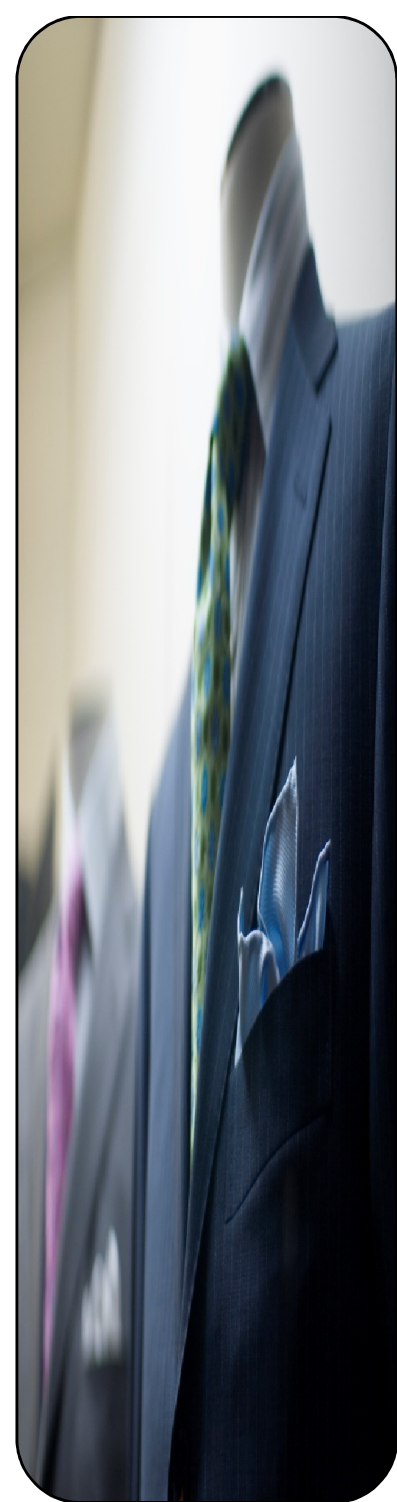




CHAPTER 7

Promoting *SERVICES* and Educating Customers



Overview of Chapter 7



- **Role of Marketing Communications**
- **Challenges of Service Communications**
- **Marketing Communications Planning**
- **The Marketing Communications Mix**
- **The Role of Corporate Design**



Role of Marketing Communications

Specific Roles of Marketing Communications



- **Position and differentiate service**
- **Help customer evaluate offerings and highlight differences that matter**
- **Promote contribution of personnel and backstage operations**
- **Add value through communication content**
- **Facilitate customer involvement in production**
- **Stimulate or dampen demand to match capacity**



Challenges of Service Communications

Overcoming Problems of Intangibility (1)



- May be difficult to communicate service benefits to customers, especially when intangible

- Intangibility creates 4 problems:

→ **Generality**

- Items that comprise a class of objects, persons, or events

→ **Non-searchability**

- Cannot be searched or inspected before purchase

→ **Abstractness**

- No one-to-one correspondence with physical objects

→ **Mental impalpability**

- Customers find it hard to grasp benefits of complex, multidimensional new offerings



Overcoming Problems of Intangibility (2)



- **To overcome intangibility**
 - **Use tangible cues in advertising**
 - **Use metaphors to communicate benefits of service offerings**

Advertising Strategies for Overcoming Intangibility (Table 7.1)



Intangibility Problem	Advertising Strategy	Description
Incorporeal Existence	Physical Representation	Show Physical Components of Service
Generality:		
• For objective claims	System documentation Performance documentation	Objectively document physical system capacity Document and cite past performance statistics
• For subjective claims	Service performance episode	Present an actual service delivery incident
Non-searchability	Consumption documentation Reputation documentation	Obtain and present customer testimonials Cite independently audited performance
Abstractness	Service consumption episode	Capture and display typical customers benefiting from the service
Impalpability	Service process episode Case history episode Service consumption episode	Present a vivid documentary on the step-by-step service process Present an actual case history of what the firm did for a specific client An articulate narration or depiction of a customer's subjective experience

SOURCE

Banwari Mittal and Julie Baker, Advertising strategies for hospitality services. *Cornell Hotel and Restaurant Administration Quarterly*, 43 (April 2002): 53. Copyright Cornell University. All rights reserved. Used by permission.



Marketing Communications Planning

Checklist for Marketing Communications Planning: The “5 Ws” Model



- **Who** is our target audience?
- **What** do we need to communicate and achieve?
- **How** should we communicate this?
- **Where** should we communicate this?
- **When** do communications need to take place?



Target Audience: 3 Broad Categories



- **Prospects**

- Employ traditional communication mix because prospects are not known in advance

- **Users**

- More cost effective channels

- **Employees**

- Secondary audience for communication campaigns through public media

- Shape employee behavior

- Part of internal marketing campaign using company-specific channels

Common Educational and Promotional Objectives in Service Settings (1) (Table 6.2)



- **Create memorable images of specific companies and their brands**
- **Build awareness/interest for unfamiliar service/brand**
- **Compare service favorably with competitors' offerings**
- **Build preference by communicating brand strengths and benefits**
- **Reposition service relative to competition**
- **Reduce uncertainty/perceived risk by providing useful info and advice**

Common Educational and Promotional Objectives in Service Settings (2) (Table 6.2)

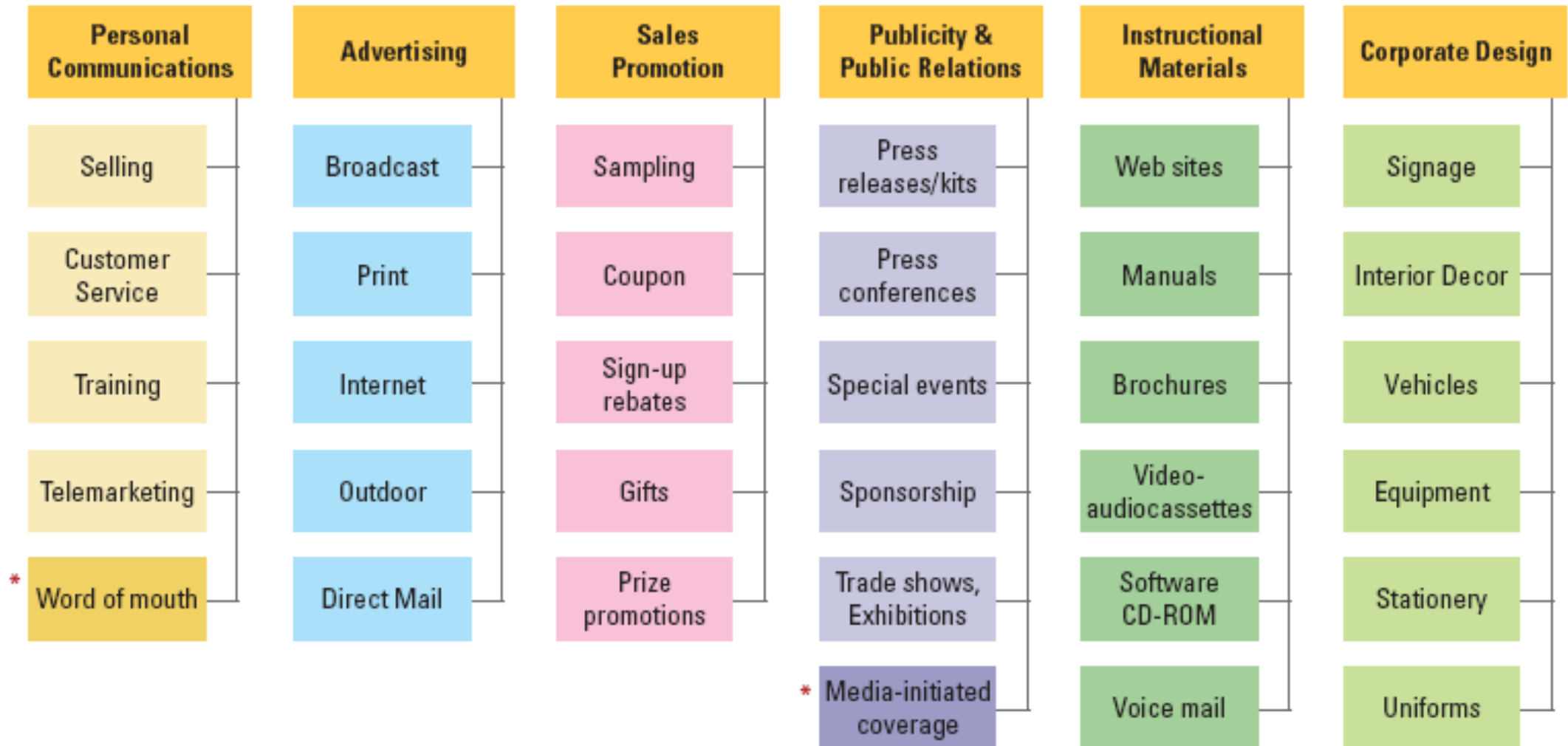


- **Provide reassurance (e.g., promote service guarantees)**
- **Encourage trial by offering promotional incentives**
- **Familiarize customers with service processes before use**
- **Teach customers how to use a service to best advantage**
- **Stimulate demand in off-peak, discourage during peak**
- **Recognize and reward valued customers and employees**



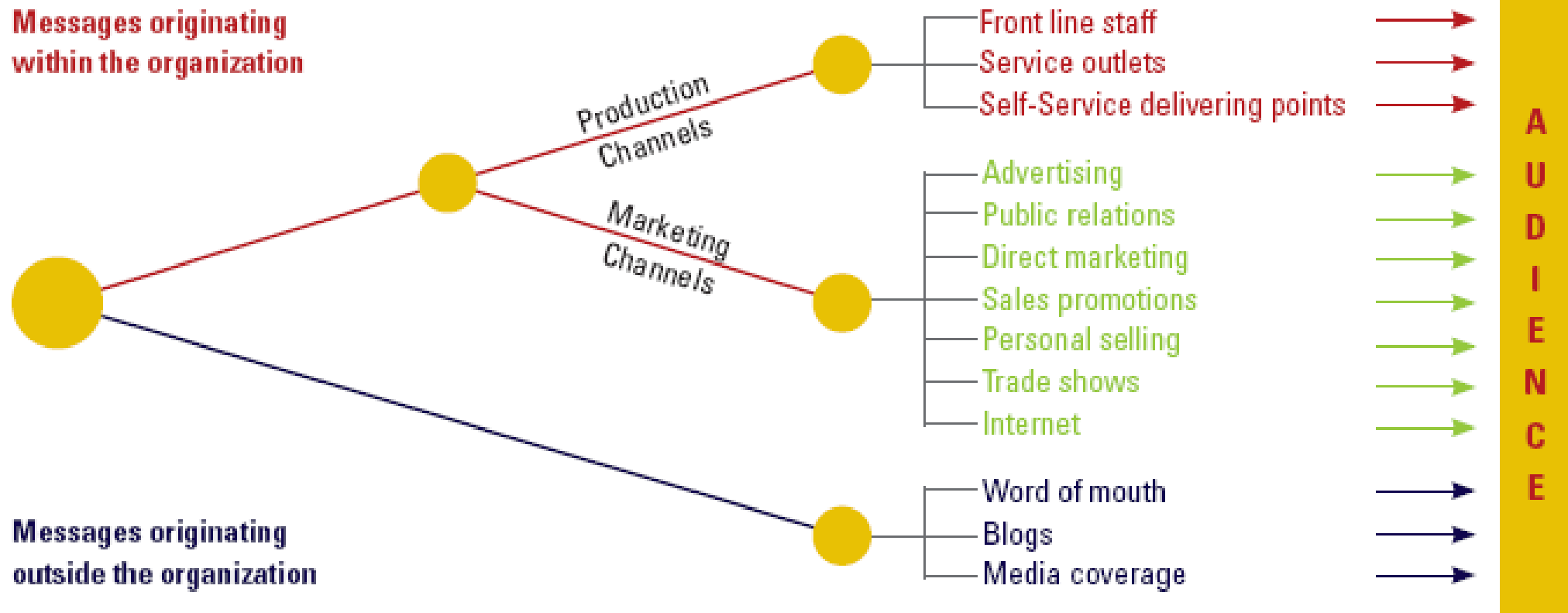
The Marketing Communications Mix

Marketing Communications Mix for Services (Fig. 7.10a)



Key: * Denotes communications originating from outside the organization

Sources of Messages Received by Target Audience (Fig. 7.10b)



SOURCE

Adapted from a diagram by Adrian Palmer, *Principles of Services Marketing*, London: McGraw-Hill, 4th ed., 2005, p. 397.

Messages through Marketing Channels: Advertising



- **Build awareness, inform, persuade, and remind**
- **Challenge: How stand out from the crowd?**
 - **Yankelovitch study shows 65% of people feel “constantly bombarded” by ad messages; 59% feel ads have little relevance**
 - **TV, radio broadcasts, newspapers, magazines, Internet, many physical facilities, transit vehicles--all cluttered with ads**
- **Effectiveness remains controversial**
- **Research suggests that less than half of all ads generate a positive return on their investment**

Messages through Marketing Channels: Public Relations



- **PR/Publicity involves efforts to stimulate positive interest in an organization and its products through third parties**
 - e.g., press conferences, news releases, sponsorships
- **Corporate PR specialists teach senior managers how to present themselves well at public events, especially when faced with hostile questioning**
- **Unusual activities can present an opportunity to promote company's expertise**
 - e.g., FedEx – safely transported two giant pandas from Chengdu, China, to the National Zoo in Washington, D.C. in a FedEx aircraft renamed FedEx PandaOne.



Messages through Marketing Channels: Direct Marketing (1)



- Mailings, recorded telephone messages, faxes, email
- Potential to send personalized messages to highly targeted microsegments
 - Need detailed database of information about customers and prospects



Messages through Marketing Channels: Direct Marketing (2)



- **Advance in on-demand technologies empower consumers to decide how and when they prefer to be reached, and by whom**
 - e.g. email spam filters, pop-up blockers, podcasting
- **Permission Marketing goal is to persuade customers to volunteer their attention**
 - Enables firms to build strong relationships with customers
 - e.g., People invited to register at a firm's website and specify what type of information they like to receive via email

Messages through Marketing Channels: Sales Promotion



- Defined as “Communication that comes with an incentive”
- Should be specific to a time period, price, or customer group
- Motivates customers to use a specific service sooner, in greater volume with each purchase, or more frequently
- **Interesting sales promotions can generate attention and put firm in favorable light (especially if interesting results publicized)**
 - e.g. SAS International Hotels – If a hotel had vacant rooms, guests over 65 years old could get a discount equivalent to their years
 - When a guest announced his age as 102 and asked to be paid 2% of the room rate in return for staying the night, he received it— and got a game of tennis with the general manager!

Messages through Marketing Channels: Personal Selling



- **Interpersonal encounters educate customers and promote preferences for particular brand or product**
- **Common in b2b and infrequently purchased services**
- **Many b2b firms have dedicated salesforce to do personal selling**
 - **Customer assigned to a designated account manager**
- **For services that are bought less often, firm's representative acts as consultant to help buyers make selection**
- **Face-to-face selling of new products is expensive—telemarketing is lower cost alternative**

Messages through Marketing Channels: Trade Shows



- **Popular in b2b marketplace**
- **Stimulate extensive media coverage**
- **Many prospective buyers come to shows**
- **Opportunity to learn about latest offerings from wide variety of suppliers**
- **Sales rep who usually reaches four to five potential customer per day may be able to get five qualified leads per hour at a show**

Messages through Internet: Company's Website



- **The web is used for a variety of communication tasks**
 - **Creating consumer awareness and interest**
 - **Providing information and consultation**
 - **Allowing two-way communication with customers through email and chat rooms**
 - **Encouraging product trial**
 - **Allowing customers to place orders**
 - **Measuring effectiveness of advertising or promotional campaigns**
- **Innovative companies look for ways to improve the appeal and usefulness of their sites**

Messages through Internet: Online Advertising (1)



- **Banner advertising**

- **Placing advertising banners and buttons on portals such as Yahoo, Netscape and other firms' websites**
- **Draw online traffic to the advertiser's own site**
- **Web sites often include advertisements of other related, but non competing services. E.g,**
 - **Advertisements for financial service providers on Yahoo's stock quotes page**

Messages through Internet: Online Advertising (2)



● Search engine advertising

- Reverse broadcast network: search engines let advertisers know exactly what consumer wants through their keyword search
- Can target relevant messages directly to desired consumers
- Several advertising options:
 - Pay for targeted placement of ads to relevant keyword searches
 - Sponsor a short text message with a click-through link
 - Buy top rankings in the display of search results

Moving from Impersonal to Personal Communications



- **There used to be a difference between personal and impersonal communication**
- **Technology has created a gray area between the two**
- **Direct mail and email can be personalized**
- **Electronic recommendation agents can also personalize communications**
- **With advances of on-demand technologies, consumer are increasingly empowered to decide how and when they like to be reached (see Service Insights 7.4)**

Messages through Service Delivery Channels



- **Customer service employees**

- Communication from frontline staff can be for the core service or supplementary elements
- New customers in particular need help from service personnel

- **Service outlets**

- Can be through banners, posters, signage, brochures, video screens, audio etc.

- **Self-service delivery points**

- ATMs, vending machines and websites are examples

Messages Originating from Outside the Organization (1)



- **Word of Mouth (WOM)**

- Recommendations from other customers viewed as more credible

- Strategies to stimulate positive WOM:

- Having satisfied customers providing comments
 - Using other purchasers and knowledgeable individuals as reference
 - Creating exciting promotions that get people talking
 - Offering promotions that encourage customers to persuade their friend to purchase
 - Developing referral incentive schemes

Messages Originating from Outside the Organization (2)



- **Blogs – A new type of online WOM**
 - **Becoming increasingly popular**
 - **Communications about customer experiences influence opinions of brands and products**
 - **Some firm have started to monitor blogs as form of market research and feedback**
- **Media Coverage**
 - **Compares, contrasts service offerings from competing organizations**
 - **Advice on “best buys”**

Ethical Issues in Communication



- Advertising, selling, and sales promotion all lend themselves easily to misuse
- Communication messages often include promises about benefits and quality of service delivery. Customers are sometimes disappointed
- Why were their expectations not met?
 - Poor internal communications between operations and marketing personnel concerning level of service performance
 - Over promise to get sales
 - Deceptive promotions
- Unwanted intrusion by aggressive marketers into people's personal lives



The Role of Corporate Design

Strategies for Corporate Design (1)



- **Many service firms employ a unified and distinctive visual appearance for all tangible elements**
 - e.g. Logos, uniforms, physical facilities
- **Provide recognition and strengthen brand image**
 - e.g., BP's bright green-and yellow service stations
- **Especially useful in competitive markets to stand out from the crowd and be instantly recognizable in different locations**
 - e.g. Shell's yellow scallop shell on a red background
 - MacDonald's "Golden Arches"

Strategies for Corporate Design (2)



- **How to stand out and be different?**
 - **Use colors in corporate design**
 - **Use names as central element in their corporate designs**
 - **Use trademarked symbol rather than name as primary logo**
 - **Create tangible recognizable symbols to connect with corporate brand names**

Summary of Chapter 7 - Promoting Services and Educating Customers (1)



- **Marketing communications has specific roles**
 - Position and differentiate service
 - Help customer evaluate offerings and highlight differences that matter
 - Promote contribution of personnel and backstage operations
 - Add value through communication content
 - Facilitate customer involvement in production
 - Stimulate or dampen demand to match capacity
- **Communicating services presents both challenges and opportunities**
 - Overcome problems of intangibility--use metaphors to communicate value proposition

Summary of Chapter 7 - Promoting Services and Educating Customers (2)



- **Communication planning involves knowing (5Ws)**
 - **Who is our target audience?**
 - **What do we need to communicate and achieve?**
 - **How should we communicate this?**
 - **Where should we communicate this?**
 - **When do communications need to take place?**
- **Marketing communications originate from within the organization through marketing and production channels**

Summary of Chapter 7 - Promoting Services and Educating Customers (3)



- **Marketing channels include**

- **Advertising**

- **Public relations**

- **Direct marketing**

- **Sales promotion**

- **Personal selling**

- **Tradeshows**

- **Internet**

Summary of Chapter 7 - Promoting Services and Educating Customers (4)



- **Production channels include**
 - **Front-line employees and call center staff**
 - **Service outlets**
 - **Self-service delivery points**
- **Marketing communications originating from outside organization include**
 - **Word of mouth**
 - **Blogs and online ratings**
 - **Media editorial**
- **Corporate design strategies are part and parcel of communication mix**