a quality management system is not rocket science. The intent of any QMS is simply to provide a system for developing or improving processes through a structured approach, effective deployment and better control.

The Basis of Quality

1. Customer focus
2. Strong leadership
3. Involvement of people

4. Process approach
5. System approach
6. Continuous improvement
7. Decision making based on facts
8. Creating value for the company, its clients and its suppliers

Quality Control

As earlier HBR articles have emphasized, quality control is a crucial function in an organization that markets services. But is quality control the same thing in a service company as in a manufacturing concern? And what does management have to do to establish it in operations? Little has been written on these questions, though valuable insights and principles have been acquired by leading companies in the service sector. In this article a top executive of one such company shares his organization's knowledge with other business leaders.

Because of pressures like these we pursue an elaborate "rescue" operation for our good management people. But, needless to say, maintenance of a high level of performance cannot be accomplished just by retrieving good people who have left. When able employees are hired, the objective must be to retain them by keeping them challenged and satisfied and growing in their jobs.

Customer support services definition

Customer support is a range of customer services to assist customers in making cost effective and correct use of a product. It includes assistance in planning, installation, training, troubleshooting, maintenance, upgrading, and disposal of a product.

Customer Support Service

Customer Support Service is a professional consulting, customer support, customer service, and a technology infrastructure company. We provide businesses with professional consulting and support services in the areas of customer support, employees training, business process outsourcing, business development and marketing. We also provide technical support professionals to support customer support and services for your growing product lines round the clock.

Customer Support Service is a professional consulting, customer support, customer service, and a technology infrastructure company. We provide businesses with professional consulting and support services in the areas of customer support, employees training, business process outsourcing, business development and marketing. We also provide technical support professionals to support customer support and services for your growing product lines round the clock.

Support Service

From lead generation to lead closure, we support the entire sales cycle. We also provide up-sell and cross-sell services. They handle order status enquiry requests, product-related information, and resolve customer complaints. Our helpdesk / technical support offers a round-the-clock service portfolio consisting application operation support, remote desktop management, network support, and messaging system support. We also provide level 0, level 1, and level 2 support services.

Market segmentation is the process of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers (known as segments) based on some type of shared characteristics. In dividing or segmenting markets, researchers typically look for common characteristics such as shared needs, common interests, similar lifestyles or even similar demographic profiles. The overall aim of segmentation is to identify high yield segments – that is, those segments that are likely to be the most profitable or that have growth potential – so that these can be selected for special attention (i.e. become target markets).

Many different ways to segment a market have been identified. Business-to-business (B2B) sellers might segment the market into different types of businesses or countries. While business to consumer (B2C) sellers might segment the market into demographic segments, lifestyle segments, behavioral segments or any other meaningful segment.

The STP approach highlights the three areas of decision-making

Market segmentation assumes that different market segments require different marketing programs – that is, different offers, prices, promotion, distribution or some combination of marketing variables. Market segmentation is not only designed to identify the most profitable segments, but also to develop profiles of key segments in order to better understand their needs and purchase motivations. Insights from segmentation analysis are subsequently used to support marketing

strategy development and planning. Many marketers use the S-T-P approach; Segmentation → Targeting → Positioning to provide the framework for marketing planning objectives. That is, a market is segmented, one or more segments are selected for targeting, and products or services are positioned in a way that resonates with the selected target market or markets.

DEFINITION AND BRIEF EXPLANATION

Market segmentation is the process of dividing up mass markets into groups or segments with similar needs and wants. The rationale for market segmentation is that in order to achieve competitive advantage and superior performance, firms should: "(1) identify segments of industry demand, (2) target specific segments of demand, and (3) develop specific 'marketing mixes' for each targeted market segment." From an economic perspective, segmentation is built on the assumption that heterogeneity in demand allows for demand to be disaggregated into segments with distinct demand functions.

The business historian, Richard S. Tedlow, identifies four stages in the evolution of market segmentation:

- **Fragmentation (pre 1880s):** The economy was characterised by small regional suppliers who sold goods on a local or regional basis
- **Unification or Mass Marketing (1880s–1920s):** As transportation systems improved, the economy became unified. Standardised, branded goods were distributed at a national level. Manufacturers tended to insist on strict standardisation in order to achieve scale economies with a view to penetrating markets in the early stages of a product's life cycle. e.g. the Model T Ford
- **Segmentation (1920s–1980s):** As market size increased, manufacturers were able to produce different models pitched at different quality points to meet the needs of various demographic and psychographic market segments. This is the era of market differentiation based on demographic, socio-economic and lifestyle factors.
- **Hyper-segmentation (1980s+):** a shift towards the definition of ever more narrow market segments. Technological advancements, especially in the area of digital communications, allow marketers to communicate with individual consumers or very small groups. This is sometimes known as one-to-one marketing.

The practice of market segmentation emerged well before marketers thought about it at a theoretical level. Archaeological evidence suggests that Bronze Age traders segmented trade routes according to geographical circuits. Other evidence suggests that the practice of modern market

segmentation was developed incrementally from the 16th century onwards. Retailers, operating outside the major metropolitan cities, could not afford to serve one type of clientele exclusively, yet retailers needed to find ways to separate the wealthier clientele from the "riff raff". One simple technique was to have a window opening out onto the street from which customers could be served. This allowed the sale of goods to the common people, without encouraging them to come inside. Another solution, that came into vogue from the late sixteenth century, was to invite favoured customers into a back-room of the store, where goods were permanently on display. Yet another technique that emerged around the same time was to hold a showcase of goods in the shopkeeper's private home for the benefit of wealthier clients. Samuel Pepys, for example, writing in 1660, describes being invited to the home of a retailer to view a wooden jack. The eighteenth century English entrepreneurs, Josiah Wedgewood and Matthew Boulton, both staged expansive showcases of their wares in their private residences or in rented halls to which only the upper classes were invited while Wedgewood used a team of itinerant salesmen to sell wares to the masses.

Evidence of early marketing segmentation has also been noted elsewhere in Europe. A study of the German book trade found examples of both product differentiation and market segmentation in the 1820s. From the 1880s, German toy manufacturers were producing models of tin toys for specific geographic markets; London omnibuses and ambulances destined for the British market; French postal delivery vans for Continental Europe and American locomotives intended for sale in America. Such activities suggest that basic forms of market segmentation have been practised since the 17th century and possibly earlier.

Wendell R. Smith is generally credited with being the first to introduce the concept of market segmentation into the marketing literature in 1956 with the publication of his article, "Product Differentiation and Market Segmentation as Alternative Marketing Strategies." Smith's article makes it clear that he had observed "many examples of segmentation" emerging and to a certain extent saw this as a natural force in the market that would "not be denied." As Schwarzkopf points out, Smith was codifying implicit knowledge that had been used in advertising and brand management since at least the 1920s.

Contemporary market segmentation emerged in the twentieth century as marketers responded to two pressing issues. Demographic and purchasing data were available for groups but rarely for individuals and secondly, advertising and distribution channels were available for groups, but rarely

for single consumers. Between 1902 and 1910, George B Waldron, working at Mahin's Advertising Agency in the United States used tax registers, city directories and census data to show advertisers the proportion of educated vs illiterate consumers and the earning capacity of different occupations etc. in a very early example of simple market segmentation. In 1924 Paul Cherington developed the 'ABCD' household typology; the first socio-demographic segmentation tool. With access to group level data only, brand marketers approached the task from a tactical viewpoint. Thus, segmentation was essentially a brand-driven process.

Until relatively recently, most segmentation approaches have retained this tactical perspective in that they address immediate short-term decisions; such as describing the current “market served” and are concerned with informing marketing mix decisions. However, with the advent of digital communications and mass data storage, it has been possible for marketers to conceive of segmenting at the level of the individual consumer. Extensive data is now available to support segmentation at very narrow groups or even for the single customer, allowing marketers to devise a customised offer with an individual price which can be disseminated via real-time communications. Some scholars have argued that the fragmentation of markets has rendered traditional approaches to market segmentation less useful.

Market segmentation strategy[\[edit\]](#)

See also: Niche market and Porter's generic strategies

A key consideration for marketers is whether to segment or not to segment. Depending on company philosophy, resources, product type or market characteristics, a businesses may develop an undifferentiated approach or *differentiated approach*. In an undifferentiated approach, the marketer ignores segmentation and develops a product that meets the needs of the largest number of buyers.^[28] In a differentiated approach the firm targets one or more market segments, and develops separate offers for each segment.^[28]

Even simple products like salt, which might be considered as commodities, are highly differentiated in practice.

In consumer marketing, it is difficult to find examples of undifferentiated approaches. Even goods such as salt and sugar, which were once treated as commodities, are now highly differentiated. Consumers can purchase a variety of salt products; cooking salt, table salt, sea-salt, rock salt, kosher salt, mineral salt, herbal or vegetable salts, iodized salt, salt substitutes and many more. Sugar also comes in many different types - cane sugar, beet sugar, raw sugar, white refined sugar, brown sugar, caster sugar, sugar lumps, icing sugar (also known as milled sugar), sugar syrup, invert sugar and a plethora of sugar substitutes including *smart sugar* which is essentially a blend of pure sugar and a sugar substitute. Each of these product types is designed to meet the needs of specific market segments. Invert sugar and sugar syrups, for example, are marketed to food manufacturers where they are used in the production of preserves, chocolate and baked goods. Sugars marketed to consumers appeal to different usage segments – refined sugar is primarily for use on the table, while caster sugar and icing sugar are primarily designed for use in home-baked goods.

Different types of sugar: clockwise from top-left: White refined, unrefined, brown, unprocessed cane

Main Strategic Approaches to Segmentation^[29]

Number of segments	Segmentation strategy	Comments
Zero	Undifferentiated strategy	Mass marketing: no segmentation

One	Focus strategy	Niche marketing: focus efforts on a small, tightly defined target market
Two or more	Differentiated strategy	Multiple niches: focus efforts on 2 or more, tightly defined targets
Thousands	Hypersegmentation	One-to-one marketing: customise the offer for each individual customer

A number of factors are likely to affect a company's segmentation strategy:^[30]

- Company resources: When resources are restricted, a concentrated strategy may be more effective.
- Product variability: For highly uniform products (such as sugar or steel) an undifferentiated marketing may be more appropriate. For products that can be differentiated, (such as cars) then either a differentiated or concentrated approach is indicated.
- Product life cycle: For new products, one version may be used at the launch stage, but this may be expanded to a more segmented approach over time. As more competitors enter the market, it may be necessary to differentiate.
- Market characteristics: When all buyers have similar tastes, or are unwilling to pay a premium for different quality, then undifferentiated marketing is indicated.
- Competitive activity: When competitors apply differentiated or concentrated market segmentation, using undifferentiated marketing may prove to be fatal. A company should consider whether it can use a different market segmentation approach.

Segmentation, targeting, positioning[edit]

The process of segmenting the market is deceptively simple. Seven basic steps describe the entire process including segmentation, targeting and positioning. In practice, however, the task can be very laborious since it involves poring over loads of data, and requires a great deal of skill in analysis, interpretation and some judgement. Although a great deal of analysis needs to be undertaken, and many decisions need to be made, marketers tend to use the so-called S-T-P process, that is Segmentation → Targeting → Positioning, as a broad framework for simplifying the process.^[31] Segmentation comprises identifying the market to be segmented; identification, selection, and application of bases to be used in that segmentation; and development of profiles. Targeting

comprises an evaluation of each segment's attractiveness and selection of the segments to be targeted. Positioning comprises identification of optimal position and development of the marketing program.

Identifying the market to be segmented[[edit](#)]

See also: [Serviceable available market](#)

The market for a given product or service known as the *market potential* or the *total addressable market (TAM)*. Given that this is the market to be segmented, the market analyst should begin by identifying the size of the potential market. For existing products and services, estimating the size and value of the market potential is relatively straight forward. However, estimating the market potential can be very challenging when a product or service is totally new to the market and no historical data on which to base forecasts exists.

A basic approach is to first assess the size of the broad population, then estimate the percentage likely to use the product or service and finally to estimate the revenue potential.

To estimate market size, a marketer might evaluate adoption and growth rates of comparable technologies.

Another approach is to use historical analogy.^[32] For example, the manufacturer of HDTV might assume that the number of consumers willing to adopt high definition TV will be similar to the adoption rate for Color TV. To support this type of analysis, data for household penetration of TV, Radio, PCs and other communications technologies is readily available from government statistics departments. Finding useful analogies can be challenging because every market is unique. However, analogous product adoption and growth rates can provide the analyst with benchmark estimates, and can be used to cross validate other methods that might be used to forecast sales or market size.

A more robust technique for estimating the market potential is known as the Bass diffusion model, the equation for which follows:^[33]

$$N(t) - N(t-1) = [p + qN(t-1)/m] \times [m - N(t-1)]$$

Where:

- $N(t)$ = the number of adopters in the current time period, (t)
- $N(t-1)$ = the number of adopters in the previous time period, $(t-1)$
- p = the coefficient of innovation
- q = the coefficient of imitation (the social contagion influence)
- m = an estimate of the number of eventual adopters

The major challenge with the Bass model is estimating the parameters for p and q . However, the Bass model has been so widely used in empirical studies that the values of p and q for more than 50 consumer and industrial categories have been determined and are widely published in tables.^[34] The average value for p is 0.037 and for q is 0.327.

Bases for segmenting consumer markets[[edit](#)]

Major bases used for segmenting a market

A major step in the segmentation process is the selection of a suitable base. In this step, marketers are looking for a means of achieving internal homogeneity (similarity within the segments), and external heterogeneity (differences between segments).^[35] In other words, they are searching for a process that minimises differences between members of a segment and maximises differences between each segment. In addition, the segmentation approach must yield segments that are meaningful for the specific marketing problem or situation. For example, a person's hair colour may be a relevant base for a shampoo manufacturer, but it would not be relevant for a seller of financial services. Selecting the right base requires a good deal of thought and a basic understanding of the market to be segmented.

In reality, marketers can segment the market using any base or variable provided that it is identifiable, substantial, responsive, actionable and stable.^[36]

- *Identifiability* refers to the extent to which managers can identify or recognise distinct groups within the marketplace
- *Substantiality* refers to the extent to which a segment or group of customers represents a sufficient size to be profitable. This could mean sufficiently large in number of people or in purchasing power
- *Accessibility* refers to the extent to which marketers can reach the targeted segments with promotional or distribution efforts
- *Responsiveness* refers to the extent to which consumers in a defined segment will respond to marketing offers targeted at them
- *Actionable* – segments are said to be actionable when they provide guidance for marketing decisions.^[37]

For example, although dress size is not a standard base for segmenting a market, some fashion houses have successfully segmented the market using women's dress size as a variable.^[38] However, the most common bases for segmenting consumer markets include: geographics, demographics, psychographics and behavior. Marketers normally select a single base for the segmentation analysis, although, some bases can be combined into a single segmentation with care. For example, geographics and demographics are often combined, but other bases are rarely combined. Given that psychographics includes demographic variables such as age, gender and income as well as attitudinal and behavioral variables, it makes little logical sense to combine psychographics with demographics or other bases. Any attempt to use combined bases needs careful consideration and a logical foundation.

Segmentation base	Brief explanation of base (and example)	Typical segments
Demographic	Quantifiable population characteristics. (e.g. age, gender, income, education, socio-economic status, family size or situation).	e.g. Young, Upwardly-mobile, Prosperous, Professionals (YUPPY); Double Income No Kids (DINKS); Greying, Leisured And Moneyed (GLAMS); Empty- nester, Full-nester
Geographic	Physical location or region (e.g. country, state, region, city, suburb,	e.g. New Yorkers; Remote, outback Australians; Urbanites, Inner-city

	postcode).	dwellers
Geo-demographic or geoclusters	Combination of geographic & demographic variables.	e.g. Rural farmers, Urban professionals, 'sea-changers', 'tree-changers'
Psychographics	Lifestyle, social or personality characteristics. (typically includes basic demographic descriptors)	e.g. Socially Aware; Traditionalists, Conservatives, Active 'club-going' young professionals
Behavioural	Purchasing, consumption or usage behaviour. (e.g. Needs-based, benefit-sought, usage occasion, purchase frequency, customer loyalty, buyer readiness).	e.g. Tech-savvy (aka tech-heads); Heavy users, Enthusiasts; Early adopters, Opinion Leaders, Luxury-seekers, Price-conscious, Quality-conscious, Time-poor
Contextual and situational	The same consumer changes in their attractiveness to marketers based on context and situation. This is particularly used in digital targeting via programmatic bidding approaches	e.g. Actively shopping, just entering into a life change event, being physically in a certain location or at a particular retailer which is known from GPS data via smart phones.

Source: Based on Wikiversity, Marketing [E-Book], c. 2015

The following sections provide a detailed description of the most common forms of consumer market segmentation.

Geographic segmentation[\[edit\]](#)

Geographic segmentation divides markets according to geographic criteria. In practice, markets can be segmented as broadly as continents and as narrowly as neighborhoods or postal codes.^[39] Typical geographic variables include:

- **Country** e.g. Brazil, Canada, China, France, Germany, India, Italy, Japan, UK, US

- **Region** e.g. North, North-west, Mid-west, South, Central
- **Population density:** e.g. central business district (CBD), urban, suburban, rural, regional
- **City or town size:** e.g. under 1,000; 1,000–5,000; 5,000–10,000 ... 1,000,000–3,000,000 and over 3,000,000
- **Climatic zone:** e.g. Mediterranean, Temperate, Sub-Tropical, Tropical, Polar,

The geo-cluster approach (also called *geodemographic segmentation*) combines demographic data with geographic data to create richer, more detailed profiles.^[40] Geo-cluster approaches are a consumer classification system designed market segmentation and consumer profiling purposes. They classify residential regions or postcodes on the basis of census and lifestyle characteristics obtained from a wide range of sources. This allows the segmentation of a population into smaller groups defined by individual characteristics such as demographic, socio-economic or other shared socio-demographic characteristics.

Geographic segmentation may be considered the first step in international marketing, where marketers must decide whether to adapt their existing products and marketing programs for the unique needs of distinct geographic markets. Tourism Marketing Boards often segment international visitors based on their country of origin.

A number of proprietary geo-demographic packages are available for commercial use. Geographic segmentation is widely used in direct marketing campaigns to identify areas which are potential candidates for personal selling, letter-box distribution or direct mail. Geo-cluster segmentation is widely used by Governments and public sector departments such as urban planning, health authorities, police, criminal justice departments, telecommunications and public utility organisations such as water boards.^[41]

Demographic segmentation[edit]

Further information: Demographic targeting

Segmentation according to demography is based on consumer- demographic variables such as age, income, family size, socio-economic status, etc.^[42] Demographic segmentation assumes that consumers with similar demographic profiles will exhibit similar purchasing patterns, motivations, interests and lifestyles and that these characteristics will translate into similar product/brand preferences.^[43] In practice, demographic segmentation can potentially employ any variable that is used by the nation's census collectors. Typical demographic variables and their descriptors are as follows:

- **Age:** e.g. Under 5, 5–8 years, 9–12 years, 13–17 years, 18–24, 25–29, 30–39, 40–49, 50–59, 60+^[44]
- **Gender:** Male, Female^[45]

- **Occupation:** Professional, self-employed, semi-professional, clerical/ admin, sales, trades, mining, primary producer, student, home duties, unemployed, retired^[46]
- **Socio-economic:** A, B, C, D, E, or I, II, III, IV or V (normally divided into quintiles)^[47]
- **Marital Status:** Single, married, divorced, widowed
- **Family Life-stage:** Young single; Young married with no children; Young family with children under 5 years; Older married with children; Older married with no children living at home, Older living alone^[48]
- **Family size/ number of dependants:** 0, 1–2, 3–4, 5+
- **Income:** Under \$10,000; 10,000–20,000; 20,001–30,000; 30,001–40,000, 40,001–50,000 etc.
- **Educational attainment:** Primary school; Some secondary, Completed secondary, Some university, Degree; Post graduate or higher degree
- **Home ownership:** Renting, Own home with mortgage, Home owned outright
- **Ethnicity:** Asian, African, Aboriginal, Polynesian, Melanesian, Latin-American, African-American, American Indian etc.
- **Religion:** Catholic, Protestant, Muslim, Jewish, Buddhist, Hindu, Other

In practice, most demographic segmentation utilises a combination of demographic variables.

Visualisation of two approaches to demographic segmentation using one and two variables. On the left, a single variable (age) is used. On the right, two variables (income and occupation) are used to form the segments.

The use of multiple segmentation variables normally requires analysis of databases using sophisticated statistical techniques such as cluster analysis or principal components analysis. It should be noted that these types of analysis require very large sample sizes. However, data-collection is expensive for individual firms. For this reason, many companies purchase data from commercial market research firms, many of whom develop proprietary software to interrogate the data.

The labels applied to some of the more popular demographic segments began to enter the popular lexicon in the 1980s.^{[49][50][51]} These include the following.^{[52][53]}

DINK: Double (or dual) Income, No Kids, describes one member of a couple with above average household income and no dependent children, tend to exhibit discretionary expenditure on luxury goods and entertainment and dining out

GLAM: Greying, Leisured and Moneyed. Retired older persons, asset rich and high income. Tend to exhibit higher spending on recreation, travel and entertainment

GUPPY: (aka GUPPIE) Gay, Upwardly Mobile, Prosperous, Professional; blend of gay and YUPPY (can also refer to the London-based equivalent of YUPPY)

MUPPY: (aka MUPPIE) Mid-aged, Upwardly Mobile, Prosperous, Professional

Preppy: (American) Well educated, well-off, upper class young persons; a graduate of an expensive school. Often distinguished by a style of dress.

SITKOM: Single Income, Two Kids, Oppressive Mortgage. Tend to have very little discretionary income, struggle to make ends meet

Tween: Young person who is approaching puberty, aged approximately 9–12 years; too old to be considered a child, but too young to be a teenager; they are 'in between'.

WASP: (American) White, Anglo-Saxon Protestant. Tend to be high-status and influential white Americans of English Protestant ancestry.

YUPPY: (aka yuppie) Young, Urban/ Upwardly-mobile, Prosperous, Professional. Tend to be well-educated, career-minded, ambitious, affluent and free spenders.

Psychographic segmentation[\[edit\]](#)

Main article: [Psychographic segmentation](#)

Psychographic segmentation, which is sometimes called psychometric or lifestyle segmentation, is measured by studying the activities, interests, and opinions (AIOs) of customers. It considers how people spend their leisure,^[54] and which external influences they are most responsive to and influenced by. Psychographics is a very widely used basis for segmentation, because it enables marketers to identify tightly defined market segments and better understand consumer motivations for product or brand choice.

While many of these proprietary psychographic segmentation analyses are well-known, the majority of studies based on psychographics are custom designed. That is, the segments are developed for individual products at a specific time. One common thread among psychographic segmentation studies is that they use quirky names to describe the segments.^[55]

Behavioral segmentation[\[edit\]](#)

Behavioral segmentation divides consumers into groups according to their observed behaviors. Many marketers believe that behavioral variables are superior to demographics and geographics for building market segments^[56] and some analysts have suggested that behavioural segmentation is killing off demographics.^[57] Typical behavioral variables and their descriptors include:^[58]

- **Purchase/Usage Occasion:** e.g. regular occasion, special occasion, festive occasion, gift-giving

- **Benefit-Sought:** e.g. economy, quality, service level, convenience, access
- **User Status:** e.g. First-time user, Regular user, Non-user
- **Usage Rate/Purchase Frequency:** e.g. Light user, heavy user, moderate user
- **Loyalty Status:** e.g. Loyal, switcher, non-loyal, lapsed
- **Buyer Readiness:** e.g. Unaware, aware, intention to buy
- **Attitude to Product or Service:** e.g. Enthusiast, Indifferent, Hostile; Price Conscious, Quality Conscious
- **Adopter Status:** e.g. Early adopter, late adopter, laggard

Note that these descriptors are merely commonly used examples. Marketers customize the variable and descriptors for both local conditions and for specific applications. For example, in the health industry, planners often segment broad markets according to 'health consciousness' and identify low, moderate and highly health conscious segments. This is an applied example of behavioral segmentation, using attitude to product or service as a key descriptor or variable which has been customised for the specific application.

Purchase/usage occasion[edit]

Purchase or usage occasion segmentation focuses on analyzing occasions when consumers might purchase or consume a product. This approach customer-level and occasion-level segmentation models and provides an understanding of the individual customers' needs, behavior and value under different occasions of usage and time. Unlike traditional segmentation models, this approach assigns more than one segment to each unique customer, depending on the current circumstances they are under.

Benefit-sought

Benefit sought (sometimes called needs-based segmentation) divides markets into distinct needs, perceived value, benefits sought or advantage that accrues from the purchase of a product or service. Marketers using benefit-sought segmentation might develop products with different quality levels, performance, customer service, special features or any other meaningful benefit and pitch different products at each of the segments identified. Benefit segmentation is one of the more commonly used approaches to segmentation and is widely used in many consumer markets including motor vehicles, fashion and clothing, furniture, consumer electronics and holiday-makers.

Loker and Purdue, for example, used benefit segmentation to segment the pleasure holiday travel market. The segments identified in this study were the naturalists, pure excitement seekers, escapists.

Attitudinal segments

Attitudinal segmentation provides insight into the mindset of customers, especially the attitudes and beliefs that drive consumer decision-making and behavior. An example of attitudinal segmentation comes from the UK's Department of Environment which segmented the British population into six segments, based on attitudes that drive behavior relating to environmental protection:

- **Greens:** Driven by the belief that protecting environment is critical; try to conserve whenever they can
- **Conscious with a conscience:** Aspire to be green; primarily concerned with wastage; lack awareness of other behaviors associated with broader environmental issues such as climate change
- **Currently constrained:** Aspire to be green but feel they cannot afford to purchase organic products; pragmatic realists
- **Basic contributors:** Sceptical about the need for behavior change; aspire to conform to social norms; lack awareness of social and environmental issues
- **Long-term resistance:** Have serious life priorities that take precedence before behavioral change is a consideration; their every day behaviors often have low impact on the environment but for other reasons than conservation
- **Disinterested:** View greenies as an eccentric minority; exhibit no interest in changing their behavior; may be aware of climate change but have not internalised it to the extent that it enters their decision-making process.

Other types of consumer segmentation

In addition to geographics, demographics, psychographics and behavioral bases, marketers occasionally turn to other means of segmenting the market, or to develop segment profiles.

Generational segments

A generation is defined as "a cohort of people born within a similar span of time (15 years at the upper end) who share a comparable age and life stage and who were shaped by a particular span of time (events, trends and developments)." Generational segmentation refers to the process of dividing and analysing a population into cohorts based on their birth date. Generational segmentation assumes that people's values and attitudes are shaped by the key events that occurred during their lives and that these attitudes translate into product and brand preferences.

Demographers, studying population change, disagree about precise dates for each generation. Dating is normally achieved by identifying population peaks or troughs, which can occur at different times in each country. For example, in Australia the post-war population boom peaked in 1960, while the peak occurred somewhat later in the USA and Europe, with most estimates converging on 1964. Accordingly, Australian Boomers are normally defined as those born between 1945–1960; while American and European Boomers are normally defined as those born between 1945–64. Thus, the generational segments and their dates discussed here must be taken as approximations only.

The primary generational segments identified by marketers are:[66]

- Builders: born 1920 to 1945
- Baby boomers: born about 1945–1965
- Generation X: born about 1966–1976
- Generation Y: also known as Millennials; born about 1977–1994
- Generation Z: also known as Centennials; born 1995–2015

Unique characteristics of selected generations

Millennials		Generation X		Baby Boomers	
Technology use	24%	Technology use	12%	Work ethic	17%
Music/ popular culture	11%	Work ethic	11%	Respectful	14%
Liberal/ tolerant	7%	Conservative/ traditional	7%	Values/ morals	8%
Smarter	6%	Smarter	6%	Smarter	5%
Clothes	5%	Respectful	5%	N/A	—

Cultural segmentation[edit]

Cultural segmentation is used to classify markets according to cultural origin. Culture is a major dimension of consumer behavior and can be used to enhance customer insight and as a component of predictive models. Cultural segmentation enables appropriate communications to be crafted to particular cultural communities. Cultural segmentation can be applied to existing customer data to measure market penetration in key cultural segments by product, brand, channel as well as traditional measures of recency, frequency and monetary value. These benchmarks form an important evidence-base to guide strategic direction and tactical campaign activity, allowing engagement trends to be monitored over time.

Cultural segmentation can also be mapped according to state, region, suburb and neighborhood. This provides a geographical market view of population proportions and may be of benefit in selecting appropriately located premises, determining territory boundaries and local marketing activities.

Census data is a valuable source of cultural data but cannot meaningfully be applied to individuals. Name analysis (onomastics) is the most reliable and efficient means of describing the cultural origin of individuals. The accuracy of using name analysis as a surrogate for cultural background in Australia is 80–85%, after allowing for female name changes due to marriage, social or political reasons or colonial influence. The extent of name data coverage means a user will code a minimum of 99 percent of individuals with their most likely ancestral origin.

Online customer segmentation[edit]

Online market segmentation is similar to the traditional approaches in that the segments should be identifiable, substantial, accessible, stable, differentiable and actionable.[68]Customer data stored in online data management systems such as a CRM or DMP enables the analysis and segmentation of consumers across a diverse set of attributes. Forsyth et al., in an article 'Internet research' grouped current active online consumers into six groups: Simplifiers, Surfers, Bargainers, Connectors, Routiners, and Sportsters. The segments differs regarding four customers' behaviours, namely:

- the amount of time they actively spend online,
- the number of pages and sites they access,
- the time they spend actively viewing each page,
- and the kinds of sites they visit.

For example, Simplifiers make over 50 percent of all online transactions. Their main characteristic is that they need easy (one-click) access to information and products as well as easy

and quickly available service regarding products. Amazon.com is a good example of a company who created great online environment for Simplifiers. They also 'dislike unsolicited e-mail, uninviting chat rooms, pop-up windows intended to encourage impulse buys, and other features that complicate their on- and off-line experience'. Surfers like to spend lot of time online, thus companies must have a variety of products to offer and constant update, Bargainers are looking for the best price, Connectors like to relate to others, Routiners want content and Sportsters like sport and entertainment sites.

Selecting target markets[\[edit\]](#)

See also: Market analysis

In targeting, a group of consumers is selected to become the focus of the marketing program. Another major decision in developing the segmentation strategy is the selection of market segments that will become the focus of special attention (known as target markets). The marketer faces a number of important decisions:

- What criteria should be used to evaluate markets?
- How many markets to enter (one, two or more)?
- Which market segments are the most valuable?

When a marketer enters more than one market, the segments are often labelled the primary target market, secondary target market. The primary market is the target market selected as the main focus of marketing activities. The secondary target market is likely to be a segment that is not as large as the primary market, but has growth potential. Alternatively, the secondary target group might consist of a small number of purchasers that account for a relatively high proportion of sales volume perhaps due to purchase value or purchase frequency.

In terms of evaluating markets, three core considerations are essential:

- Segment size and growth
- Segment structural attractiveness
- Company objectives and resources.

Criteria for evaluating segment attractiveness

There are no formulas for evaluating the attractiveness of market segments and a good deal of judgement must be exercised. Nevertheless, a number of considerations can be used to assist in evaluating market segments for overall attractiveness. The following lists a series of questions that can be asked.

Segment size and growth

- How large is the market?
- Is the market segment substantial enough to be profitable? (Segment size can be measured in number of customers, but superior measures are likely to include sales value or volume)
- Is the market segment growing or contracting?
- What are the indications that growth will be sustained in the long term? Is any observed growth sustainable?
- Is the segment stable over time? (Segment must have sufficient time to reach desired performance level)

Segment structural attractiveness

- To what extent are competitors targeting this market segment?
- Do buyers have bargaining power in the market?
- Are substitute products available?
- Can we carve out a viable position to differentiate from any competitors?
- How responsive are members of the market segment to the marketing program?
- Is this market segment reachable and accessible? (i.e., with respect to distribution and promotion)

Company objectives and resources

- Is this market segment aligned with our company's operating philosophy?
- Do we have the resources necessary to enter this market segment?
- Do we have prior experience with this market segment or similar market segments?
- Do we have the skills and/or know-how to enter this market segment successfully?

Developing the marketing program and positioning strategy

The marketing program is designed with the needs of the target market in mind

When the segments have been determined and separate offers developed for each of the core segments, the marketer's next task is to design a marketing program (also known as the marketing mix) that will resonate with the target market or markets. Developing the marketing program requires a deep knowledge of key market segment's purchasing habits, their preferred retail outlet, their media habits and their price sensitivity. The marketing program for each brand or product should be based on the understanding of the target market (or target markets) revealed in the market profile.

Positioning is the final step in the S-T-P planning approach; Segmentation → Targeting → Positioning; a core framework for developing marketing plans and setting objectives. Positioning refers to decisions about how to present the offer in a way that resonates with the target market. During the research and analysis that forms the central part of segmentation and targeting, the marketer will have gained insights into what motivates consumers to purchase a product or brand. These insights will form part of the positioning strategy.

According to advertising guru, David Ogilvy, "Positioning is the act of designing the company's offering and image to occupy a distinctive place in the minds of the target market. The goal is to locate the brand in the minds of consumers to maximize the potential benefit to the firm. A good brand positioning helps guide marketing strategy by clarifying the brand's essence, what goals it helps the consumer achieve, and how it does so in a unique way." [73]

Perceptual map of the U.S. motor vehicle category

The technique known as perceptual mapping is often used to understand consumers' mental representations of brands within a given category. Traditionally two variables (often, but not necessarily, price and quality) are used to construct the map. A sample of people in the target market are asked to explain where they would place various brands in terms of the selected variables. Results are averaged across all respondents, and results are plotted on a graph, as illustrated in the figure. The final map indicates how the average member of the population views the brand that make up a category and how each of the brands relates to other brands within the same category. While perceptual maps with two dimensions are common, multi-dimensional maps are also used.

There are a number of different approaches to positioning:

1. Against a competitor
2. Within a category
3. According to product benefit
4. According to product attribute
5. For usage occasion
6. Along price lines e.g. a luxury brand or premium brand
7. For a user
8. Cultural symbols e.g. Australia's Easter Bilby (as a culturally appropriate alternative to the Easter Bunny).

Bases for segmenting business markets

Segmenting business markets is more straightforward than segmenting consumer markets. Businesses may be segmented according to industry, business size, business location, turnover, number of employees, company technology, purchasing approach or any other relevant variables.

Firmographics (also known as emporographics or feature based segmentation) is the business community's answer to demographic segmentation. It is commonly used in business-to-business markets (it's estimated that 81% of B2B marketers use this technique). Under this approach the target market is segmented based on features such as company size (either in terms of revenue or number of employees), industry sector or location (country and/or region).

In sales territory management, using more than one criterion to characterize the organization's accounts, such as segmenting sales accounts by government, business, customer, etc. and account size or duration, in effort to increase time efficiency and sales volume.

The basic approach to retention-based segmentation is that a company tags each of its active customers on four axes:

Risk of customer cancellation of company service

One of the most common indicators of high-risk customers is a drop off in usage of the company's service. For example, in the credit card industry this could be signaled through a customer's decline in spending on his or her card.

Risk of customer switching to a competitor

Many times customers move purchase preferences to a competitor brand. This may happen for many reasons those of which can be more difficult to measure. It is many times beneficial for the former company to gain meaningful insights, through data analysis, as to why this change of preference has occurred. Such insights can lead to effective strategies for winning back the customer or on how not to lose the target customer in the first place.

Customer retention worthiness

This determination boils down to whether the post-retention profit generated from the customer is predicted to be greater than the cost incurred to retain the customer, and includes evaluation of customer lifecycles.

Tactics to use for retention of customer

This analysis of customer lifecycles is usually included in the growth plan of a business to determine which tactics to implement to retain or let go of customers. Tactics commonly used range from providing special customer discounts to sending customers communications that reinforce the value proposition of the given service.

Segmentation: algorithms and approaches

The choice of an appropriate statistical method for the segmentation, depends on a number of factors including, the broad approach (a-priori or post-hoc), the availability of data, time constraints, the marketer's skill level and resources.

A-priori segmentation

A priori research occurs when "a theoretical framework is developed before the research is conducted". In other words, the marketer has an idea about whether to segment the market geographically, demographically, psychographically or behaviorally before undertaking any research. For example, a marketer might want to learn more about the motivations and demographics of light and moderate users in an effort to understand what tactics could be used to increase usage rates. In this case, the target variable is known – the marketer has already segmented using a behavioral variable – user status. The next step would be to collect and analyse attitudinal data for light and moderate users. Typical analysis includes simple cross-tabulations, frequency distributions and occasionally logistic regression or one of a number of proprietary methods.

The main disadvantage of a-priori segmentation is that it does not explore other opportunities to identify market segments that could be more meaningful.

Post-hoc segmentation

In contrast, post-hoc segmentation makes no assumptions about the optimal theoretical framework. Instead, the analyst's role is to determine the segments that are the most meaningful for a given marketing problem or situation. In this approach, the empirical data drives the segmentation selection. Analysts typically employ some type of clustering analysis or structural equation modeling to identify segments within the data. The figure alongside illustrates how segments might be formed using clustering, however note that this diagram only uses two variables, while in practice clustering employs a large number of variables. Post-hoc segmentation relies on access to rich data sets, usually with a very large number of cases and uses sophisticated algorithms to identify segments.

Statistical techniques used in segmentation

Marketers often engage commercial research firms or consultancies to carry out segmentation analysis, especially if they lack the statistical skills to undertake the analysis. Some segmentation, especially post-hoc analysis, relies on sophisticated statistical analysis.

Visualisation of market segments formed using clustering methods
Common statistical approaches and techniques used in segmentation analysis include:

- Clustering algorithms – overlapping, non-overlapping and fuzzy methods; e.g. K-means or other Cluster analysis
- Conjoint analysis
- Ensemble approaches – such as random forests
- Chi-square automatic interaction detection – a type of decision-tree
- Factor analysis or principal components analysis
- Latent Class Analysis – a generic term for a class of methods that attempt to detect underlying clusters based on observed patterns of association
- Logistic regression
- Multidimensional scaling and canonical analysis
- Mixture models – e.g., EM estimation algorithm, finite-mixture models
- Model based segmentation using simultaneous and structural equation modeling e.g. LISREL

- Other algorithms such as artificial neural networks.

Data sources used for segmentation

Marketers use a variety of data sources for segmentation studies and market profiling.

Typical sources of information include:

Internal sources

- Customer transaction records e.g. sale value per transaction, purchase frequency
- Patron membership records e.g. active members, lapsed members, length of membership
- Customer relationship management (CRM) databases
- In-house surveys
- Customer self-completed questionnaires or feedback forms

External sources

- Proprietary surveys or tracking studies
- Proprietary databases/software
- Omnibus surveys
- Government agencies and departments
- Government statistics
- Professional/Industry associations/Employer associations
- Census data
- Observed purchase behaviors
- Data-mining techniques
- Commissioned research

UNIT -2 POSSIBLE QUESTIONS

(2 Marks) Questions:

1. What is service blueprinting?
2. Explain service life cycle.
3. Explain Test Marketing.
4. What is product adaptation?
5. What are the characteristics of NDP?
6. Explain Provider Gap?
7. Explain Customer Gap?
8. What are the four key factors that can influence a customer's expectations?
9. Define the term "Kaizen".
10. What is benchmarking?

(8 Marks) Questions:

1. What do you understand by service blueprinting? Discuss its core elements.
2. Extending from the Total Product Concept, discuss the reasons why quality has become an increasingly important issue in services marketing.
3. Critically assess the usefulness of the **SERVQUAL** technique for measuring quality in an industry of your choice.
4. Discuss the steps involved in designing blueprinting.
5. Explain service life cycle with illustration.
6. Elucidate the stages of New Product Development.
7. Discuss Gap's Model of Service Quality with illustration.
8. Briefly illustrate the reasons for the importance of quality in services.
9. Quality can be viewed from multiple perspectives. Explain the statement with example.
10. Explain the service quality function development with example.

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE**Class: II MBA****Course Name: SERVICES MARKETING Course Code:****17MBAP303A****Unit 3****Semester: III Year: 2017-19 Batch****UNIT-3**

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWERS
The actual procedures, mechanism and flow of activities by which the service is delivered. Which element in marketing mix is discussed above	Product	Price	Place	Process	Process
Which of the three marketing mix elements are included in the marketing mix as separate elements because they are within the control of the firm?	Product, People, Process	Price, Process, Physical evidence	Promotion, People, Process	Process, Physical evidence, People	Process, Physical evidence, People
..... is a basic difference between industry and a product industry.	Lack of ownership	Perishability	Organization structure	Transaction elements	Lack of ownership
..... and are both strongly influenced by customer expectations.	Expectation and experience	Satisfaction and Delight	Ownership and experience	Location and brand	Satisfactions and Delight
..... expectations are the performance levels that customers want the service to meet in practice.	Desired	Appropriate	Comparative	Ideal	Desired
..... refers to the performance levels anticipated for the service derived from experiences with competing services.	Appropriate expectations	Predicted expectations	Comparative expectations	Ideal expectations	Comparative expectations
The extent to which customers recognize and are willing to accept this variation is called the	Zone of tolerance	Service alternatives	Explicit service promises	Implicit service promises	Zone of tolerance
..... needs can fall into many categories including physical, social, psychological and functional.	Business needs	Social needs	Economic needs	Personal needs	Personal needs
Service employees need to perform their role according to expectations of the	Market	Customer	Employer	business analysis	Customer
The service marketer must anticipate, acknowledge and deal with consumers	Homogeneous	Innovation	Heterogeneous	Incompatible	Heterogeneous

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 3

Semester: III Year: 2017-19 Batch

who have the potential to be incompatible.					
.....are personal and non-personal statements about the structure made by the organization to customers.	Implicit service promises	Word-of-mouth communications	Past experience	Explicit service promises	Explicit service promises
.....tends to be very important in services that are difficult to evaluate before purchase and direct experience of them.	Word of mouth	Past experience	Satisfaction	Personal needs.	Word of mouth
Managers talk about their key activities as.....rather than as businesses because with rare exceptions, they assume that the activities ought to coexist.	Processes	Innovations	Needs	Implementation	Processes
.....is the core of the service offering	Customer satisfaction	customer expectation	Service provider	Service concept	Service concept
.....is concerned with giving more specific and detailed shape to the basic service concept notion.	Service offer	Service concept	Service expected	Service elements	Service offer
Theare the ingredients of a total service offer.	Service forms	Service concept	Service levels	Service elements	Service elements
Profit too may be low or non-existent atstage because of factors like promotional costs involved in promoting sales.	Introduction	Growth	Maturity	Decline	Introduction
Instage sales growth slows down with market acceptance and even market saturation.	Growth	Introduction	Decline	Maturity	Maturity
An individual identifies a market need and offers a service to a small number of people, usually operating from one location.	Growth	Entrepreneurial	Maturity	Multi-site rationalization	Entrepreneurial
The concept become accepted as a profitable business idea at.....	maturity	Growth	Entrepreneurial	Introduction	Growth
.....is concerned with checking out which ideas will justify the time, expense and managerial commitment of further research and	Idea screening	Concept development	Concept testing	Idea generation	Idea screening

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 3

Semester: III Year: 2017-19 Batch

study.					
.....represents or organizations commitment to a full-scale launch of the new service product.	Development	Commercialization	Branding	Patents	Commercialization
In tangible product marketing the brand, the color, the design or the package may be important contributory factors to the consumer's.....	Satisfaction	Purchase decision	Personal needs	Investment	Purchase decision
Branding is difficult because of the problems of maintaining consistency of in service setting.	Satisfaction	Location	Period	Quality	Quality
The intangibility of services means that there are no.....	Brand	Warranty	Patent	Promotion	Patent
In law ais an undertaking on the Vendor's part that the thing sold is the vendors and is fit for use or fulfills specified conditions.	Warranty	After sale service	Product patents	Service	Warranty
.....business consists of new services for a market that is already served by existing products that meet the same generic needs.	Start up business	New service	Service improvements	Style changes	Start up business
In the case of business-to-business services theto a service can directly affect the customer's operating costs.	Frequency	Type of benefit	Level of access	Age	Level of access
Access strategies can be based on thewhich users seek from a service.	Type of benefit	Level of access	Cultural background	Economic status	Type of benefit
.....conditions include background characteristics of the environment such as temperature, lighting noise, music, scent and color.	Environment	Ambient	Market	Service	Ambient
.....customers have been referred to as "Partial employees" of the organization's productive capacity.	Service	Retail	Effective	Active	Service
.....is a growing phenomenon in those service	Franchising	Service integration	Quasi-retailing	Rental services	Franchising

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 3

Semester: III Year: 2017-19 Batch

industries where standardization of the service is possible.					
Firm that find they have a temporary peak in demand for a service that they cannot perform themselves may choose tothe entire service.	Rent	Outsource	Downtime	Stretch facilitate	Outsource
The costs that are related to the number of customers served or volume of services produced by the organization is.....	Fixed costs	Variable costs	Break even analysis	Semi-variable costs	Semi-variable costs
The value ofanalysis is that it relates the demand characteristics of the market to the cost characteristics of the organization.	Break even	Fixed cost	Operations	Semi variable	Break even
The concept of elasticity describes how sensitive demand is to changes in	Cost	Price	Consumers	Supply	Price
When a small change in price has a big impact on sales, demand for that product is said to be.....	Income elasticity	Change in demand	Price elastic	Service rise	Price elastic
When a change in price has little effect on sales, demand is described as.....	Price inelastic	Price elastic	Income inelastic	Demand inelastic	Price inelastic
.....occurs where payment is made only if certain results are guaranteed.	Offset pricing	Price lining	Guaranteed pricing	Loss leader pricing	Guaranteed pricing
.....practice is used where consumers associate the price of service with its quality.	Price negotiation	Competitive bidding	Price awareness	High price maintenance pricing	High price maintenance pricing
.....means charging a reduced price for the first order or contract in the hope of getting further business from a customer at better prices.	Pricing lining	Loss leader pricing	Offset pricing	Guaranteed pricing	Loss leader pricing
.....is where prices are not varied but the quality, quantity and level of service is to reflect cost changes.	Price lining	Price strategy	Price awareness	Offset pricing	Price lining
Some service contracts particularly in	Pricing strategy	Competitive	Guaranteed pricing	Price lining	Competitive

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 3

Semester: III Year: 2017-19 Batch

organizational market may be awarded on the basis of.....		bidding			bidding
.....strategies seek to gain the highest possible price from early adopters.	Service offering	Saturation pricing	Price-skimming	Service product	Price-skimming
.....means the place the service product is intended to take up and does take up in the customer's eyes an in comparison with competitors.	Market position	Competitive situation	Strategic role of price	Elasticity of demand	Market position
The discretion a service organization for to determine its pricing objectives will be influenced byin the market.	Elasticity of price	Elasticity of demand	Competitive situation	Service quality	Elasticity of demand
Pricing policies have a strategic role aimed at achieving.....	Customer satisfaction	Service quality	Elasticity	Organizational objectives	Organizational objectives
.....is defined as any paid form of non-personal presentation and promotion of services by an identified individual or organization.	Personal selling	publicity	Sales promotion	Advertising	Advertising
The nature of themay itself limit the use of certain promotional devices on any large scale.	Service	Product	Advertisement	Publicity	Service
The termis derived from the Latin word meaning "to move fore ward".	Personal selling	Promotion	Service delivery	Demand	Promotion
An important role is played by frontline operational personnel as	Part-time marketers	Promoters	Dealers	Seller	Part-time marketers
.....needs to be undertaken to ensure that potentially expensive problems are discovered before the full launch of a promotion.	Selection of promotional tools	Pre-testing	Planning sales promotion	Evaluation	Pre-testing
.....encourage trial of a service and can be valuable where consumers are loyal to an existing service supplier.	Free samples	Coupon	Gift offers	Vouchers	Free samples
.....are used to stimulate demand during slack periods where price is considered to be a key element in consumers purchased activity.	Gift offers	Money-off price incentives	Visits	Consultation	Money-off price incentives

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 3

Semester: III Year: 2017-19 Batch

Price cuts that are promoted as being available for only a limited time period such as any form of sale designed to boost business during slack periods.	Point of sale material	Short term discounts	Competitions	Sales commission	Short term discounts
.....is an indirect promotional tool whose role is to establish and enhance a positive image of an organization and its services among its various public's.	Direct mail	Tele-marketing	Public relation	Communication	Public relation
.....increasingly used by services companies to provide a 'back bone' for events.	Special events	Exhibitions	Press releases	Sponsorship	Sponsorship
Brand rejection occurs when your communications message is not.....	Motivating	Loyal	Satisfied	Successful	Motivating
.....is used for print media to calculate the cost of getting the message seen by one thousand members of the target market.	Cost per gross rating point	Cost	Wear out	Cost per thousand	Cost per thousand
.....is usually used for broadcast media and is the cost of a set of commercial divided by the gross rating points.	Cost	Advertising impact	Cost per thousand	Cost per gross rating points	Cost per gross rating points
The actual procedures, mechanism and flow of activities by which the service is delivered. Which element in marketing mix is discussed above	Product	Price	Place	Process	Process
Which of the three marketing mix elements are included in the marketing mix as separate elements because they are within the control of the firm?	Product, People, Process	Price, Process, Physical evidence	Promotion, People, Process	Process, Physical evidence, People	Process, Physical evidence, People

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE**Class: II MBA****Course Name: SERVICES MARKETING Course Code:****17MBAP303A****Unit 4****Semester: III Year: 2017-19 Batch****UNIT-4**

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWERS
The concept of advertising exposure assumes that all advertising insertions have equal value is	Advertising impact	Advertising exposure	Wear out	Cost per thousand	Wear out
Bymethod advertising expenditure rises or falls to reflect changes in sales.	Residual	Task	Percentage of sales	Parity	Percentage of sales
.....operation produces a variety of services using different combinations and sequences of activities.	Job shop	Line	Intermittent	Service managing	Job shop
In aoperation there is an arranged sequence of operations or activities undertaken.	Intermittent	Job shop	Line	Sequence	Line
The amount of has an effect on many of the decisions operations managers have to make.	Policies	Customer contact	Schemes	Operation	Customer contact
The services cape can also serve as ain aiding the performance of persons in the environment.	Socializer	Differentiator	Behaviors	Facilitator	Facilitator
.....asks people to express their needs and preferences for different environment configurations by answering pre-determined questions in a questionnaire format	Environmental surveys	Direct observations	Experiments	Blueprint	Environmental surveys
.....involve exposing group of customers to different environmental configurations and measuring the reactions.	Experiments	Observation	Questionnaire	Blueprint	Experiments
As with direct observations method, the disadvantages of experiments relate primarily toand	Location and time	Cost and time	Duration and period	Respondents and observation	Cost and time
.....management is term that has become	Yield	Customer	Rest	Production	Yield

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 4

Semester: III Year: 2017-19 Batch

attached to the variety of method, some very sophisticated, matching demand and supply in capacity - constrained services					
People who provide an organization's services for customers is.....	Service personnel	Salesman	Customers	Promoters	Service personnel
Functional quality refers tothe technical elements of the service are transferred.	What	Where	How	When	How
.....is a systematic , critical and unbiased review of service personnel practices.	Personnel audit	Audit visits	Campaign plan	Training	Personnel audit
.....segmentation recognize that customer may vary in the usage of product or brand depending upon the situation.	Loyalty	Service	Brand	Occasion	Occasion
.....occurs where a product is perceived by certain segments as being of no value.	Negative demand	No demand	Latent demand	Full demand	No demand
.....is characterized by a very uneven distribution of demand through time.	Irregular demand	Overfull demand	Full demand	No demand	Irregular demand
.....is characterized by a steady fall in sales which is more than a temporary down turn.	Unwholesome demand	Full demand	Faltering demand	Latent demand	Faltering demand
Demand and supply are well balanced at the level of.....	Optimum capacity	Excess capacity	Decline	Desirable	Optimum capacity
.....is a key element of productive capacity in all high contact services and many low contacts once, may be used for more physical and mental work.	Infrastructure	Information	Labor	Planning	Labor
.....is an intermediary who acts on behalf of a service principal and is authorized to make agreements between consumers and those principals.	Agents	Service provider	Producer	Manufacturer	Agents
.....agents help with a marketing process by	Purchasing agent	Selling agent	Market agent	Facilitating agent	Facilitating

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 4

Semester: III Year: 2017-19 Batch

adding expertise or support such as financial services, risk taking or transportation.					agent
.....channels are the only service distributors that do not require direct human interaction.	Direct	Telephone	Electronic	Advertisement	Electronic
.....management should move freed up resources, particularly labor, to other appropriate service as soon as is possible.	Resource	Labor	Legal	Consumers	Resource
The ability to reproduce the same level of service again and again is.....	Communication	Competence	Credibility	Reliability	Reliability
.....is the physical appearance of the facilities, staff buildings etc	Tangibles	Reliability	Access	Courtesy	Tangibles
The attitude of the service provider in manner adopted by the server is	Responsiveness	Security	Courtesy	Competence	Courtesy
.....is defined as the measuring that of the strongest competition in order to establish "best practices".	Satisfaction	After sale service	Competence	Benchmarking	Benchmarking
The cost of delivering the services and the resource utilize in delivery are measured by the.....	Efficiency metrics	Capability metrics	Effectiveness metrics	None of the above	Efficiency metrics
.....is a bar chart that shows the number of times each value of a variable occurs in a sample of observation.	Pie chart	Control chart	Run chart	Histogram	Histogram
Ais a graph that shows the performance of a variable over time.	Pie chart	Run chart	Histogram	Scatter plot	Run chart
.....compares the performance of a continues or discrete variable against statically computed control limits.	Control chart	Report distribution	Clustered bar	Scatter plot	Control chart
.....is concerned with ensuring that the competencies are available to meet the firms long term strategies requirements.	Work system	Employee influence	Reward system	Human resource flow	Human resource flow

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 4

Semester: III Year: 2017-19 Batch

.....is usually defined as the ratio of output of production process to an aggregate value of inputs.	Productivity	Service	Utilization	None of these	Productivity
.....is the rate at which purposes/goals are achieved	Effectiveness	Efficiency	Both a and b	Productivity	Efficiency
Forwhat they do and how much time they spend doing it, is often left to their own judgment.	Daily workers	Blue collar workers	White collar workers	Bond workers	White collar workers
.....looks at procedures and the way things are organized.	Process	Handling	Business process redesign	Training	Business process redesign
.....comprise the following common customers, global customers, global channels and lead countries.	Technology drivers	Cost drivers	Competition drivers	Market drivers	Market drivers
To obtain full value from any goods or service customer need relevantabout it.	Information	Service	Specification	Awareness	Information
An organization is created by theit exists for theand continuously draws sanction from the people.	Producer, Seller	People, Dealers	People, People	Manufacturer, Manufacturer	People, People
.....approach suggests a sense of belief and trust in other person capabilities and skills.	Partnership	Motivation	Entrepreneurship	None of these	Partnership
.....is a package of information which the customer interprets in his mind while going through the process of consumption.	Plans	Productivity	Product	Politics	Product
..... do not move through the channel of distribution.	Commodity	Service	Ownership	Product	Service
Marketing is also defined as a.....by which the products are matched with market and through which consumer is enabled to use or enjoy the product.	Managerial process	Management of product	Promotion	Organized effort	Managerial process

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 4

Semester: III Year: 2017-19 Batch

.....is an essential feature of culture.	Service	Business	Transmission	Consumer	Transmission
We find role of culture or even domination of culture in thepractices for services.	Decision making	Cultural	Implementation	Support	Decision making
The educational and social institutions happen to be theof culture.	Evaluation	Transmission agent	Service alternative	National excellence	Transmission agent
The qualitative and quantitative impact on economy and behavior stimulate the formation ofculture.	Material	Transmission	Service	Social	Material
The main purpose of marketing information system is to make possible co-ordinated, systematic and continuous collection of.....	Techniques	Ideas	Information	Context	Information
In making the marketing decisions, thedata has been found significant.	Operating	Technical	Forecasting	Market	Operating
Knowing theis found important to a marketer's success.	Consumers	Market	Techniques	Organization	Market
Process by which a firm partitions its prospective customers into subgroups or sub markets is known as	Multi-dimensional	Uni-dimensional	Marketing programs	Market segmentation	Market segmentation
.....make the ways for the generation of demand.	Aspirations	Decisions	Changes	Market	Aspirations
.....measures simplify the process of building service aspirations among the prospects or customers.	Professional	Globalizational	Innovative promotional	Marketing	Innovative promotional
With the increasing domination of buyers market, we find new dimensions in the marketing of	Services	Products	Brand	Organization	Services
Right to safety, right to be informed, right to choose and right to be heard are some of the dimensions of.....which at the early stage of development were focused neglected	Public rights	Organizational rights	Social rights	Consumer rights	Consumer rights

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 4

Semester: III Year: 2017-19 Batch

.....in product help us in managing the demand.	Variations	Quality	Price	Value	Variations
We find a large-scale use ofin almost all the service generating organizations.	Technology	Promotion	Coupons	Service	Technology
In themarketing, we find exchange of information and therefore we find scope for developing relationship with the targeted customers.	Interaction marketing	Network marketing	Transactional marketing	Database marketing	Database marketing
Influencing the impulse of potential users is found essential for activating the transformation process and building the..... relationship.	Market	Personal	Consumer	Cultural	Personal
Developing acombining good quality of customers cannot be undermined by a marketing professional.	Portfolio	Customer relationship	Market	Product	Portfolio

UNIT-V- MARKETING OF FINANCIAL SERVICES

SYLLABUS

Marketing of Financial services: Concepts of Banking, Insurance, Lease, Mutual Fund, Factoring, Portfolio and financial intermediary services. Marketing of Non-Profit Organizations: NGOs – Services Offered by Trust/Societies – Educational service – Power and Telecommunication - Hospital services.

MARKETING OF FINANCIAL SERVICES

Introduction

The forces of deregulation, advancing technology and general trend towards globalization have vastly increased the competitive pressures within the financial services market that has in turn affected both the structure and operation of financial service providing firms like banks. Banks are providers of financial services, financial and key participants in a nation's payment system. As such banks play a major role in the economy and in the financial well being of a nation. In India since 1992, deregulation, technology, and aggressive competition fostered more changes in the banking industry than it has experienced in its entire history. Precisely because of competition, providing financial services in an able manner requires an excellent marketing orientation. Banks now operate in a situation of keen competition in their financial service activities, whether it is canvassing of deposits, extending credit line or in selling ancillary services. With the liberalization of the banking sector and entry of more players, banks need to become market oriented with new and innovative schemes, at competitive prices available at the place the customer needs them and delivered with efficiency and quality of service.

Features of Banking

Definition

Recently, banks are in a period that they earn money in servicing beyond selling money. The prestige is get as they offer their services to the masses. Like other services, banking services are

also intangible. Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to become pounded are also preferred.

Price

The price which is an important component of marketing mix is named differently in the base of transaction exchange that it takes place. Banks have to estimate the prices of their services offered. By performing this, they keep their relations with extant customers and take new ones. The prices in banking have names like interest, commission and expenses. Price is the sole element of marketing variables that create earnings, while others cause expenditure. While marketing mix elements other than price affect sales volume, price affect both profit and sales volume directly. Banks should be very careful in determining their prices and price policies. Because mistakes in pricing cause customers' shift toward the rivals offering likewise services. Traditionally, banks use three methods called "cost-plus", "transaction volume base" and "challenging leader" in pricing of their services.

Distribution

The complexity of banking services are resulted from different kinds of them. The most important feature of banking is the persuasion of customers benefiting from services. Most banks' services are complex in attribute and when this feature joins the intangibility characteristics, offerings take also mental intangibility in addition to physical intangibility. On the other hand, value of service and benefits taken from it mostly depend on knowledge, capability and participation of customers besides features of offerings. This is resulted from the fact that production and consumption have non separable characteristics in those services. Most authors argue that those features of banking services makes personal interaction between customer and bank obligatory and the direct distribution is the sole alternative. Due to this reason, like preceding applications in recent years, branch offices use traditional method in distribution of banking services.

Promotion

One of the most important element of marketing mix of services is promotion which is consist of personal selling, advertising, public relations, and selling promotional tools.

Personal Selling

Due to the characteristics of banking services, personal selling is the way that most banks prefer in expanding selling and use of them. Personal selling occurs in two ways. First occurs in a way that customer and banker perform interaction face to face at branch office. In this case, whole personnel, bank employees, chief and office manager, takes part in selling. Second occurs

Advertising

Banks have too many goals which they want to achieve. Those goals are for accomplishing the objectives as follows in a way that banks develop advertising campaigns and use media.

1. Conceive customers to examine all kinds of services that banks offer
2. Increase use of services
3. Create well fit image about banks and services
4. Change customers' attitudes
5. Introduce services of banks
6. Support personal selling
7. Emphasize well service

Advertising media and channels that banks prefer are newspaper, magazine, radio, direct posting and outdoor ads and TV commercials. In the selection of media, target market should be determined and the media that reach this target easily and cheaply must be preferred.

Banks should care about following criteria for selection of media.

1. Which media the target market prefer
2. Characteristics of service
3. Content of message
4. Cost
5. Situation of rivals

Ads should be mostly educative, image making and provide the information as follows:

1. Activities of banks, results, programs, new services

2. Situation of market, government decisions, future developments
3. The opportunities offered for industry branches whose development meets national benefits.

Public Relations

Public relations in banking should provide;

Marketing of Non-Profit Organizations

Definition

Non-governmental organizations, nongovernmental organizations, or nongovernment organizations, commonly referred to as NGO, are international organizations and generally non-profit organizations independent of specific governments (though often funded by governments) that are active in humanitarian, educational, healthcare, public policy, social, human rights, environmental, and other areas to effect changes according to their objectives. They are thus a subgroup of all organizations founded by citizens, which include clubs and other associations that provide services, benefits, and premises only to members.

Sometimes the term is used as a synonym of "civil society organization" to refer to any association founded by citizens, but this is not how the term is normally used in the media or everyday language, as recorded by major dictionaries. The explanation of the term by NGO.org (the non-governmental organizations associated with the United Nations) is ambivalent.

It first says an NGO is any non-profit, voluntary citizens' group which is organized on a local, national or international level, but then goes on to restrict the meaning in the sense used by most English speakers and the media: Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information.

NGOs are usually funded by donations, but some avoid formal funding altogether and are run primarily by volunteers. NGOs are highly diverse groups of organizations engaged in a wide range of activities, and take different forms in different parts of the world. Some may have charitable status, while others may be registered for tax exemption based on recognition of social

purposes. Others may be fronts for political, religious, or other interests. Since the end of World War II, NGOs have had an increasing role in international development, particularly in the fields of humanitarian assistance and poverty alleviation.

NGOs

The number of NGOs worldwide is estimated to be 10 million. Russia had about 277,000 NGOs in 2008. India is estimated to have had around 2 million NGOs in 2009, just over one NGO per 600 Indians, and many times the number of primary schools and primary health centres in India. China is estimated to have approximately 440,000 officially registered NGOs. About 1.5 million domestic and foreign NGOs operated in the United States in 2017.

The term 'NGO' is not always used consistently. In some countries the term NGO is applied to an organization that in another country would be called an NPO (non-profit organization), and vice versa. Political parties and trade unions are considered NGOs only in some countries. There are many different classifications of NGO in use. The most common focus is on "orientation" and "level of operation". An NGO's orientation refers to the type of activities it takes on. These activities might include human rights, environmental, improving health, or development work. An NGO's level of operation indicates the scale at which an organization works, such as local, regional, national, or international.

The term "non-governmental organization" was first coined in 1945, when the United Nations (UN) was created. The UN, itself an intergovernmental organization, made it possible for certain approved specialized international non-state agencies — i.e., non-governmental organizations — to be awarded observer status at its assemblies and some of its meetings. Later the term became used more widely. Today, according to the UN, any kind of private organization that is independent from government control can be termed an "NGO", provided it is not-for-profit, no prevention,[clarification needed] but not simply an opposition political party

Understanding trusts

Generally speaking, trusts enable you to pass your assets to your heirs in a quick and efficient manner outside of probate. Probate is the legal process of distributing wealth after death, pursuant to a decedent's will or, if none, a state's intestacy laws. It is a public process and can be costly and time consuming. A Revocable Trust, which may be referred to as a living trust, is a flexible arrangement you can change or dissolve at any time. There are many benefits to this type

of trust, including continuous management of assets, ability to easily change the trustee, and avoidance of probate.

They are, however, included in your estate for estate tax purposes. An Irrevocable Trust can be used to address specialized estate-planning objectives and may help individuals with substantial assets reduce their estate tax liability. The primary benefit of this type of trust is that its structure may exclude assets and their future appreciation from your estate. However, once you've established the terms of an irrevocable trust, you effectively give up control and ownership of the assets you place in it. Choosing a Trustee One of the most important decisions you'll face when establishing your trust is the selection of your trustee(s). The trustee is responsible for distributing income and principal to the beneficiaries of the trust, according to the terms specified by you in the trust agreement. Although some individuals name themselves, a family member, or a friend, others prefer to choose a trusted financial institution for this important role. By choosing a corporate trustee, you ensure that current and future generations will benefit from the continuity, confidentiality, and professionalism that a well-established organization can provide.

Managing the Assets of Your Trust You should also consider selecting a professional investment manager to manage the assets of your trust. Professional investment managers can assist in implementing long-term financial and estate-planning strategies through active and ongoing portfolio management during your lifetime and after your death. Working with you and/or your trustee, they may also help with the time-consuming and worrisome responsibilities of recordkeeping, certain tax considerations, and investment management. nation of United Healthcare.

1. Inpatient Hospital Services

The physician or other practitioner responsible for a patient's care at the hospital is also responsible for deciding whether the patient should be admitted as an inpatient. Physicians should use a 24-hour period as a benchmark, i.e., they should order admission for patients who are expected to need hospital care for 24 hours or more, and treat other patients on an outpatient basis. However, the decision to admit a patient is a complex medical judgment which can be made only after the physician has considered a number of factors, including the patient's medical history and current medical needs, the types of facilities available to inpatients and to outpatients,

the hospital's by-laws and admissions policies, and the relative appropriateness of treatment in each setting.

Factors to be considered when making the decision to admit include such things as: The severity of the signs and symptoms exhibited by the patient;

The medical predictability of something adverse happening to the patient; The need for diagnostic studies that appropriately are outpatient services (i.e., their performance does not ordinarily require the patient to remain at the hospital for 24 ours or more) to assist in assessing whether the patient should be admitted; and The availability of diagnostic procedures at the time when and at the location where the patient presents. For coverage to be appropriate under Medicare for an inpatient admission, the patient must demonstrate signs and/or symptoms severe enough to warrant then need for medical care and must receive services of such intensity that they can be furnished safely and effectively only on an inpatient basis.

If the physician or healthcare professional is uncertain if an inpatient admission is appropriate, then the physician or healthcare professional should consider admitting the patient for observation. Refer to the Coverage Summary for Observation Care (Outpatient Hospital) for coverage information.

a. Acute care inpatient services are covered in Medicare certified facility (a non-certified Medicare Facility only when the services are part of an emergent or urgent situation) (see the Coverage Summary for Emergent/Urgent Services, Post-Stabilization Care and Outof-Area Services). Examples include, but are not limited to:

- 1) Semiprivate rooms (private room if medically necessary)
- 2) Nursing services
- 3) Inpatient physician and surgical services
- 4) All meals, including special diets
- 5) Drugs and medications while the member is an inpatient
- 6) Laboratory X-rays and other radiology services (see the Coverage Summary for Radiologic Therapeutic Procedures and Coverage Summary for Radiologic Diagnostic Procedures).
- 7) Necessary medical supplies and appliances

2. Outpatient Hospital Services

Hospitals provide two distinct types of services to outpatients: services that are diagnostic in nature, and other services that aid the physician in the treatment of the patient. Part B covers both the diagnostic and the therapeutic services furnished by hospitals to outpatients. The rules in this section pertaining to the coverage of outpatient hospital services are not applicable to the following services

3. Religious Nonmedical Health Care Institutions (RNHCIs)

Services in a Medicare certified Religious Nonmedical Health Care Institutions (RNHCIs) are covered under United Health care Medicare. However, religious aspects of care provided in RNHCIs are not covered.

In order to be eligible for care in a RNHCI, an individual must have a condition that would allow them to receive inpatient hospital or extended care services. In addition, the individual must make an election that they are conscientiously opposed to the acceptance of “non excepted” medical treatment. “Excepted” medical treatment is medical care or treatment that is received involuntarily or that is required under Federal, State or local law. “Non excepted” medical treatment is any other medical care or treatment Long Term Care Hospitals (LTCH) Long Term Care Hospitals (LTCH) are covered when the following criteria are met:

a. The facility must meet the Medicare requirements for accreditation and licensure in the state in which the LTCH is doing business.

1) LTCHs can offer generalized services. (i.e., chronic disease care and specialized services such as physical rehabilitation and/or ventilator-dependent care.)

2) LTCH patients receive a range of acute care hospital and “post-acute care” services, which could include:

1. Comprehensive rehabilitation
2. Cancer treatment
3. Head trauma treatment
4. Pain management.
5. Burn treatments

b. The patient’s need for nursing and rehabilitative services are such that only an inpatient LTCH setting can meet the requirements (b-1 & b- 2):

Educational services

- 1) The expected patient length of stay is 25 days (for shorter stays consider Skilled Nursing Facility or Rehabilitation Facility) Students and the parents are aware that the cost of education has been on the rise irrespective of mushroom growth of educational institutions. Already there is cutthroat competition among various private educational institutions. This competition will become more aggressive if the foreign universities are allowed to open their study centres in India.
- 2) Albeit quality and employability are the main concerns of responsible institutions, money minting institutions which aim high rate of return lure and divert the parents and the students through attractive ads, by bypassing customer satisfaction. However, the success of these institutions will be possible only in the short run. Under these circumstances, building customer loyalty through customer satisfaction has become a challenging one. A well designed educational marketing strategy is the need of the hour for ensuring success and survival in the market.
- 3) There are some key considerations-i.e., Education should be Approachable, Applicable, Adaptable and Appraisable. These 4A's should be the 'mantra' of any educational institution for ensuring success in the market. Right communication strategy at the right time can ensure easy approachability. Introduction of relevant and fresh curricula can guarantee the employability of a student. Any system that is introduced should be adaptable. Otherwise, there will be total dilution and the entire plan of the organisation will be collapsed. After adapting the scheme, it should be evaluated properly to know the results and identify the changes required for further improvement.
- 4) This paper is an attempt to identify the strategy to be applied by the educational institutions in marketing their services Education in its broadest sense is any act or experience that has a formative effect on the mind, character or physical ability of an individual. It is the process by which society deliberately transmits its accumulated knowledge, skills and values from one generation to another through institution. Mantra's of Educational Services Approachable Applicable Adaptable and Appraisable. Need for Marketing Educational Services

□ Need to market their services has not really been felt by the educational sector Large number of institutions for specialized fields have been set up in the recent years for fields like management and computer education Education as a Service Services are those separately identifiable, essentially intangible activities, which provide want satisfaction and are not necessarily tied to the sale of the product another service. Education is a service which is geared primarily to the consumer market/Characteristics of Educational Services

1. Intangibility Education is an intangible dominant service – Impossible to touch, see or feel

2. Perishability Production and consumption are simultaneous activities □ No inventories can be made up eg. A lecture scheduled cannot be stored

3. Inseparability There is a need for the service provider to be present when the service is to be performed and consumed

4. Others High fixed cost, Low variable cost Specialized and need based Competition Customer limitations Heterogeneity.

Marketing Mix of Educational Services

1. Product

In case of educational services, the product means the students and the services means the intangible offers (like the course itself, the services rendered by the faculty etc.) made by the educational institutions. Here, services make the product of an institute. Through the products and services the educational institutions promotes their organization and develop the brand value in the competitive market

2. Price / Fees

The price is the amount a student pays for the services availed by him or her. It is determined by a number of factors including competition, service quality, placement, reputation of the institution, private or public ownership, infrastructure, facilities provided, location of the institute, mode of education, brand name of the educational institution etc. Here, price reflects the quality of services provided to the students. Hence, it can be used as marketing tool by the institutions.

3. Place

Place represents the location where an educational institute is established. It often referred to as the service centre. If the institute is located at a Metro city, it will provide much more competitive edge, than if it is located in rural place. So, place is also a vital promotional tool for them.

4. Promotion

Promotion represents all of the communications that a service provider uses in the marketplace. Promotion has a few distinct elements such as advertising, public relations, word of mouth, point of sale, publicity, direct & web marketing, etc. Educational institute emphasizes mainly on two components of promotion viz. advertising and web-based marketing, rather than all. As far as promotion tool is concerned, positive word-of-mouth communication has been found the best tool for them.

5. People

Here, the people mean teaching fraternity and non-teaching community directly and indirectly associated with the services rendered to the students. Satisfaction and retention of the students solely depends on the way the teachers are in a position to deliver their best services to them. Teachers are not treated as 'guru', rather they are known as facilitators / services providers. Growth and existence of an educational institute, particularly the professional educational organization depends on the competency, effectiveness, efficiency, sincerity, dedication and devotion of the teaching community of the institute. People proved as the most vibrant component of educational services

6. Process

The procedures, mechanisms and flow of activities which lead to an exchange of value are called the process service providers render services to the students, plays a pivotal role in gaining the competitive advantages. If the service process is hassle free, simple, understandable, student friendly and technology based, it will definitely make the institution with difference. Examples might include the way a student is treated by a staff member and rendered service by a teacher, or the length of time a student has to wait to get services from them.

7. Physical Evidence

It is the direct sensory experience of a service that allows a student to measure whether he or she has received adequate facilities by the educational institution. Examples might include the physical environment in which service is delivered, the physical facilities provided and the infrastructure created by the organization for them. It might include state-of-art technology, building, total ambience, parking facility, play ground, gymnasium, swimming pool, indoor stadium, transportation facility, hostel, AC class room facility, computer laboratory, canteen, library, number of books and journals, different modern teaching aid etc. All of these play a crucial role in marketing of educational institute.

Miscellaneous services

1. OCI Miscellaneous Services can be availed only by the registered OCIs for re-issuance/issuance of duplicate OCI documents in the following contingencies:

- (i) In case of issuance of new passport.
- (ii) In case of change of personal particulars viz. nationality etc.,
- (iii) In case of loss/damage of OCI registration certificate/visa.
- (iv) In case of filling of wrong personal particulars while submitting online applications viz. name, father's name, date of birth etc.,
- (v) In case of manually filled in applications (discontinued now) mistakes have been committed by the Indian Mission/Post/Office while entering the personal particulars.
- (vi) In case of change of address/occupation.

2. This service(s) can be availed by filling the application online and submitting one copy of the application form to the concerned Indian Mission/Post/Office in whose jurisdiction the applicant is resident irrespective of the fact that the OCI documents have not been issued from that Indian Mission/Post/Office.

3. OCI registration certificate and visa have got to be re-issued by availing this service, each time a new passport is issued up to the completion of 20 years of age and once after completing 50 years of age in view of biological changes in face of the applicant.

4. Re-issuance of OCI registration certificate and visa is not mandatory, each time a new passport is issued between 21-50 years of age. However, if the applicant wishes to avail this service, he/she can apply for the same.

5. In case of loss/damage of OCI documents, the service would be granted only after personal interview. The applicant shall be intimated date and time of personal interview from the Indian Mission/Office after receipt of the hard copy of the application.

6. In case of change of address/occupation, no hard copy of the application is required to be submitted to the Indian Mission/Office and therefore, new OCI documents shall not be issued. Upon submission of online application, the data shall be captured and new address/occupation shall be printed which may be kept in the OCI

7. Procedure for submission of application

(1) After accessing the OCI Miscellaneous Services and going through the Instructions for filing the application form, the applicant has to fill in at least one of the following data fields:

- (i) U-Visa number
- (ii) OCI Registration number
- (iii) OCI File number

(2) Thereafter, the applicant has to fill in all the following fields:

- (i) Current Passport number
- (ii) Date of birth
- (iii) Place of birth
- (iv) Mother's name The applicant would be able to proceed ahead and seek the particular service(s) only if, the above data (except 2(i) above) matches with the OCI database.

(3) The applicant, thereafter has to select any one or many of the following services:

- (i) Change of Passport particulars
- (ii) Change of Personal particulars
- (iii) Loss/damage of OCI certificate/visa
- (iv) Change of Address/Occupation

(4) After selection of the service(s) to be availed, an Online Registration Form will appear having only the relevant fields that need to be entered as

per the services(s) sought. The applicant has to fill in all the relevant fields afresh online. The reasons for availing the services shall also be filled by the applicant.

(5) Upon submission of the Online Registration Form, a hard copy of the application with Reference number along with the instructions for filling application form shall be printed. The

applicant has to sign the application form, paste the photograph and append his signature. Market Power Markets evolve with technological and economic dynamics over time which requires adjustments on the side of producers (e.g. internal growth, creation of new firms)+consumers Market power is a concept with a focus on Product/service (what is the relevant market; which traits characterize the market.

UNIT -5 POSSIBLE QUESTIONS

(2 Marks) Questions:

- 1) What are three types of services marketing?
- 2) What are the factors affecting the choice of channel for service delivery?
- 3) Define the terms service value and personnel value.
- 4) What is Full cost or mark-up pricing
- 5) What is marginal cost or contribution pricing.
- 6) What is sealed-bid pricing?
- 7) What do you mean by price skimming strategy?
- 8) What is internal marketing?
- 9) What is external marketing?

(8 Marks) Questions:

1. What do you mean by price? Explain the objectives of pricing policy of a service firm.
2. What are the factors affecting pricing decisions in a service organization?
3. Discuss the basis approaches of pricing and on what situations each of these methods will hold relevance.
4. What are the various kinds of pricing strategies for services? Discuss each of them with examples.
5. Discuss the role of employees and customers in effective service delivery.
6. Critically examine the strategies for effective delivery through intermediaries.
7. What are the functions of service distribution channel? Discuss the criteria for channel selection.
8. Describe, in brief, various components of communication mix for promoting services.
9. Illustrate the importance of recovery from service failure in keeping customers and building loyalty.
10. Explain service marketing triangle with illustration.
11. What is positioning of services? Explain the principles and process of positioning the services?

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 5

Semester: III Year: 2017-19 Batch

UNIT-5

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWERS
.....marketing focuses on transforming a customer to be loyal.	Traditional	Network	Relationship	Transactional	Relationship
In themarketing we find focus on making scale.	Traditional	Modern	Database	Networking	Traditional
Effectivemakes ways for customer loyalty.	Responses	Service recovery	Feedback	Branding	Service recovery
The customers have resistance power and the extent to which we find customers resistive to accept the variation, we call it.....	Level of expectation	Service recovery	Zone of tolerance	Service expectations	Zone of tolerance
Desired and adequate level is also called as.....	Expectation level	Wished for	Zone of tolerance	Predicted level	Wished for
The level of a service anticipated by a customer is known as thelevel of expectations.	Predicted	Adequate	Desired	Anticipated	Predicted
Theservice throw a direct bearing on the desired service expectations.	Implicit	Explicit	Personal	Traditional	Explicit
Service encounter is also known as	Moment of truth	Service expectations	Techno-driven	Remote encounter	Moment of truth
.....is a period of time during which we find a direct interaction with the service.	Service expectation	Service encounter	Remote encounter	Techno-driven	Service encounter
.....assumes a place of outstanding significance in almost all categories of service generating organizations.	Value system	Service encounter	Service quality	Service expectations	Service quality
Expectations if not fulfilled make the ways for.....	Gap	Service	Potential gap	Dissatisfaction	Gap
.....is due to the difference between the specified delivery standards and the actual performance of the service providers related to these standards.	Standard gap	Knowledge gap	Delivery gap	Service gap	Delivery gap
.....is a type of gap between what the customers expect to receive and their perception of the service actually offered to them.	Service gap	Perception gap	Delivery gap	Standard gap	Service gap
.....is the difference between the service-providers and	Perception gap	Delivery gap	Knowledge gap	Interpretation gap	Interpretation

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 5

Semester: III Year: 2017-19 Batch

service-users particularly in terms of interpretation.					gap
.....of measuring service quality refer to operational process or outcome with the data such as uptime, service response times, failure rate and delivery costs.	Soft measures	Hard measures	Service gap	Delivery gap	Hard measures
The different type of gaps in quality related to delivery and marketing of service focus our attention on the existent gap between expectation and	Perception	Productivity	Quality audit	Delivery	Perception
.....focuses our attention on a proportionate relationship between input and output.	Service	Audit	Productivity	Expectations	Productivity
.....is targeting of existing products in new market.	Cost-reductions	Repositioning	Really innovative	Additions	Repositioning
Inwe find organization adding new product in their existing product lines with the motto of strengthening the same.	Additions	Cost reduction	New product line	Improvements	Additions
In the development ofwe find subjective options of professionals and employees very much instruments.	New product line	Cost reduction	New services	Market	New services
The concept ofis influenced by the theme that "to err is human and to recover is divine".	Service quality	Service recovery	Service expectations	Service encounter	Service recovery
.....has meaning for customers which can be used both at corporate and product level.	Market	Quality	Brand	Service environment	Brand
We consideran integrated and coordinated set of commandments and actions designed to exploit our potentials and gain competitive advantage.	Strategy	Relationship	Service	Expectations	Strategy
Thedecisions are found a challenging task since the customers in general are found sensitive to price.	Production	Pricing	Promotional	Placement	Pricing
The marketers are supposed to turn the core benefit into generic product also known as theof the product.	Core	Standard version	Basic version	Competitive	Basic version
.....is a stage just before the final launching of the product which is found essential to minimize the risk element.	Product cost analysis	Test marketing	Concept screening	Idea generation	Test marketing
It is essential that we have an idea of theof the	Size	Expectation	Requirement	None of these	Size

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 5

Semester: III

Year: 2017-19 Batch

market for which the product to be developed.					
.....draw our attention on the working marketing people who bear the responsibility of offering or delivering the services.	People	Market	Process	Attractions	People
.....focuses our attention on the actual procedure adopted for generating services.	Marketers	Consumers	Process	Location	Process
Ais a form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.	Service	Demand	Need	Physical object	Service
Distinct characteristic of services is.....	Intangibility	Inseparability	Variability	Perishability	Intangibility
Services are typically produced and consumed simultaneously. This is an example of thecharacteristic of services.	Intangibility	Variability	Inseparability	Perishability	Inseparability
Services can not be stored. This describes thecharacteristic of services	Intangibility	Variability	Inseparability	Inconsistency	Inconsistency
Examples of pure tangible goods include all of the following EXCEPT	Soap	Tax preparation	Toothpaste	Salt	Tax preparation
.....describes the employees skills in serving the client.	Internal marketing	External marketing	Relationship marketing	Interactive marketing	Interactive marketing
.....occurs when a company intentionally uses services as the stage, and goods as the props, to engage individual customers in a way that creates a memorable event.	Hybrid offer	Core service	Augmented product	Experience	Experience
Top firms audit service performance by collecting.....measurements to probe customer satisfiers and dissatisfiers.	Customer satisfier	Customer complaint	Voice of the customer	Psychological	Voice of the customer
The services a customer expects are called theservice package	Expected	Augmented	Secondary	Primary	Primary
Added features to an offering are calledservice features	Secondary	Perceived	Primary	Expected	Secondary

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 5

Semester: III

Year: 2017-19 Batch

The intangibility of services has implications for the choice of	Brand elements	Location	Price	Product features	Brand elements
.....cost refers to the product's purchase cost plus the discounted cost of maintenance and repair less the discounted salvage value	Total	Life cycle	Variable	Net	Life cycle
According to Parasuraman, Zeithaml & Berry , the most important determinant of service quality is :	Reliability	Assurance	Empathy	Tangibles	Reliability
Which of the following is not an element of physical evidence?	Employee dress	Employee training	Equipment	Facility design	Employee training
Which of the following is not an element of people?	Motivation	Team work	Flow of activities	Customer training	Flow of activities
Standardized and customized flow of activities , simple and complex number of steps and customer involvement by which a service is delivered is called.....	Place mix	Physical evidence mix	Process mix	People mix	Process mix
.....is a tool for simultaneously depicting the service process , the points of customer contact and the evidence of service from the customers point of view .	Front of planning	Service blueprint	Service standardization	None of these	Service blueprint
.....is the physical surroundings or the physical facility where the service is produced, delivered and consumed.	Service space	Service scape	Service place	Service scope	Service scape
..... are the only service distributors which do not require direct human interactions.	Electrical channels	SST's	Direct service channels	Speculative channels	Electrical channels
In the absence of a physical product, service providers need to consider the use ofthat enable customers to make a judgment on the service quality.	Intangible clues	Tangible clues	Performance measures	Blue print	Tangible clues
Compared with low-contact services, customers of high-contact services are more likely to judge service quality on the basis of:	Price of the service	Process used in carrying out the service	Intangible outcomes	Tangible outcomes	Process used in carrying out the service
Which of the following is not generally accepted as being part of the extended marketing mix for services?	Product	Price	Process	Practice	Practice
Which of the following is not a type of service encounters	Remote	Phone	Face to face	Check in	Check in

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: SERVICES MARKETING Course Code:

17MBAP303A

Unit 5

Semester: III

Year: 2017-19 Batch

	encounters	encounters	encounters	encounters	encounters
Aprogram can be defined as the composite of separate research studies and types needed to address research objectives and execute an overall measurement strategy.	Service research	Promotion	Production	Quantitative research	Service research
.....research is not limited to surveys and statistics.	Services	Production	Marketing	Planning	Marketing
One category of surveys could appropriately be namedsurveys because they pose questions about all elements in the customer's relationship with the company.	Customer	Relationship	Market	Company	Relationship
.....research involves deliberately seeking customers who have dropped the company's service to inquire about this reasons for leaving.	Lost customer	Future expectations	Customer	Both a and b	Lost customer
.....approach is frequently used in business-to-business services marketing.	Executive visits to customers	Management listening approach	Intermediate customer approach	Internal customer approach	Executive visits to customers
.....benefit comprise feelings of trust or confidence in the provider, along with a sense of reduced anxiety and comfort in knowing what to expect.	Social	Confidence	Special treatment	Organization	Confidence
.....customers actively complain to the service provider, but they are less likely to spread negative word of mouth with their complaints.	Voicers	Irates	Activists	Passives	Voicers
.....customers are more likely to engage in negative word of mouth to friends and relatives and to switch providers than are others.	Activists	Passives	Irates	Voicers	Irates