

SERVICES MARKETING

Sub. Code: P16MC12



Study Material Prepared by...

DR.R.K.BRINTHA,
Assistant Professor, Department of Commerce,
Swami Dayananda College of Arts & Science, Manjakkudi.
rkbrintha@gmail.com

CORE COURSE – II

SERVICES MARKETING

Objective : To enable students to gain expert knowledge on marketing of various services.

UNIT I

Services Marketing – Definition – importance – characteristics of services – Growth of Services Marketing – Types of services – Comparative analysis between services and products.

UNIT II

Concept of services marketing – Societal concept – Buyer behaviour concept – Factors influencing buyer behaviour – Decision making process. Delivering Quality Service - TQM in services marketing - Quality standards - process and technological requirements to implement Quality Standards in services marketing.

UNIT III

Services Marketing Mix – Product Strategy – Product Life Cycle concept – Strategies during the Product Life Cycle – Product Planning Strategy – Development of new products – Diversification and elimination.

UNIT IV

Bank Marketing – Insurance Marketing – Transport Marketing.

UNIT V

Tourism and Hotel Marketing - Education Marketing – Communication Services Marketing – Health services.

Text and Reference Books :(Latest revised edition only)

1. S.M.Jha, Services Marketing, Himalaya Publishing House, Mumbai.
2. M.Y.Khan, Services Marketing, Tata McGraw Hill, New Delhi.
3. C.B.Memoria&R.K.Suri,Marketing Management, Kitab Mahal,
4. Kotler -Marketing Management , Sultan Chand & Sons, New Delhi.
5. Cowell.- Marketing of Services, Heinemann Publishers, London.
6. Christopher Lovelock, JochenWirtz&Jayanta Chatterjee – Service Marketing People, Technology, Strategy. Pearson Education.

SERVICES MARKETING

UNIT-1

MEANING

Services marketing typically refers to both business to consumer (B2C) and business-to-business (B2B) **services**, and includes **marketing of services** such as telecommunications **services**, financial **services**, all types of hospitality, tourism leisure and entertainment **services**, car rental **services**, health care **services** and ...

Meaning and Definition of Service Marketing

Service Marketing can be defined by different authors as follows:

According to Philip Kotler____ “A service is an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product”.

According to Zeithaml and Bitner____ “Services are deeds, processes, and performances”.

Service marketing is marketing based on relationship and value. It may be used to market a service or a product also. Marketing a service-based business is different from marketing a goods-based business. Services marketing is a form of marketing approach for them is much different than the approach for products. Some companies offer both products and services and must use a mixer of styles **Ex:** A store that sells computers also trends to also help people select computers and provide computer repair. Such a store must market both its products. And the supporting services it offers to appeal to customers. When people market services, the goal is not to get customers to buy a product but to get people to do business with a particular company, often in a specific location.

The following key points regarding the concept or perception of service marketing are:

- It is a managerial process of managing the services.
- It is an organized effort for providing a sound foundation for the development of an organization.
- It is a social process helping an organization to understand the emerging social problem and to take part in the social transformation process to justify its existences in the society.

Factors Influencing Services Marketing

1. **Size and Structure of the Firm:** usually several services providers are specialised and work on a small scale such as lawyer, plumbers, accountants, carpenters, etc previously, they served the local community, Moreover, there was no need to employ, marketing experts in these firms as competition was not much operation size was limited and they served only local community.
2. **Restrictions by Regulatory Bodies:** The working of several service providers were limited by the regulatory bodies. At present, restrictions are imposed by the regulatory

bodies for curbing the quantity and the kind of advertising; especially in the arena of medical and legal professionals. Rules and regulations also curb the trade activities of the charitable services and the public sectors.

3. **Expansion of Services Sector:** The expansion of the services sector like banking hospitality, tourism, etc., has led to novel ideas of marketing. Novel technologies and thoughts are provoked with the advancement and achievement of services sectors in several respects. The service sector is designed today as per the needs of the consumers; it is catering to the actual needs of the market and not to the perceived ideas about the same.
4. **Customer-Employee Interaction:** In the marketing of services, it is much important to establish good relationship with the customers. Hence, soft skills and business etiquettes play a significant role in the marketing of the services. A few more related concepts which have come out recently are relationship marketing and internal marketing these ideas are widely accepted in the conventional marketing and are also used beyond marketing of the services.
5. **Services Quality:** The quality of the services and the programmes for rendering quality services also play a crucial in services marketing. The marketing of the services has laid emphasis on improving the quality of the services based on a better understanding of what is considered to be 'quality services' by the customers.
6. **Particular Service Sectors:** Recently, a few particular services have attracted the interest of marketers, especially the professional services and non-profit organizations. Moral values and principles are considered vital in these sectors. Even some public sectors also have such obligations. These services sectors have flourished by adopting the market strategies devised by the experts.

Importance of Services Marketing

- **Helps in Building Relationships:** Services marketing results in building long-term relationships with the target customers. As there is no tangible product with service marketers to offer, they on understanding the needs and demands of the customers and fulfilling them through concerned service offering in the most effective. In this way, a trust and loyalty are developed within the customers for the service organization, which results in long-term relationships with them. These relationships help in generating repeat purchases as well as word of mouth promotion.
- **Assists in Affecting Customers ' Perception:** A number of interaction points are designed for the target customers while offering the services. The overall buying process of the customers is influenced by the cumulative effect of these interaction points, people involved in delivering the services, the process, and methodologies used by such people and the surrounding physical evidence. These interaction points help in affecting the perception of the target customers.
- **Involves Customers' Feedbacks:** The marketing approach of services is quite different from that of the tangible products, as consumer plays a significant role in the marketing process. Here the consumer's feedbacks are invited and studied so as to improve the efficiency of the service marketing in this way, a strong relationship is developed with the customers and they become loyal to the service organization.
- **Helps in Differentiating the Service Organisation:** Service organizations offering similar services/product to the market are efficiently differentiated with the help of service marketing approach. Service marketing helps in highlighting the quality

features of the services offered by the organization so as to make the service organization preferred over the competitors. For example, it is the service marketing because of which people differentiate between the Domino's and Pizza Hut as both deliver same product.

- **Offer Higher Customer Retention:** In today's world cut-throat competition, the marketers are to fish out the limited customers. In such a scenario it becomes more important to retain the customers, instead of attracting the new ones. In service marketing, the customers, needs, and feedbacks are analyzed so as to deliver the desired services. Therefore, customers are satisfied by offering the customized services and it results in higher customer retention.

-

	Product marketing	Service marketing
Meaning	Product marketing refers to the process in which the marketing activities are aligned to promote and sell a specific product for a particular segment.	Service marketing implies the marketing of economic activities, offered by the business to its clients for adequate consideration.
Marketing mix	4 P's: Product, Price, Place, Promotion	7 P's: 4 P's + People, Process, Physical evidence
Sells	Value	Relationship
Who comes to whom?	Products come to customers	Customers come to service
Transfer	It can be owned and resold to another party.	It is neither owned nor transferred to another party.
Returnability	Products can be returned.	Services cannot be returned after they are rendered.
Tangibility	They are tangible, so customer can see and touch it, before coming to the buying decision.	They are intangible, so it is difficult to promote services.
Separability	Product and the company producing it, are separable.	Service cannot be separated from its provider.
Customisation	Products cannot be customised as per requirements.	Services vary from person to person, they can be customised.
Imagery	They are imagery and hence, receive quick response from customers.	They are non-imagery and do not receive quick response from customers.

Quality of a product can be easily measured.

Quality of service is not measurable.

8 P's of services marketing

Product (or service)

We don't always think about what we do in the voluntary sector as 'products', but it can be helpful to do so. You can also consider your user, supporter or beneficiary as a customer. This can help to match up what your customer wants or needs with what you offer: your products.

So how does your product or service meet needs? What are its key features? How do you describe the product in a way that gets these across? The answer to these questions will help you communicate about your product.

E.g. Oxfam created new gift products that offered the customer the chance to buy an item (such as a goat) to donate to someone in a developing country, and then give this product to a friend as a present.

E.g. charity shops get in donated items and sell them on to customers, but they need to ensure there is demand for the products otherwise they will just take up space.

2. Price

You should think about how much your customer is able and willing to pay, and your answer will help determine the price.

You might be aiming to reach people who couldn't otherwise access a similar service by offering something free, for example free meals at a homeless shelter. Or you may have a range of prices to make sure that those who can pay do, without excluding people who can't.

E.g. Kids City in London offer places at their after school clubs at a range of prices. Many working parents are happy to pay a market price to have their children in a safe environment after school. For those who can't pay anything they can help the organisation in other ways, such as by volunteering at the after school club.

Remember that price can promote an appreciation of quality – in other words people often value something more if they have paid for it than if it was free of charge. Also remember that your price might be for a purchaser such as a Local Authority commissioner.

3. Place

Consider where your product will be available to the customer. Do you need to have a physical space such as a community centre or office? Could you use somebody else's space or go directly to the customer? Or can you provide the service virtually?

Place is an important consideration because it needs to be convenient to your customer. If they can't find you or access what you offer you will not be able to make the connection.

E.g. many social enterprises are making innovative use of space, letting out rooms to different organisations while creating a hub for social innovation.

E.g. Youth Net is a charity providing support to young people, who they reach through the internet. As well as providing information they also create a safe space online where young people can discuss issues affecting them.

4. Promotion

We often think of promotion first when we are planning our marketing, but it is one part of a bigger marketing picture. Public Relations (PR) and advertising are essential to let people know what you offer and persuade them to buy it (or access it). If you are offering a service in a competitive field it is vital to be creative and use word of mouth.

Routes for promotion include: your website; posters and flyers; an article in a magazine or newsletter; advertising; word of mouth; a phone call or an exhibition.

E.g. many of the big UK charities have learned from the commercial world of marketing. You might not have the budget for poster campaigns like ActionAid's but you can learn from them good ways to communicate with a wide audience.

Well, this has given you the starting point. I will post the next four 'P's here soon, covering:

5. People
6. Physical Evidence
7. Process
8. Philosophy

Growth of services marketing in India

The **Indian** facilities management market is expected to grow at 17% CAGR between 2015 and 2020 and surpass the US\$ 19 billion mark supported by booming real estate, retail, and hospitality sectors. ... By end of 2023, **India's** IT and business **services** sector is expected to reach US\$ 14.3 billion with 8% **growth**

Introduction

The services sector is not only the dominant sector in India's GDP, but has also attracted significant foreign investment, has contributed significantly to export and has provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

Market Size

The services sector is a key driver of India's economic growth. The sector contributed 55.39% to India's Gross Value Added at current price in FY20*. Services sector's GVA grew at a CAGR of 1.45% to US\$ 1,064.8 billion in FY20 from US\$ 1,005 billion in FY16. According to RBI data, in April 2020, service exports stood at Rs 1,254.09 billion (US\$ 17.06 billion) while imports stood at Rs 709.07 billion (US\$ 9.65 billion).

Nikkei India Services Purchasing Managers' Index (PMI) stood at 41.8 in August 2020, reflecting the highest reading since March 2020 before the coronavirus pandemic accelerated;

however, it is still below the neutral mark, indicating a fifth consecutive decline in business activity in the private sector.

Industry developments

Some of the developments by companies in the services sector in the recent past are as follows:

- The Indian healthcare industry is expected to shift digitally enabled remote consultations via teleconsultation. The telemedicine market in India is expected to increase at a CAGR of 31% from 2020 to 2025.
- In August 2020, Japan committed ~Rs 35 billion (US\$ 476.11 million) under the Official Development Assistance for the health sector to fight the COVID-19 crisis in India and improve resilience of India's health systems against infectious diseases.
- In September 2020, LinkedIn and NSDC collaborated to accelerate digital skills training for the Indian youth.
- In September 2020, NASSCOM FutureSkills and Microsoft collaborated to launch a nationwide AI skilling initiative to train 1 million students in AI by 2021.
- In September 2020, Byju's acquires 3D virtual lab startup LabInApp to strengthen its edtech presence.
- Services sector is the largest recipient of FDI in India with inflow of US\$ 82 billion between April 2000 and March 2020.
- In June 2020, Jio Platforms Ltd. sold 22.38% stake worth Rs 1.04 trillion (US\$ 14.75 billion) to ten global investors in a span of eight weeks under separate deals, involving Facebook, Silver Lake, Vista, General Atlantic, Mubadala, Abu Dhabi Investment Authority (ADIA), TPG Capital and L. Catterton. This is the largest continuous fundraise by any company in the world.

Government Initiatives

The Government of India recognises the importance of promoting growth in services sector and provides several incentives across a wide variety of sectors like health care, tourism, education, engineering, communications, transportation, information technology, banking, finance and management among others.

The Government of India has adopted few initiatives in the recent past, some of these are as follows:

- In September 2020, the government announced that it may infuse Rs 200 billion (US\$ 2.72 billion) in public sector banks through recapitalisation of bonds
- In the next five years, the Ministry of Electronics and Information Technology is working to increase the contribution of the digital economy to 20% of GDP. The government is working to build cloud-based infrastructure for collaborative networks that can be used for the creation of innovative solutions by AI entrepreneurs and startups.
- On Independence Day 2020, Prime Minister Mr Narendra Modi announced the National Digital Health Mission (NDHM) to provide a unique health ID to every Indian and revolutionise the healthcare industry by making it easily accessible to everyone in the country. The policy draft is under 'public consultation' until September 21, 2020.
- In September 2020, the Government of Tamil Nadu announced a new electronics & hardware manufacturing policy aligned with the old policy to increase the state's

electronics output to US\$ 100 billion by 2025. Under the policy, it aims to meet the requirement for incremental human resource by upskilling and training >100,000 people by 2024.

- The Cabinet Committee on Economic Affairs has given its approval for continuation of the process of recapitalization of Regional Rural Banks (RRBs) by providing minimum regulatory capital to RRBs for another year beyond 2019–20.
- Government of India has launched the National Broadband Mission with an aim to provide Broadband access to all villages by 2022.
- Under the Mid-Term Review of Foreign Trade Policy (2015–20), the Central Government increased incentives provided under Services Exports from India Scheme (SEIS) by 2%.

UNIT - 2

The American **Marketing** Associations defines **services** as “(1) activities, benefits or satisfaction which are offered for sale, (2) are provided in connection with the sale of goods”.

Benefits of service marketing

Service marketing has grown exponentially in the past decade because of the various benefits it offers to companies. Following are few of the advantages of service marketing (Kapoor, 2011):

1. **Recurring sales:** When service marketing is focused towards satisfying customers' needs perfectly, it leads to repeat sales. Happy customers tend to come back for another purchase. For example, a customer who has a savings account with Citibank and is happy with its services like online banking, phone banking, etc. will go to Citibank for applying a loan. Thus, Citibank's service marketing efforts are being translated to more sales.
2. **Reviews and word-of-mouth:** A happy customer is likely to spread word about his experience to a number of people. Today, in the age of internet and swift communication, reviews play an important role in determining whether or not to buy a product. Negative reviews about a product/ service spreads fast. Through appropriate service marketing strategy, companies can ensure that customers are satisfied enough to spread word-of-mouth about their good experience.
3. **Contribution to economic growth:** Service marketing is especially beneficial for developing countries. It gives them an opportunity to showcase their talents and commitment to quality when it comes to services. By using proper service marketing strategies, companies are able to gain trust of customers. On a national scale, this leads to an increase in employment level, increase in foreign exchange reserves, increase in exports and Gross Domestic Product.

Historical perspectives[[edit](#)]

[Adam Smith](#)'s seminal work, *The Wealth of Nations* (1776), distinguished between the outputs of what he termed "productive" and "unproductive" labor. The former, he stated, produced goods that could be stored after production and subsequently exchanged for money or other items of value. But unproductive labor, however "honourable, ...useful, or... necessary" created services that perished at the time of production and therefore didn't contribute to wealth.

French economist [Jean-Baptiste Say](#) argued that production and consumption were inseparable in services, coining the term "immaterial products" to describe them.^[3] In the 1920s, [Alfred Marshall](#) was still using the idea that services "are immaterial products."^[4]

In the mid nineteenth century [John Stuart Mill](#) wrote that services are "utilities not fixed or embodied in any object, but consisting of a mere service rendered ...without leaving a permanent acquisition."^[5]

Contemporary perspectives[\[edit\]](#)

When services marketing emerged as a separate sub-branch within the marketing discipline in the early 1980s, it was largely a protest against the dominance of prevailing product-centric view.^{[6][7]} In 1960, the US economy changed forever. In that year, for the first time in a major trading nation, more people were employed in the service sector than in manufacturing industries.^[8] Other developed nations soon followed by shifting to a service based economy.^[9] Scholars soon began to recognise that services were important in their own right, rather than as some residual category left over after goods were taken into account. This recognition triggered a change in the way services were defined. By the mid twentieth century, scholars began defining services in terms of their own unique characteristics, rather than by comparison with products.^[10] The following set of definitions shows how scholars were grappling with the distinctive aspects of service products and developing new definitions of service.^{[11][12]}

- "Goods are produced: services are performed." (Rathmell, 1966) ^[13]
- "A service is an activity or a series of activities which take place in interactions with a contact person or a physical machine and which provides consumer satisfaction." (Lehtinen, 1983)^[14]
- "The heart of the service product is the experience of the consumer which takes place in real time... it is the interactive process itself that creates the benefits desired by the consumer." (Bateson, 1992) ^[15]
- "Services are deeds, processes and performances." (Zeithmal and Bitner, 1996) ^[16]
- "Services are processes (economic activities) that provide time, place, form, problem-solving or experiential value to the recipient." (Lovelock, 2007) ^[17]
- "The term 'service'... is synonymous with value. A supplier has a value proposition, but value actualization takes place during the customer's usage and consumption process." (Gummesson, 2008) ^[18]

Alternative view[\[edit\]](#)

A recently proposed alternative view is that services involve a form of rental through which customers can obtain benefits.^[19] Customers are willing to pay for aspirational experiences and solutions that add value to their lifestyle. The term, rent, can be used as a general term to describe payment made for use of something or access to skills and expertise, facilities or networks (usually for a defined period of time), instead of buying it outright (which is not even possible in many instances).^{[19][20]}

There are five broad categories within the non-ownership framework

1. Rented goods services: These services enable customers to obtain the temporary right to use a physical good that they prefer not to own (e.g. boats, costumes)
2. Defined space and place rentals: These services obtain use of a defined portion of a larger space in a building, vehicle or other area which can be an end in its own right (e.g. storage container in a warehouse) or simply a means to an end (e.g. table in a restaurant, seat in an aircraft)
3. Labor and expertise rental: People are hired to perform work that customers either choose not to do for themselves (e.g. cleaning the house) or are unable to do due to the lack of expertise, tools and skills (e.g. car repairs, surgery)

4. Access to shared physical environments: These environments can be indoors or outdoors where customers rent the right to share the use of the environment (e.g. museums, theme parks, gyms, golf courses).
5. Access to and usage of systems and networks: Customers rent the right to participate in a specified network such as telecommunications, utilities, banking or insurance, with different fees for varying levels of access

Services: Unique characteristics[[edit](#)]

A distinctive feature of services is that production and consumption cannot be separated.

Throughout the 1980s and 1990s, the so-called unique characteristics of services dominated much of the literature.

The four most commonly cited characteristics of services are:^[21]

Intangibility – services lack physical form; they do not interact with any of our senses in a conventional way, they cannot be touched or held.

Implications of intangibility: Ownership cannot be transferred, value derives from consumption or experience, quality is difficult to evaluate prior to consumption or purchase.

Inseparability – production and consumption cannot be separated (compared with goods where production and consumption are entirely discrete processes)

Implications of inseparability: Services are typically high contact systems and are labour-intensive; fewer opportunities to transact business at arm's length, fewer opportunities to substitute capital for labour; subject to human error.

Perishability – service performances are ephemeral; unlike physical goods, services cannot be stored or inventoried.

Implications of perishability: Demand is subject to wide fluctuations, no inventory to serve as a buffer between supply and demand; unused capacity cannot be reserved; high opportunity cost of idle capacity.

Variability (also known as heterogeneity) – services involve processes delivered by service personnel and subject to human variation, customers often seek highly customised solutions, services are inherently variable in quality and substance.

Implications of variability: Service quality is difficult to manage; fewer opportunities to standardise service delivery.

The unique characteristics of services give rise to problems and challenges that are rarely paralleled in product marketing. Services are complex, multi-dimensional and multi-layered. Not only are there multiple benefits, but there are also a multiplicity of interactions between customers and organisations as well as between customers and other customers.

What is Societal Marketing?

The societal marketing concept holds that a company should make good marketing decisions by considering consumers' wants, the company's requirements, and society's long-term interests.

Philip Kotler defines it as “the societal marketing concept holds that the organization’s task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and the society’s well-being.”

Societal Marketing creates a favorable image for the company increases sales. It is not the same as the terms of social marketing and social media marketing. It is a term closely related to CSR and sustainable development.

It emphasizes social responsibilities and suggests that to sustain.

It calls for sustainable marketing, socially and environmentally responsible marketing that meets consumers and businesses’ present needs while also preserving or enhancing future generations’ ability to meet their needs.

The global warming panic button is pushed, and a revelation is required to use our resources. So companies are slowly either fully or partially trying to implement the societal marketing concept.

Consumer behaviour in service marketing

1. Chapter 2: Customer Behavior in Service Marketing
2. [2.](#) Understanding Customer Needs, Decision Making, and Behavior in Service Encounters Building the Service Model Managing the Customer Interface Implementing Profitable Service Strategies
3. [3.](#) } How consumers seek, choose, purchase, experience and evaluate services } Two most important influences- consumers life stage and the generation in which he/she was born } Consumer Decision Making: The Three-Stage Buying cycle – Pre-purchase Stage – Service Encounter Stage – Post-purchase Stage
4. [4.](#) } Consumers are rarely involved in the manufacture of goods but often participate in service creation and delivery } Challenge for service marketers is to understand how customers interact with service operations } Based on differences in nature of service act (tangible/intangible) and who or what is direct recipient of service (people/possessions), there are four categories of services: ◦ People processing ◦ Possession processing ◦ Mental stimulus processing ◦ Information processing
5. [5.](#) } People Processing } Possession processing } Mental stimulus processing } Information processing
6. [6.](#) Information processing (services directed at intangible assets): ♣ Accounting ♣ Banking Nature of the Service Act People Possessions Tangible Actions People processing (services directed at people’s bodies): ♣ Barbers ♣ Health care Who or What Is the Direct Recipient of the Service? Possession processing (services directed at physical possessions): ♣ Refueling ♣ Repair/ maintenance Mental stimulus processing (services directed at people’s minds): ♣ Education ♣ Advertising Intangible Actions
7. [7.](#) } Customer must be physically enter the service system. } Health care } Beauty saloon } Barber } Restaurant/bars

8. [8.](#) People Processing } Customers must: ◦ Physically enter the service factory ◦ Co-operate actively with the service operation } Managers should think about process and output from customer's perspective ◦ To identify benefits created and non-financial costs: □ Time, mental, physical effort
9. [9.](#) } Customer ask to provide tangible treatment } Repair/ maintenance } Refueling } Laundry } Gardening
10. [10.](#) Possession Processing ♣ Customers are less physically involved compared to people processing services ♣ Involvement is limited ♣ Production and consumption are separable
11. [11.](#) } Directed at people's mind or anything that touches people mind and influence behavior } Education } News/information } Music concert } religion
12. [12.](#) Mental Stimulus Processing ♣ Ethical standards required when customers who depend on such services can potentially be manipulated by suppliers ♣ Physical presence of recipients not required ♣ Core content of services is information-based → Can be "inventoried"
13. [13.](#) } Accounting } Banking } Legal services } Securities investment
14. [14.](#) Information Processing ♣ Information is the most intangible form of service output ♣ But may be transformed into enduring forms of service output
15. [15.](#) Pre purchase Service Encounter Post Purchase
16. [16.](#) } The decision to buy and use a service is made in the pre purchase stage.
17. [17.](#) Awareness of Need Information Search Evaluation of Alternatives Service attributes, Perceived risk, Service expectations Purchase Decision
18. [18.](#) } Seek solution to aroused needs • A service purchase is triggered by an underlying need (need arousal) • Needs may be due to: – People's unconscious minds (e.g., aspirations) – Physical conditions (e.g., chronic back pain) – External sources (e.g., marketing activities) • When a need is recognized, people are likely take action to resolve it Awareness of Need
19. [19.](#) } When a need is recognized, people will search for solutions. } Information may be collected from Internal sources or External sources. } Internal sources include information retrieved by the customer from his memory, related to his previous experience of buying of services. } External sources include personal and nonpersonal sources. } Personal sources- Family, neighbor, Friends etc. } Nonpersonal sources- Advertising, Dealers, Television, Newspapers, radio etc. } Clarifying between the 2 options Information search or
20. [20.](#) } Service Attributes } The 'Search', 'Experience' and 'Credence' are some of the factors which create difference between service and goods. } Search attribute- Attributes which can be evaluated before purchase are called Search attributes & it help customers evaluate a product (Physical Goods) before purchase like- style, color, texture, taste, sound are feature. } Experience attribute- Consumer can determine or evaluated only after the purchase—must "experience" the service to know what they are getting. Like- Holidays, sporting events, medical procedure. } Credence attribute- Attributes that customers find impossible to evaluate confidently even after purchase and consumption. Like- hygiene of a kitchen in a restaurant, Quality of repair and maintenance work Evaluation of Alternatives

Factors influencing buyer behaviour in services marketing

Psychological Factors

Social Factors

Cultural Factors

Personal Factors

Economic Factors

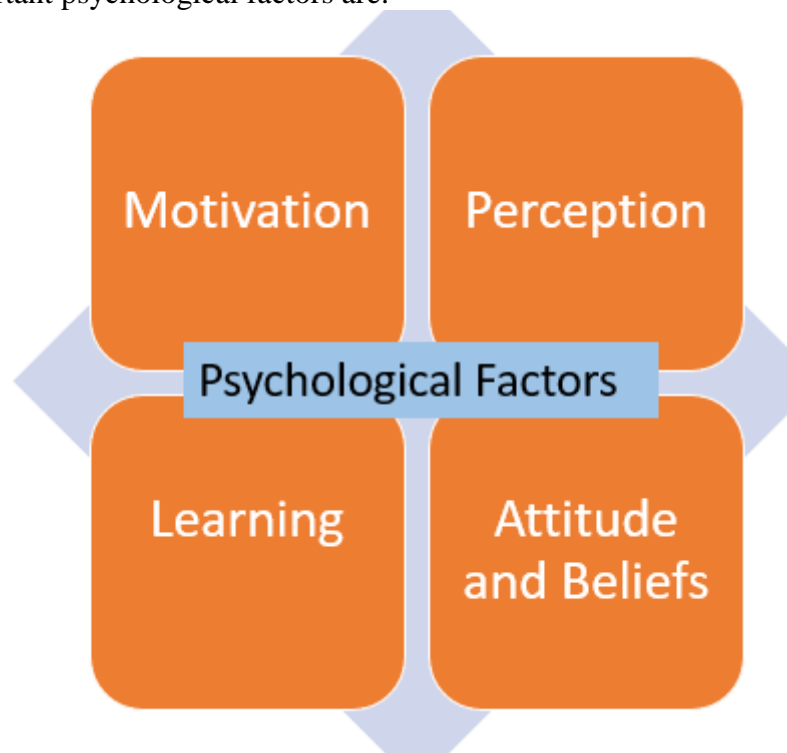
[Consumer behavior](#) is influenced by many different factors. A marketer should try to understand the factors that influence consumer behavior. Here are 5 major factors that influence consumer behavior:

s influenced by many different factors. A marketer should try to understand the factors that influence consumer behavior. Here are 5 major factors that influence consumer behavior:

1. Psychological Factors

Human psychology is a major determinant of consumer behavior. These factors are difficult to measure but are powerful enough to influence a buying decision.

Some of the important psychological factors are:



i. Motivation

When a person is motivated enough, it influences the buying behaviour of the person. A person has many needs such as the social needs, basic needs, security needs, esteem needs and self-actualization needs. Out of all these needs, the basic needs and security needs take a position above all other needs. Hence basic needs and security needs have the power to motivate a consumer to buy products and services.

ii. Perception

[Consumer perception](#) is a major factor that influences consumer behavior. Customer perception is a process where a customer collects information about a product and interprets

the information to make a meaningful image about a particular product. When a customer sees advertisements, promotions, customer reviews, social media feedback, etc. relating to a product, they develop an impression about the product. Hence consumer perception becomes a great influence buying decision of consumers. Learning can be either conditional or cognitive.

iii. Learning

When a person buys a product, he/she gets to learn something more about the product. Learning comes over a period of time through experience. A consumer's learning depends on skills and knowledge. While a skill can be gained through practice, knowledge can be acquired only through experience. In conditional learning the consumer is exposed to a situation repeatedly, thereby making a consumer to develop a response towards it. Whereas in cognitive learning, the consumer will apply his knowledge and skills to find satisfaction and a solution from the product that he buys.

iv. Attitudes and Beliefs

Consumers have certain attitude and beliefs which influence the buying decisions of a consumer. Based on this attitude, the consumer behaves in a particular way towards a product. This attitude plays a significant role in defining the brand image of a product. Hence, the marketers try hard to understand the attitude of a consumer to design their marketing campaigns.

2. Social Factors

Humans are social beings and they live around many people who influence their buying behavior. Human try to imitate other humans and also wish to be socially accepted in the society. Hence their buying behavior is influenced by other people around them. These factors are considered as social factors. Some of the social factors are:

i. Family

Family plays a significant role in shaping the buying behavior of a person. A person develops preferences from his childhood by watching family buy products and continues to buy the same products even when they grow up.

ii. Reference Groups

Reference group is a group of people with whom a person associates himself. Generally, all the people in the reference group have common buying behavior and influence each other.

iii. Roles and status

A person is influenced by the role that he holds in the society. If a person is in a high position, his buying behavior will be influenced largely by his status. A person who is a Chief Executive Officer in a company will buy according to his status while a staff or an employee of the same company will have different buying pattern.

3. Cultural factors

A group of people are associated with a set of values and ideologies that belong to a particular community. When a person comes from a particular community, his/her behavior is highly influenced by the culture relating to that particular community. Some of the cultural factors are:

i. Culture

Cultural Factors have strong influence on consumer buyer behavior. Cultural Factors include the basic values, needs, wants, preferences, perceptions, and behaviors that are observed and learned by a consumer from their near family members and other important people around them.

ii. Subculture

Within a cultural group, there exists many subcultures. These subcultural groups share the same set of beliefs and values. Subcultures can consist of people from different religion, caste, geographies and nationalities. These subcultures by itself form a customer segment.

iii. Social Class

Each and every society across the globe has form of social class. The social class is not just determined by the income, but also other factors such as the occupation, family background, education and residence location. Social class is important to predict the consumer behavior.

4. Personal Factors

Factors that are personal to the consumers influence their buying behavior. These personal factors differ from person to person, thereby producing different perceptions and consumer behavior.

Some of the personal factors are:

i. Age

Age is a major factor that influences buying behavior. The buying choices of youth differ from that of middle-aged people. Elderly people have a totally different buying behavior. Teenagers will be more interested in buying colorful clothes and beauty products. Middle-aged are focused on house, property and vehicle for the family.

ii. Income

Income has the ability to influence the buying behavior of a person. Higher income gives higher purchasing power to consumers. When a consumer has higher disposable income, it gives more opportunity for the consumer to spend on luxurious products. Whereas low-income or middle-income group consumers spend most of their income on basic needs such as groceries and clothes.

iii. Occupation

Occupation of a consumer influences the buying behavior. A person tends to buy things that are appropriate to this/her profession. For example, a doctor would buy clothes according to this profession while a professor will have different buying pattern.

iv. Lifestyle

Lifestyle is an attitude, and a way in which an individual stay in the society. The buying behavior is highly influenced by the lifestyle of a consumer. For example when a consumer leads a healthy lifestyle, then the products he buys will relate to healthy alternatives to junk food.

5. Economic Factors

The consumer buying habits and decisions greatly depend on the economic situation of a country or a market. When a nation is prosperous, the economy is strong, which leads to the greater money supply in the market and higher purchasing power for consumers. When consumers experience a positive economic environment, they are more confident to spend on buying products.

Whereas, a weak economy reflects a struggling market that is impacted by unemployment and lower purchasing power.

Economic factors bear a significant influence on the buying decision of a consumer. Some of the important economic factors are:

i. Personal Income

When a person has a higher disposable income, the purchasing power increases simultaneously. Disposable income refers to the money that is left after spending towards the basic needs of a person.

When there is an increase in disposable income, it leads to higher expenditure on various items. But when the disposable income reduces, parallelly the spending on multiple items also reduced.

ii. Family Income

Family income is the total income from all the members of a family. When more people are earning in the family, there is more income available for shopping basic needs and luxuries. Higher family income influences the people in the family to buy more. When there is a

surplus income available for the family, the tendency is to buy more luxury items which otherwise a person might not have been able to buy.

iii. Consumer Credit

When a consumer is offered easy credit to purchase goods, it promotes higher spending. Sellers are making it easy for the consumers to avail credit in the form of credit cards, easy installments, bank loans, hire purchase, and many such other credit options. When there is higher credit available to consumers, the purchase of comfort and luxury items increases.

iv. Liquid Assets

Consumers who have liquid assets tend to spend more on comfort and luxuries. Liquid assets are those assets, which can be converted into cash very easily. Cash in hand, bank savings and securities are some examples of liquid assets. When a consumer has higher liquid assets, it gives him more confidence to buy luxury goods.

v. Savings

A consumer is highly influenced by the amount of savings he/she wishes to set aside from his income. If a consumer decided to save more, then his expenditure on buying reduces.

Whereas if a consumer is interested in saving more, then most of his income will go towards buying products.

TQM IN SERVICES MARKETING:

A core definition of **total quality management (TQM)** describes a management approach to long-term success through customer satisfaction. In a **TQM** effort, all members of an organization participate in improving processes, products, **services**, and the culture in which they work.

The 8 universal principles of quality management

- Principle 1: **Customer** focus.
- Principle 2: **Leadership**.
- Principle 3: People involvement.
- Principle 4: Process approach.
- Principle 5: Systematic approach to management.
- Principle 6: **Continual improvement**.
- Principle 7: Factual Approach to Decision Making.
- Principle 8: Mutually Beneficial Supplier Relations.

The seven tools are TQM

- **Cause-and-effect diagram** (also known as the "**fishbone diagram**" or Ishikawa diagram)
- **Check sheet**.
- **Control chart**.
- **Histogram**.
- **Pareto chart**.

- **Scatter diagram.**
- Stratification (alternatively, flow chart or **run chart**)

1. **Autonomous Maintenance**
2. **Quality Maintenance**
3. **Planned Maintenance**
4. **Individual Improvement**
5. **training and People Development**
6. **Safety (EHS) and**
7. **Early Equipment Management**

Quality standards are defined as documents that provide **requirements**, specifications, guidelines, or characteristics that can be used consistently to ensure that materials, products, processes, and services are fit for their purpose.

ISO 9001 is defined as the international **standard** that specifies **requirements** for a **quality** management system (QMS). Organizations use the **standard** to demonstrate the ability to consistently provide products and services that meet customer and regulatory **requirements**.

WHAT'S NEW IN ISO STANDARDS?

ISO 19011:2018

The 2018 revision of ISO 19011, the international standard that specifies guidelines for auditing management systems and managing an audit program, is available. **Purchase [ASQ/ANSI/ISO 19011:2018](#).**

ISO 9001:2015 and ISO 9000:2015

The 2015 revisions of ISO 9001, the international standard that specifies quality management systems (QMS) requirements, and ISO 9000, which provides fundamental QMS concepts, principles, and vocabulary, are available. **Purchase [ASQ/ANSI/ISO 9001:2015](#) and [ASQ/ANSI/ISO 9000:2015](#).**

ISO 14001:2015

The 2015 revision of ISO 14001, the international standard that specifies requirements for environmental management systems, is available. **Purchase [ASQ/ANSI/ISO 14001:2015](#).**

Steps to Creating a Total Quality Management System

1. Clarify Vision, Mission, and Values

Employees need to know how what they do is tied to **[organizational strategy](#)** and objectives.

All employees need to understand where the organization is headed (its vision), what it hopes to accomplish (mission), and the operational principles (values) that will steer its priorities and decision making.

Develop a process to educate employees during [new employee orientation](#) and communicate the [mission, vision, and values](#) as a first step.

2. Identify Critical Success Factors (CSF)

[Critical success factors](#) help an organization focus on those things that help it meet objectives and move a little closer to achieving its mission.

These performance-based measures provide a gauge for determining how well the organization is meeting objectives.

Some example CSF:

- Financial Performance
- Customer Satisfaction
- Process Improvement
- Market Share
- Employee Satisfaction
- Product Quality

3. Develop Measures and Metrics to Track CSF Data

Once critical success factors are identified, there need to be measurements put in place to monitor and track progress.

This can be done through a reporting process that is used to collect specified data and share information with senior leaders.

For example, if a goal is to increase [customer satisfaction survey](#) scores, there should be a goal and a measure to demonstrate the achievement of the goal.

4. Identify Key Customer Group

Every organization has customers. Those that understand who the key customer groups are can create products and services based on customer requirements.

The mistake a lot of organizations make is not acknowledging employees as a key customer group.

Example Key Customer Groups:

- Employees
- Customers
- Suppliers
- Vendors
- Volunteers

5. Solicit Customer Feedback

The only way for an organization to know how well they are meeting customer requirements is by simply asking the question.

 **MEDIAVINE**

Create a structured process to solicit feedback from each customer group in an effort to identify what is important to them.

Organizations often make the mistake of thinking they know what is important to customers and ask the wrong survey questions.

This type of feedback is obtained through [customer focus groups](#).

6. Develop a Survey Tool

Next, develop a [customer satisfaction survey](#) tool that is based on finding out what is important to customers.

 **MEDIAVINE**

For example, customers might care more about quality than cost but if you are developing a product and trying to keep the cost down and skimping on the quality, you are creating a product that might not meet the needs of the customer.

7. Survey Each Customer Group

Create a customized survey for each customer group. This survey will help to establish baseline data on the customers' perception of current practice.

Now you will have a starting point for improvements and will be able to demonstrate progress as improvement plans are implemented.

8. Develop Improvement Plan

Once the baseline is established you should develop an improvement plan based on customer feedback from each group.

Improvement plans should be written in **SMART goals** format with assignments to specific staff for follow-through.

Goals May Include Some of the Following:

- Process improvement initiatives: such as customer call hold times
- Leadership Development: Walk-the-Talk
- Management Training/Development: How to manage employees in a quality environment

MEDIAVINE

- Staff Training/Development: Customer Service
- **Performance Management:** Setting expectations, **creating job descriptions** that support the **vision**, and holding staff accountable.

9. Resurvey

After a period of time (12-18 months), resurvey key customers to see if scores have improved.

Customer needs and expectations change over time so being in-tune to changing needs and expectations is critical to long-term success.

10. Monitor CSF

It is important to monitor CSF monthly to ensure there is consistent progress toward goals.

This also allows for course correction should priorities and objectives change during the review period.

11. Incorporate Satisfaction Data into Marketing Plans

Once you've achieved some positive results with your satisfaction data, use it as a marketing tool!

MEDIAVINE

A lot of successful organizations miss the boat by not letting others know what they do well.

Customers want to know how an organization's internal processes work, especially if those processes help to deliver an outstanding product or service!

12. Technology

Make sure technology is user-friendly and supports targeted improvements.

For example, a website should be easy to navigate as well as easy to find (SEO) and the content should be easy to understand.

TRANSPORT MARKETING

The **transport services market** consists of sales of **transportation** services and related goods by entities (organizations, sole traders and partnerships) that **transport** goods and people from one location to another for an amount or fee

Five Major Modes of Transportation

- **Road** transport.
- **Railway** transport.
- Water transport.
- Air transport.
- Pipeline transport.

Different modes of transport (types of transportation)

Road transport

Road transport exists in all parts of the world, this involves the use of motor vehicles (cars, lorries, buses, bicycles, and trucks). There are various types of roads according to size and functions, some roads are tarred while others are not. The best of these roads are the modern roads which link major towns. Road transport, when compared with other modes of transportation, is more flexible. It is relatively cheaper and faster. Road transport has a high capacity for carrying goods over short distances. Maintenance is one of the major disadvantages of this mode of transport.

Railway transport

Railways were developed during the period of the industrial revolution in the 19th century, these were partly for political reasons and for economic reasons. In many countries, they were built especially to penetrate isolated regions and help promote political unity. The major advantage of railway transport includes the provision of reliable services. It has the ability to convey heavy and bulky goods; it is also very cheap, safe, and also comfortable for passengers over a long distance.

In the world, there are two major types of water transport namely: Inland water transport and ocean water transport.

Inland water transport

This is the system of transport through all navigable rivers, lakes, and man-made canals. Many large rivers in different parts of the world are used by ships and barges for transportation; the main rivers where inland water transport are important are the Rhine and Danube in Europe, Zaire in Africa, the Nile in Africa, the Mississippi in the USA, etc.

Ocean Waterways

However, **Ocean waterways** carry a lot of the world's trade, the majority of the bulky goods, materials, and passengers pass through ocean waterways from one country to another at the cheapest cost.

Air transport

Air transport is the newest means of transport; it was introduced in 1903 but developed into full means of transporting people and goods in the 1930s. The greatest air transportation started after the Second World War (WWII). This mode of transportation can be used for both domestic and international flights.

Pipeline transport

This system of transportation involves the use of hollow pipes in the transportation of water, crude oil, (petroleum) and gas. This mode of transportation is safer than using tankers or trailers in the transportation of these liquids.

Other modes of transportation include

- **Animal-powered transport:** which is mostly referred to as a beast of burden. It is the oldest means of transportation; this usually involves the use of animals for the transportation of people and goods. Humans may ride some of the higher animals directly, or harness them. Examples of such animals used for transporting humans and goods include camel, horse, donkey, elephant, and giraffe.
- **Human-powered transport:** this is another form of transport, which includes people, goods or both transported from one place to another using human muscle-

power, in the form of walking, running and swimming. Modern technology has allowed machines to take over human power. Human-powered transport remains popular for reasons of cost-saving, physical exercise, leisure, and environmentalism; it is sometimes the only type available, especially in underdeveloped or inaccessible regions.

- **Spaceflight:** is a means of transport that moves out of Earth's atmosphere into outer space by means of a spacecraft. While large amounts of research have gone into technology, it is not commonly used except to put satellites into orbit and conduct scientific experiments.
- **Cable transport:** cable transport is a broad class of transport modes that have cables as the foundation for transporting goods or people, often in vehicles called cable cars. The cable may be driven or passive; items may be moved by pulling, sailing, sliding, or by drives within the object being moved on cableways, this is another means of transport used in the mountain. The use of pulleys and balancing of loads going up and down are common elements of cable transport.

What are the functions of transportation?

Transportation systems function to move people, goods, and ideas. Rail systems, road networks, airline systems, and water transport provide links between places that permit more reliable and low-cost movement of people and goods from point to point than previously available.

These two functions are explained as follows:

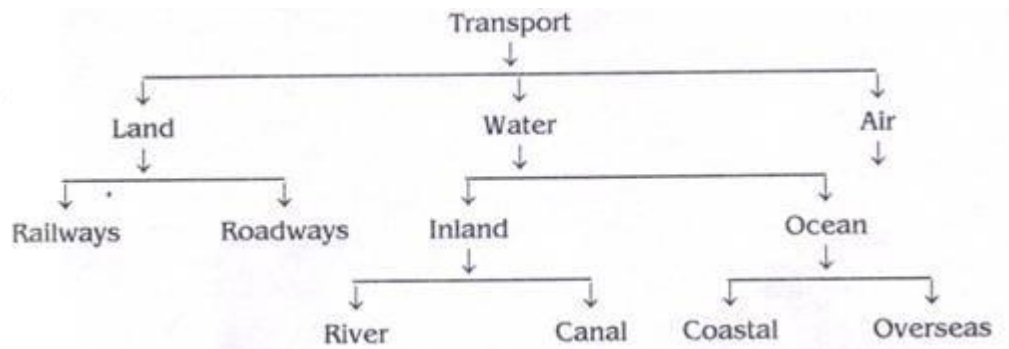
(1) Transportation:

Meaning:

Transportation is indispensable function of marketing. Transportation provides the physical means of carrying goods and persons from one place to another. In other words, it is concerned with carrying the goods from the places of production to the places of their consumption.

Transportation creates place utility and regularises supply from one place to another. Transportation greatly facilitates the performance of marketing functions like buying, assembling, selling, storage and warehousing etc. The entire economy and its development is dependent on a well- knit system of transportation.

Modes of Transportation:



Importance of Transportation:

It is said that if agriculture and industry are the body and bones of a nation, transport and communications are its nerves. Modern industrialisation would have been a dream without a proper system of transportation.

Transportation widens the markets, raises the scale of operations, increases the mobility of labour and capital, provides growth and distribution of wealth and encourages specialisation and division of labour.

Following Points Highlight the Importance of Transportation:

- (1) Transportation plays significant role in quick industrialisation and development of agriculture.
- 2) It plays important role in the process of stabilisation of prices in different regions.
- (3) It is helpful in increasing internal and foreign trade. The development, of air and ocean transport has greatly increased foreign trade.
- (4) Transportation has greatly helped in increasing standard of living of people by providing goods even at far flung areas.
- (5) Transportation is one of the important considerations to be taken into account in deciding location of an industrial unit.

The role and contribution of transportation is very important in marketing. The functions of transport in marketing can be discussed as follows:

1. Physical Supply Of Products

Transportation carries necessary raw materials to factory for production of goods and supplies finished goods to consumers. It creates place and time utility of goods by transporting from one place to another. It easily carries finished to the hands of those who need and use them. This significantly increases aggregate sales of goods. In fact, transport is such a key of marketing, which helps in carrying goods to the scattered consumers in different places, narrows the gap between producers and consumers and facilitates to distribute goods to the consumers at minimum cost and time.

2. Specialization

Transportation facility encourages division of labor and specialization on geographical or regional basis. Transportation cost highly affects localization of industries. Production of goods may center at such place where the environment is the best and production cost is minimum. This makes maximum utilization of local resources possible, which is both economically and socially necessary.

3. Mobility Of Labor And Capital

Transportation facility provides mobility to labor and capital. If more labor force is available at any place, transport helps to carry it economically to necessary place. The means of transport carry labors from one place to another. This encourages labor and capital to use and invest in more productive sectors.

4. Stabilization In Price

Transportation helps to bring stability in price of different products. It transports goods from more supplied places to scarcely supplied areas. This establishes coordination between demand and supply, and brings stability in prices. It helps to supply necessary goods regularly to the consumers. Besides this, consumers get necessary goods at lower prices, because it encourages competition among producers and makes mass production at lower cost possible.

5. Other Importance

Beside economic importance, transportation has also social, political and cultural importance. It establishes social and utility by narrowing geographical distance. It consolidates social and cultural utility and strengthens national integration. It helps to establish relationship with foreign countries. Transportation also helps widen knowledge and skill in different sectors. In this way, it helps establish social utility, uniformity and integrity and strengthens national security.

So, transportation plays an important role in **physical distribution** system. It has also an important role in marketing function. In the lack of transportation, neither mass production nor distribution is possible. Transportation is important in social, economic, political and cultural aspects.

Transportation: Importance, Functions, Types, Management (Explained)

Updated on: September 18, 2019 [Leave a Comment](#)

Modern trade and industry transportation depend largely on transport. Improved means of transportation have increased the trade by leaps and bounds. It aids in marketing functions by creating place utility to goods, helps in effectuating possession utility and contributes manufacturing process in creating form utility.

transportation: importance, functions, types, management

If production is regarded as the creation of utilities, there can be no objection regarding transportation as a productive activity.

Importance of Transportation

Transportation is a necessary function of marketing because markets geographical are located far from the areas of production. All goods whether manufactured in the factories or grown in the fields are not consumed at the place of their origin.

The transport is the physical means whereby goods are moved from the point of production to place of their consumption.

Transport thus plays a prominent part in the distribution of goods.

In fact, it has shaped and influenced the entire structure of distribution. Not only does transport extend the area within which goods can find purchasers but, it also affects competitive costs and the retail prices.

Functions of Transportation

1. It has the growth of industries whose products require quick marketing. Articles like, fish, green vegetables, are carried towards various consumers quickly even in distant markets.

2. Increases the demand for goods, Newer customers in newer places can be easily contacted and products can be introduced to them. Today, markets have become national or International only because of transport.

3. It creates place utility, geographical and climate factors force certain Industries to be located in particular places. These places are far away from the markets and places. where production takes place may not have any demand for their products.

As such transport bridges the gap between production and consumption centers.

Related: [Channels of Distribution: Meaning, Characteristics, Functions \(Explained\)](#).

4. Of late it has started creating the time utility also. This has been made possible mainly by virtue of the improvements in the speed of transport. It now helps the product to be distributed in the minimum possible time.

5. Transport experts considerable influence upon the stabilization of the prices of several commodities. This is achieved by moving commodities from surplus to deficit areas.

This will equalize the supply and demand factors and make the price of commodities stables as well as equal.

6. It ensures the even flow of commodities into the hands of the consumers throughout the period of consumption.

7. It enables consumers to enjoy the benefits of many goods not produced locally.

This increases the standard of living, an essential factor for the development of marketing and the economy.

8. Transport intensifies competition which, in turn, reduces prices. Prices are also reduced because of the facilities offered by it for large scale production.

Thus, the advantages of large scale production are possible only due to transportation.

Related: [18 Major Advantages and Disadvantages of Supermarkets.](#)

9. Transport increases the mobility of labor and capital. It makes people of one place migrate to other places in search of jobs.

Even capital machinery and equipment are imported from foreign countries.

Elements or Types of Transportation

The elements or types of transportation are classified into four: the way, the vehicle, the motive power used, and the terminals. The way may be natural or artificial.

Ocean provides a natural waterway while the road is a man-made track. Waterways are cheaper than land ways and Airways.

Related: [Top 9 Advantages of Logistics or Physical Distribution \(Explained\).](#)

Landway vehicles, water vehicles, and Airway vehicles are separated for different routes or ways.

Elements or Types of Transportation

All the methods of transport have their own merits and demerits. **For example**, Road Transport is cheap, safe and flexible. But it has Limited load-carrying capacity. Slow speed is another disadvantage of road transport.

Rail transport is suited for heavy and bulky commodities. It is also comparatively cheap means of transport. But the greatest demerit for rail transport is its inflexibility. Railways cannot offer door to door delivery services. It has not suitable for local transport.

Water transport is perhaps the cheapest means of transport. It is the creator of International Trade. It suffers from seasonal difficulties.

Related: [Top 11 Important Functions of Wholesalers \(Explained\)](#).

With the advent of air transport, distance nowadays is measured not in miles but in hours. No other form of transport can compete with Airways. It is a boon to perishable commodities. But the freight rates are comparatively very high.

This mode of transport has opted only for such valuable commodities which could afford to pay high rates. It cannot become a mass transport system.

4 Key Objectives Of Effective Transport Planning

1) Business Goals

The purpose of transport planning is to support your business goals. This is the litmus test for any change you make. Considerations such as productivity and cost savings are secondary to knowing that your transport strategy helps you achieve the year-on-year growth, service targets and turnover you set for your business. Establish a forward looking transport strategy for the next 5 to 10 years, rather than simply to accommodate your current goals.

2) Policies

There are several aspects to a transport planning strategy, of which policies form the blueprint. The others are assets, which include software, logistics vehicles, physical warehouses and other technology, and staff. Policies provide a framework by which people carry out their jobs, use your assets and assess their results. They too, should therefore be oriented towards the future.

How do your transport policies encourage collaboration between different teams in your business? How do they make it easier for you to establish proactive relationships with your suppliers? How do your policies support your long-term goals? Policies are a means to an end, so should have specific outcomes attached. Plan your policies systematically based on the endpoints you want to reach. Don't let procedures stand unchallenged for their own sake or develop piecemeal.

3) Investment

Transport planning is as much about spending money wisely as it is about saving it. An important objective should be to plan investment in new technologies, procedures and employees over time, so as to retain your competitive edge and increase the returns you get from your supply chain. Current potential areas of investments include automation systems, warehouse management software, route planning systems and eco-friendly vehicles. As new technologies become available, such as improved robotics or intelligent inventory management systems, your investment priorities may change.

4) Design

A transport planning strategy should spell out how you are to make the best use of the assets and infrastructure you already have. A key objective is therefore to design your supply chain so that each structure works well together and on its own. Warehouse layout is an area that many businesses look at when re-examining their transport strategy. Fleet composition is another, including the question of whether to use in-house or third-party vehicles, and route planning strategy is another.

BANK MARKETING

In simple words, bank marketing is the design structure, layout and delivery of customer-needed services worked out by checking out the corporate objectives of the bank and environmental constraints.

What do you mean by Bank Marketing?

Marketing of bank products refers the various ways in which a bank can help a customer, such as operating accounts, making transfers, paying standing orders and selling foreign currency. Banking is the business activity of banks and similar institutions.

8 Bank Marketing Strategies to Move You Past the Competition in 2020

Use These 8 Bank Marketing Strategies to Move You Past the Competition:

Demographic Targeting

Technology Adoption

Digital Apps

Customer Value

Customer Outreach

Personalization

Loyalty Programs

Prioritize Customer Experience

1. Target Different Demographics

Most bank marketing strategies target general audiences or wide audiences such as Gen Z, Millennials or Baby Boomers. Your bank's marketing strategies may have more success if you target local, specific, and smaller demographics. For example, if you can identify that your bank offers services specifically valuable to Gen Z students graduating high school and moving into university and college, you could create a strong marketing campaign geared at them. Similarly, if your services are better for middle-income baby boomers looking to start a savings program for retirement, you could create a strong marketing campaign. Even targeting a local audience will help you create more specific offerings and marketing so that you can more easily differentiate yourself from competitors.

2. Adopt New Technologies

Not every new technology will benefit your bank but staying on top of technology trends and curves will help you to stay competitive and keep your bank's marketing plans fresh. For example, big banks are integrating automation and AI to create 24/7 customer service, automated approval for loans and mortgages, and even custom and personalized services. You should, at the least, offer strong digital banking and an app to cater to millennial and Generation Z audiences. However, if you do choose to adopt the technology, you should ensure that what you are offering is high quality.

3. Push Digital Apps and Services

Today, an estimated 77% of the U.S. population has an active social media account. The same percentage of Americans also own smartphones. Many individuals are moving away from in-person banking and towards digital banking, which is convenient, easy to use, and often significantly faster. If you have a quality digital app or web portal and ideally both, you should make them part of your marketing strategies for banking products and share them with your entire audience. You can do so by creating marketing campaigns and social media campaigns, but also by offering training, safety information, and tutorials geared towards older users who might not be as tech-savvy as younger generations.

Why is this a great bank marketing strategy? Americans are becoming less and less interested in going to physical banks and by telling them you have digital services, you tell them they don't have to

4. Return Value to Customers

Most customers are bringing you a great deal in value, it's important that you return the favor. This may mean reviewing and revamping your services, cutting old products that are no longer delivering for customers, and streamlining your processes and services to improve what you offer to the customer.

For example, what actual benefits do your customers get by using your products over those of your competitors? If there are none, your best marketing strategy may be to approach your product offerings and redesign them into something more relevant to now and then rebrand your bank and services accordingly. For example, while many banks have traditionally offered standard packages for loans, bank accounts, savings accounts, and other services, most modern consumers benefit from flexible and modular packages where they can simply add on or remove services at-will, especially if they can do so online with limited time till approval.

5. Focus on Customer Outreach

Customer outreach is increasingly important as a marketing strategy for banks, simply because many banks are focusing on digital and social media marketing. Connecting with consumers on a one-to-one basis and actually making human connections can do significantly more for customer relationships than any amount of online marketing for banks. However, you will have to add real value to customer outreach. For example, you can choose to offer courses and workshops on financial literacy, online security, or even mobile banking. You can also choose to give quick one-

6. Integrate Personalization with Big Data

Most banks have more data than they know what to do with. Yours is no exception. Making big data part of your **bank's marketing strategy** is an important consideration because you can use it to offer better, more tailored, and more personalized products and services. For example, you can use simple automation algorithms to recommend products and services to customers based on previous usage. You can auto-approve individuals for loans and mortgages, so they can see what they qualify for and their interest rates before they ever shop with a competitor. You can also use big data to recommend account upgrades and changes at key moments, such as when individuals are graduating from college, buying their first home, or purchasing a car. You already have the data, you just have to use it in your bank's marketing programs.

7. Get Smart with Loyalty Programs

Loyalty programs are one of the oldest **bank marketing strategies** out there, but they don't have to be about collecting points through a credit card (although this is still a viable tactic). Good loyalty programs reward customers for actively engaging with and using the bank and should typically focus on incentivizing the customer to stay with your bank.

For example, Wells Fargo offers customer discounts in the form of free ATM usage, reduced loan and mortgage interest rates, and even slightly increased interest rates on CDs and savings accounts. Customers have to enroll in specific programs like auto-pay to qualify and have to be in the most active customers. Why does this work more than points? It costs you the same to produce but provides every customer with a real and tangible value they will see and compare to the rates offered by other banks.

8. Put Customer Experience First

Modern marketing and consumerism are all about experience. If you can't offer customers a quality experience, from your digital platform and app to your physical bank branches to calling customer service, you won't succeed. Marketing for banks should focus on creating a positive, helpful, and quality experience for each customer, every time they interact with your bank is possibly the most important thing you can do. This doesn't necessarily mean you have to exceed expectations or delight the customer, it only means that you have to offer strong, stable, and quality solutions, should consistently offer value to the customer and should focus on being there for the customer first.

Your bank's marketing strategies will define how you approach your customers, how customers see you, and even who you market towards. However, adopting the right strategies will put you on track to getting ahead of the competition.

5 bank marketing ideas to get new customers this year and next

Use these five proven bank marketing ideas to build awareness, attract clients, and more:

1. Content marketing

Content marketing is the process of creating text, visual, and interactive elements for your website.

For banks, that means providing ways for your customers to learn about banking, as well as create, access, and control their accounts with you.

An online interface gives your customers a greater sense of control over their finances. While you may be using a portion of their cash for investments, every bank customer wants to see their current balance, deposits, withdrawals, and other important information.

And it's not just about doing a favor for your customers — you're giving them the power to monitor their spending. You're giving them peace of mind and, to a certain extent, financial well-being.

Your bank has a tremendous opportunity to offer customers something they can't get anywhere else — control over their personal finances.

So when you give customers the ability to keep an eye on their own money, you're helping them sleep at night.

That goes a long way in terms of customer satisfaction and approval, which makes this marketing idea for banking invaluable.

2. Search engine optimization (SEO)

Search engine optimization (SEO) is the process of improving your website so Google and users can understand it better.

This means properly coding the most important pages of your site so they show up in Google search results.

That includes using the right title tags, meta descriptions, and HTML code to ensure Google's algorithm can “read” and understand your site.

Your prime pages for SEO work are likely your homepage, account login page, and any informational pages that help users sign up for an account with your bank.

3. Pay-per-click (PPC) advertising

Pay-per-click advertising (PPC) is a paid promotion system used by search engines and social networks that lets you draw traffic to the best pages of your site.

In search engines, PPC results display above regular search results, meaning you can pay to earn a better position – and more visibility – than big banks earn organically.

This is a common strategy used by smaller companies trying to gain an edge over a major competitor. They'll create new content, optimize it for search engines, and promote it via PPC to gain some early traction with users.

The best part is that this banking idea to get new customers allows you to maintain complete control over your budget, ad placement, and targeting.

On search engines, PPC operates on a bid system. You and your competitors place bids (in dollars) on certain keywords, and then the PPC provider determines how to rank you according to what you bid.

That means PPC is an economically-friendly way to promote your business. You and your competitors have total control over the cost of any keyword depending on how hard you want to fight for it.

Best of all, you don't pay unless someone clicks your ad with this bank promotional idea. That means you only lose money when you have an opportunity to convert a new customer.

Plus, even if you don't get a click from a search engine user, you can still earn valuable brand awareness by showing up in PPC results.

Why?

Because even though someone doesn't click your ad now, they can still remember your company's name later.

4. Social media marketing

Social media marketing is the process of engaging and developing relationships with people interested in your bank.

Like PPC, social media marketing gives you the chance to build brand awareness and earn new customers.

Unlike PPC, social media relies on building relationships to properly work. That means it takes a little longer to get started than PPC, which is instantaneous.

To start, you can create free profiles on popular social networks like Facebook, Twitter, and LinkedIn.

Then, you can start sharing content from your site to draw free traffic — just like with organic SEO.

After you do that, you can share your page online and earn followers from every social network.

That lets you speak to your followers, giving your bank a more accessible online presence and directly engaging the users most likely to convert into account holders.

You can also use social media for customer service, replying to compliments and criticisms as you go. That shows your followers that you're dedicated to their satisfaction as a tech-savvy, modern, and trustworthy company.

5. Reputation management

Reputation management is the practice of managing online reviews and discussions about your brand to make sure they're as positive as possible.

This partly takes place on social media because some outlets let your followers review your company right on their site.

It also takes place on search engines, like Google, since they also encourage users to review your business.

Then you also have review sites like Yelp and Yellow Pages, which have become incredibly popular over the past decade.

The point is that at any given time, your bank could have reviews and ratings on sites that you aren't even aware of. Unless you've actively claimed your company listings on sites like Google My Business and Yelp, customers could be saying anything about you and dissuading others from joining your bank.

Why is marketing important for banks?

The banking sector plays a key role in the development of the economy. Banks are now giving importance to the marketing activities to create awareness regarding their services to the public. ... Customer satisfaction is important so that banks are introducing new instruments and ways to attract the customers.

9 Bank Marketing Strategies for 2020

In 2020, consumers have more options than ever to consider when choosing a bank. Online-only options like Simple and extra convenient services like Chase's no card ATMs are disrupting the market and calling for retail banking executives to get more creative with bank marketing ideas.

We realize pushing through competitor messages can be tough, so we talked with bank marketing and branding experts Josh Mabus of The Mabus Agency, Dan Brill of Brill Creative & HyperDrive, and Peter Jacobs of Shark Communications to get their expert advice.

Here are 9 bank marketing ideas to help you attract and retain customers and establish a unique position in the marketplace in 2020.

1. Blogging

A blogging strategy for your bank can increase traffic to your site, build your social media profiles, and establish expertise.

Take some of the most asked questions or most voiced concerns from your customers, and turn them into helpful articles on your blog. Use these to feed your social media profiles and provide another platform for customer service.

To produce a well designed, SEO-optimized blog that meets the needs of your customers, remember these important aspects:

Deliver a great user experience

Provide a call to action that ties in your services

Font, color, and content should represent your bank's brand

Use images and videos to diversify content

Establish a consistent and easily readable post format

2. Social Media Content

Social media is a must-use tool to market your bank and establish a brand presence amongst your competitors. However, social media should be used to engage your followers with useful, relevant information — not simply to sell.

87 percent of consumers say that most banks on social media are “annoying, boring, or unhelpful.” You can avoid these stigmas by making sure your strategy doesn’t reflect these common mistakes:

Only creating content that is self-promoting

Posting infrequently or irregularly

Not preparing for negative customer feedback (tips on this here)

Broadcasting the same message across all channels (Facebook, Twitter, Instagram, etc)

3. Customer Service

Exceptional customer service can be built into your marketing strategy and ultimately used to boost your brand image.

To support their customer-first approach, TD Bank created a campaign called #TDThanksYou to solidify themselves as a bank that knows and appreciates their customers. Their team captured customer reactions to unexpected service which resulted in a viral video on their social media profiles.

4.Video Content Campaigns

Your customers expect lively digital content like never before. Take advantage of videos and podcasts to capture their attention. With engaging digital media, you can develop content marketing strategies that position your bank for the best kind of marketing: word of mouth.

With the COVID-19 pandemic, CIBC strategically used video stories to help communicate their brand values and then encourage customers to share those values organically.

They launched “Holidays for Heroes” a campaign that provides travel vouchers to celebrate the sacrifice and commitment of healthcare workers during the COVID-19 crisis.

5.Digital Signage

With digital signage, your displays do the selling for you so you don’t have to. Use well-placed displays to show graphics and videos that promote your latest services or tutorials for your latest products. Take fun photos of your best employees and pair them with a call to action like, “Ask Tracy for more information on consolidating your student loans.”

Giving customers something to engage with while they wait to be serviced will improve your branch experience. Show content like the local weather, public transportation routes, traffic updates, live news feeds of top financial blogs, or your own blog feed.

You can leverage digital signage in your branches to support many of the marketing ideas covered in this post. When launching online campaigns (such as Fifth Third’s “Retweet to Reemploy,”) use those same assets for content on your displays. This reinforces your overall brand image to your customers, while also positioning you as a tech-savvy financial institution.

6. Non-Traditional Rewards Programs

When designing a rewards program for your customers, consider these three primary goals:

Increasing customer loyalty

Extending retention

Cross-promoting services and products

Chime offers a unique rewards program that aims to achieve these objectives. For every amount that you spend using your debit card, Chime rounds the total up to the nearest dollar, then automatically deposits the difference into your Chime savings account.

This system achieves customer loyalty by encouraging consistent use of your debit card, which most customers in 2018 do anyway. Retention is influenced because the longer you stay with the bank, the more free money you earn. Lastly, this rewards program provides the perfect opportunity to cross-promote both their checking and savings accounts.

Banks have a broad choice in their marketing plans: Attract and acquire customers with price-based promotions, or develop new customer relationships with a more brand-based strategy.

Peter Jacobs, Shark Communications

7. Strategic Partnerships

Partner up with organizations that share the values of your customer base. This could be through entertainment companies, real estate agencies, or nonprofits.

For example, Citi partners with concert promoter Live Nation to provide pre-sale concert tickets and special offers to popular shows. You simply use your Citi credit card during checkout to redeem the perks.

Connecting with partners and crafting strategic programs like this positions your bank distinctively among competitors.

Banks must realize that they offer parity services and potential customers have an extremely difficult time differentiating between banks.

Josh Mabus, The Mabus Agency

Tip: Use compelling graphics on your digital signage to communicate current partnerships and promotions with branch visitors 24/7.

8. Customer Data

Data will give you clear insight into your existing customer base. With data you can better understand behavior patterns and offer relevant deals that fit within your customer's daily lives.

Instead of worrying about checking off their social media to-do list, or jumping on board with the latest and greatest technology, banks need to leverage their data to better understand and serve their existing client base.

We see an incredible opportunity for banks to deliver much more personalized, relevant and timely messages to their current customers.

We often get so excited about using technology that we forget about the human beings on the other end. Better to understand and nurture what you have than to always be looking for more.

Dan Brill, Creative Evangelist

Here is an example of how banks can effectively use big data to improve the customer experience, increase retention, and create new streams of revenue.

9. Community Initiatives

Customers look to their banks for ideas on how to manage their personal finances. Instead of simply offering a pamphlet with this information, organize monthly workshops open to the public. Here are a few topics that would be interesting:

Financial Planning For New Parents

Smart Savings to Homeownership

Getting The Most From Your Credit Cards

Wealth Management and Investing

Connect with county administrators to bring financial literacy courses to local high schools. Become a part of the national movement to educate students early on finances to position your bank as a community leader.

Washington Federal Bank took their initiative a step further, offering online courses in consumer fraud, renting vs owning, and financing higher education. Their Financial Scholars Program comes at no cost to schools or taxpayers.

Conclusion

With the expert insight from Josh Mabus, Dan Brill, and Peter Jacobs, we've covered 9 ideas you can use to structure your marketing efforts around memorable brand experiences. With these concepts you can get started targeting new bank customers and strengthening your relationship with existing ones.

“The challenge is creating a brand that shows separation from the competition. Brand isn't the logo, signage, and building design — it includes those things, but brand is the essence of the business.” Josh Mabus, The Mabus Agency

For more on how Enplug's display software helps banks communicate with their customers, see **Enplug for Banks**.

—

Top 10 Features of a Bank and the Banking System

Banks play an essential role in industrial work and trade. In a country, the development of a country is measured based on how well the banking sector of the country works.

In the old times, there was no concept of banks and people used to lend money to people who needed it on various interest rates.

Initially, that people worked well as people were less greedy but because of the increase in problem in the simple lending and borrowing system, it became necessary to introduce the formalized system as a result of which banking system were introduced.

The word “bank” is derived from the French word “Banque” or the Italian word “Banca” whose meaning is money exchange table or bench. This term was first used by the European lender who used to display money on the table to lend money to the people.

This was the brief history behind the term bank. A new bank can be defined as the financial institution which deals with the money related transactions such as loans, deposits, saving, etc. and other finance-related services.

In this article, you will learn about the different features of a bank in detail to establish a better understanding of the banking system.

1 Deals with money

The Main Features of a bank is that it deals with all the money-related transactions. For example, you can deposit your money in a bank account to save it securely, and you will also get interested in the money that you will save in the account.

Therefore, it is the easiest way to increase your money without putting it at any risk.

Moreover, if you need the money, then you can borrow it from the bank at a certain interest. For example, you can borrow money from the bank to pay your tuition fees as well as you can also borrow money from the bank you want to buy a car.

However, you are supposed to pay the money back to the bank with interest.

2 Provide loans

Banks make extra money by providing loans for different products to the loan. The bank makes the extra money by lending money to the eligible person at certain rates.

Nowadays, banks provide loans for various requirements such as study loan, car loan, home loan, personal loans, etc.

Different banks provide different loans at different interest rates. You can compare the interest rates of different banks to get a loan at minimum interest rates.

3 Identity

As I told you, there are various banks which provide loans at different interest rates. Therefore, each bank has a different name which helps the people to identify it easily and to differentiate with other banks.

Even though the basic services provided by all banks are the same, but each bank tries to provide different interest rates and better services to attract more and more customers.

Therefore, each bank uses a unique bank name and unique tag line to sell their services.

4 Withdrawal and payment facilities

A Bank provides various payment and withdrawal services to customers so that they can receive their money hassle-free. Customers can withdraw money using cheques and drafts and also from the ATMs installed by the banks at different locations in the city.

They can withdraw money using the debit cards provided by the bank the card is directly linked with the bank and customers can withdraw money anywhere in the world without going to the bank and even without carrying their passbook

5 Internet services

Another feature of a Bank is that modern banks are also providing internet services. The development of the internet and its inclusion in the banking sector has made it even more easy for people to carry out various transactions.

Banks are providing online services through their apps. You can pay bills, buy food, go shopping without having cash with you. With the help of banking apps, you can pay for everything online.

Nowadays, more and more banks are taking their business online. It helps in making safe and risks free transactions, and there are fewer chances of stealing taxes. There are specific terms for these types of transactions, such as internet banking and mobile banking.

6 Business

The only work of banking is not to provide banking services to customers. All banks are involved in the subsidiary businesses to make more money.

Their sole responsibility to provide maximum satisfaction to their customers and to provide them maximum interest rates so that more customers do banking with them.

The money is passed from one hand to another to make a profit.

7 Increasing functionality

Like other industries banking sector is also focused on enhancing their functionality. Banks have developed from just providing money lending and cash deposit and withdrawal services to providing loans and credit to cashless bank services to internet and mobile banking.

It is one of the fields which are growing fastest. It will not be wrong to assume that banks will be providing more services in the future in addition to internet banking and mobile banking and people's dependency on the cash will reduce to almost zero percent.

8 Branches at different locations

Also, the features of a bank include services to its customers wherever they live in the whole world. Most banks are opening their branches the rural part of the country to connect people with the banks and to gain more profit.

People are not required to travel miles like the old times to do banking.

They can visit the nearest branch to them. Each bank is opening more and more branches with the increase in the population so that they can satisfy their customers properly by being near to them.

9 Bank can be a company or an individual providing banking services

Usually, when you hear about the word bank, you think about a large place where many people are working and dealing with the money transactions.

But it is not wrong to say that a bank can be large organization consist of hundreds of people or it can be a unit managed by a single person.

10 Commercialized

All the banking services are taking place with a single AIM to make money. You might feel perplexed how bank money by managing others money.

But this is the key. We hand over our money for a small interest on the money deposited by us.

The bank uses our money to lend it to others or by investing it in profitable businesses to make profits. If you think your money is sitting in a banks locker, then you are wrong.

You might have digits of the money mentioned in your passbook, but you might be rotating between one person to another to make more money to the investor.

Objectives OF BANK MARKETING:

profit; growth; market share; spreading risk; diversification of services. ... Via marketing mix: Services (products/services development and differentiation). Price (price policies for the various services the bank offers). Promotion (advertising, publicity and public relations).

INSURANCE MARKETING

According to the Financial Times Lexicon, the **insurance market** is simply the "buying and selling of **insurance**." Consumers or groups buy **insurance** for risk management from **insurers** offering **coverage** for specific risks. ...

How do you market an insurance company?

Insurance Marketing Ideas to Attract New Policyholders

1. Doctor up your **insurance** website. The best **insurance marketing** campaigns start and end with your website. ...
2. Invest in SEO. ...
3. Create a blog. ...
4. Invest in “deer-in-headlights” resources. ...
5. Utilize pay per click advertising.

1. DOCTOR UP YOUR INSURANCE WEBSITE

The best insurance marketing campaigns start and end with your website. Your website is frequently the first interaction policyholders will have with your company, and about 75% of them will judge your insurance company’s credibility based on how it looks and functions. If they don’t connect with what they see [within 10 seconds of landing on a webpage](#), they’ll move onto another provider.

Three rules of thumb are that **your website needs to be fast, it needs to be secure, and it needs to be mobile-friendly.**

Did you know that over 50% of searches for insurance happen from mobile devices? That should tell you something about the usability and customer experience potential policyholders expect.

But it isn’t enough to just be mobile-friendly. Your website needs to load in under three seconds—**47% of people expect a web page to load in two seconds or less! Considering the average mobile page speed is 15 seconds, you have work to do.**

Go [here and test your site speed and usability](#). If it’s red, you’ve got a problem. Here—take a look at how you stack up against a couple of your big-time competitors:

Other ideas to doctor up your website?

- **Have contact information front and center** – Most people’s eyes will gravitate towards the top right-hand corner.
- **Include plenty of calls to action** – People won’t do things unless you tell them to, so give them some direction.
- **Install a chat feature** – Nobody, especially now, likes to wait. The idea is that if the top insurance companies can answer questions instantly, yours should be able to as well.
- **Speak their language** – Millennials and Baby Boomers have different priorities, different outlooks on life, and different expectations. Why, then, are you serving them the same messaging? What connects with a 65-year-old may not do it for a 26-year-old.
- **Use colors that convey meaning** – I’m not a behavioral psychologist, but it doesn’t take a Ph.D. to know that [colors on a website](#) influence people’s emotions. While I’d like to say most people make decisions based on logic, that’s rarely the case. Strike an emotional chord, and you’ve just nudged the door open.
- **Have plugins that alter the content based on the user’s location**, so they always see localized content.

2. INVEST IN SEO

To interact with your website, policyholders have to be able to find you. Considering 93% of online experiences begin with a search engine, you need to somehow get yourself to the top of the first search engine results page—most people won’t venture past the first three organic search results.

If you want to [get your company on the first page of Google](#) or other search engines, you need to invest in search engine optimization (SEO). There are [more than 200](#) actual ranking factors, but in general:

- **Your pages need optimized [title tags and meta descriptions](#)**
- **Your website needs to be [secured](#) (HTTPS vs. HTTP)**
- **Your website needs to be [mobile-friendly](#)**

- You need to add **schema markup**
- Your webpages need to have **quality content**
- Your webpage content length needs to be on par with your competitors
- Your website **needs to be fast**
- You need plenty of **social signals**
- You need plenty of **quality backlinks**
- You need **optimized images**

- **3. CREATE A BLOG**

You need a blog. Blogs not only help generate traffic to your website, but they also prove your authority on topics, build trust, and transform you from an insurance company into a universal insurance resource. Blog posts also play a critical role for consumers researching products and services—the average person consumes 11.4 pieces of content before making a purchasing decision, according to [Forrester](#). Take a look at how much traffic our blog drives to our website:

That's more than half a million new people we reached in the past 12 months.

Here, I'll get you started with a few insurance blog topic ideas:

- **Do I Need [Life/Liability/Property/Etc.] Insurance?**
- **5 Insurance Policies Everyone Should Have**
- **The Ins and Outs of [Life/Auto/Liability/Etc.] Insurance**
- **The Millennial's Guide to [Renter's/Life] Insurance**
- **Biggest Misconceptions About [Life/Auto/Liability/Etc.] Insurance**
- **Factors You Didn't Know Affect Your [Life/Auto/Liability/Etc.] Insurance Coverage**
- **If You're In These Professions, You Need Liability Insurance**

- **Different Types of Insurance**
- **How to Find the Best Auto Insurance**
- **How Much [Health/Auto/Liability/Etc.] Insurance Do You Need?**
- **Your Insurance Cheat Sheet**
- **We're De-Jargoning the Insurance Industry**
- **10 Tips for Keeping Insurance Rates Low**
- **Where to Buy [Alien Abduction Insurance](#)**

4. INVEST IN “DEER-IN-HEADLIGHTS” RESOURCES

Ah, the age-old “deer-in-headlights” response to overwhelming things. And, boy—insurance is overwhelming at first. It’s understandable—most minors are on their parent’s insurance well into their college years, and after that commonly comes the “I’m-20-something-and-invincible” phase. In TransUnion’s 2017 Healthcare Millennial Report, 57% of millennial consumers identified as having “no understanding” or a “limited understanding” of their insurance benefits, while 50% of Generation X and 42% of Baby Boomers said the same.

Cue the deer in headlights response.

So, make it simple:

- **Don’t give them too many choices on your website’s main pages. Insurance is already overwhelming, and having too many options can tip website visitors over the edge.** Figure out what the most important things people need from you and focus on those. Here, I’ll show you what I mean with this excellent design example from Liberty Mutual:
- **Create a big, fat, “Insurance 101” resource or an interactive guide on your website**
- **Put a quote comparison tool on your website’s homepage, then promote the crap out of it with pay per click and social media ads**

- **Create short (read: under two minutes) videos that explain different types of insurance coverage and post them on your YouTube page (oh, yeah—you need a YouTube page)**
- **Create an online quiz to help potential policyholders figure out exactly what it is they’re looking for**

5. UTILIZE PAY PER CLICK ADVERTISING

We established that you need SEO because you need to be at the top of the search results. However, not all search queries are created equal—some queries indicate low commercial intent, and some indicate high commercial intent. For most high-commercial-intent searches, you’ll see the entire top half of the search results page is taken up by ads. Take a look at the difference in the search results when I search for “do I need renters insurance” vs. “buy renters insurance”:

When you look at it on mobile, the entire screen is taken up by ads, and since mobile web traffic has been outpacing desktop traffic, [more and more people](#) are clicking on paid ads. If you choose to use pay per click ads, make sure you sign up with a Google Premier Partner (like us). The insurance industry has the highest average cost per click, so if you don’t team up with someone who REALLY knows what they’re doing, you will most likely waste money.

What should you advertise? Start with your competitive rates. About [70%](#) of consumers say they look for the best deal when renewing an auto policy, and getting the best deal on any type of insurance is of paramount importance to today’s money-savvy policyholders.

Go

6. COMMUNICATE YOUR BRAND THROUGH VIDEO MARKETING

Video marketing is THE thing. Consumers in the U.S. now watch up to six hours of digital video per day. It’s not just for B2C, either—73% of B2B marketing professionals say that video has positively impacted marketing results. Below are a few video marketing ideas to get you started.

- **Create how-to or informative videos** – 86% of YouTube viewers say they often use YouTube to learn new things—so give them what they want. Teach them how to take care of their jewelry correctly. Teach them how to find the best insurance rates. Teach them how to inspect their home’s foundation for cracks. The options are endless.
- **Feature policyholder testimonials** – The number one mistake most insurance companies make is being self-centered. Stop making videos about yourself. Nobody cares why you think you’re great—they care why your policyholders think you’re great. Communicate that with spotlight videos featuring policyholders you’ve helped. Communicate your brand values by showing them, not talking about them.
- **Show your commitment to society** – Social responsibility is expected from insurance companies, and your company is no exception.

7. GENERATE RAVING REVIEWS

Review generation is a great insurance marketing strategy. Approximately 85% of internet users value online reviews as much as recommendations from friends, and 95% of consumers read them. If you don’t have a strategy to generate new reviews consistently, you need to create one—now.

Here are a few ideas to get quick reviews:

- **Ask for them—email your policyholders and simply ask them to leave a review**
- **Make it part of an ongoing process to check in on new policyholders**
- **Install a review-generation software**

8. HIGHLIGHT YOUR DIFFERENCES IN YOUR CONTENT

Have you won awards? Show them on your front page. Do you have a staggering amount of rave reviews? Showcase them. Is your team the most caring team in the metro area? Post videos that prove it. Figure out what your target market’s pain points are, and actively head them off.

[Insurance Marketing Ideas to Retain Existing Policyholders](#)

Your job isn't over after they sign the dotted line. Personally, I shop for insurance about every two years to see if I can get a better rate. I'm not unique. Especially now, with how easy getting a quote has become, you really need to be actively convincing policyholders to stay with you, even if your rate is higher.

9. CREATE AND USE EMAIL MARKETING NEWSLETTERS

If you're not communicating with your policyholders regularly, someone is taking your place. [Email marketing](#) is a great way to stay top-of-mind, enforce your brand, and inform policyholders of new and important updates. Today's consumers are research-obsessed, so providing them with the information they crave is a guaranteed way to keep their attention.

Here are a few email marketing ideas for you:

- **Create timely seasonal guides**
- **Run a referral contest**
- **Use email to set up annual renewals**
- **Send automatic follow-ups after a claim**
- **Monthly tips**
- **Warn consumers about trends that affect them**
- **Send educational tips and reminders**

10. BE ACTIVE ON SOCIAL MEDIA

A whopping [93%](#) of insurance agencies report they have some sort of social marketing effort in place, but as many as [64%](#) of them don't measure the return on the investment (ROI) they're receiving.

Big mistake. You can't just randomly post on Facebook and expect your company to grow. You need to track everything, keep testing, tweak your campaigns, and repeat the process.

Yes, social media is beneficial for your company. No, it's not going to land you tons of leads. That's why I included it under "retaining existing policyholders." By maintaining an active presence (and utilizing paid ads), you can stay top of mind and send subtle reminders about all the benefits you offer.

Need ideas? Here you go:

- **Write tips on keeping insurance costs low**
- **Post infographics of the process**
- **Post 30-second how-to videos related to your industry (how to change a tire, how to get jewelry appraised, how to choose life insurance)**
- **Share customer stories**
- **Post about events**
- **Create a web series**

Go

11. MAKE YOUR COMMUNITY EFFORTS STAND OUT

Almost half—43%, to be exact—of U.S. adults don't trust insurance companies.

Woof.

Prove you aren't a mindless money-grubbing robot by showing your community efforts and your caring side. Contribute to charity? Promote it. Doing a car seat installation class? Promote it. Got a great compliment from a client? Promote it.

You have the disadvantage of consumers mistrusting you from the get-go—head it off by showing your human side.

TYPES OF INSURANCE

1. Professional liability insurance.

Professional liability insurance, also known as errors and omissions (E&O) insurance, covers a business against negligence claims due to harm that results from mistakes or failure to perform. There is no one-size-fits-all policy for professional liability insurance. Each industry has its own set of concerns that will be addressed in a customized policy written for a business.

2. Property insurance.

Whether a business owns or leases its space, property insurance is a must. This insurance covers equipment, signage, inventory and furniture in the event of a fire, storm or theft. However, mass-destruction events like floods and earthquakes are generally not covered under standard property insurance policies. If your area is prone to these issues, check with your insurer to price a separate policy.

3. Workers' compensation insurance.

Once the first employee has been hired, workers' compensation insurance should be added to a business's insurance policy. This will cover medical treatment, disability and death benefits in the event an employee is injured or dies as a result of his work with that business. Even if employees are performing seemingly low-risk work, slip-and-fall injuries or medical conditions such as carpal tunnel syndrome could result in a pricey claim.

4. Home-based businesses.

Many professionals begin their small businesses in their own homes. Unfortunately, homeowner's policies don't cover home-based businesses in the way commercial property insurance does. If you're operating your business out of your home, ask your insurer for additional insurance to cover your equipment and inventory in the event of a problem.

5. Product liability insurance.

If your business manufactures products for sale on the general market, product liability insurance is a must. Even a business that takes every measure possible to make sure its products are safe can find itself named in a lawsuit due to damages caused by one of its products. Product liability insurance works to protect a business in such a case, with coverage available to be tailored specifically to a specific type of product.

6. Vehicle insurance.

If company vehicles will be used, those vehicles should be fully insured to protect businesses against liability if an accident should occur. At the very least, businesses should insure against third-party injury, but comprehensive insurance will cover that vehicle in an accident, as well. If employees are using their own cars for business, their own personal insurance will cover them in the event of an accident. One [major exception](#) to this is if they are delivering goods or services for a fee. This includes delivery personnel.

7. Business interruption insurance.

If a disaster or catastrophic event does occur, a business's operations will likely be interrupted. During this time, your business will suffer from lost income due to your staff's inability to work in the office, manufacture products or make sales calls. This type of insurance is especially applicable to companies that require a physical location to do business, such as retail

stores. Business interruption insurance compensates a business for its lost income during these events.

By having the right insurance in place, a business can avoid a major financial loss due to a lawsuit or catastrophic event. Check with your insurer to find out what forms of insurance are advised for your type of business and put those plans in place as soon as possible.

IMPORTANCE OF INSURANCE MARKETING

Here are a few more statistics about the importance of inbound and digital marketing, not just for large businesses, but small to medium-sized too.

- 73% of businesses believe that email marketing is core to their business.
- 75% of small business owners see internet marketing as “effective” or “very effective” as a tool to attract new customers.
- 71% of small business owners do their own digital marketing rather than utilizing an expert.
- 78% of mobile searches for local business information result in a purchase.
- Inbound (content, digital) marketing generates 3X the number of leads than traditional outbound marketing and costs 62% less.
- 46% of people read blogs more than once a day.
- 75% of people who use search engines like Google never scroll past the first page of search results.
- For B2C marketing, 94% rely on Facebook, 82% use Twitter, 77% utilize YouTube and 76% also use LinkedIn to distribute content.
- Online reviews are trusted as much as personal recommendations by 88% of consumers, even for the insurance consumer.

The functions of insurance marketing include:

- 1) analytical function - is to collect, process, analyze, systematize marketing information. For example, the study of the market, competitors, consumers, analysis of the internal and external environment of the insurance company;
- 2) production - is implemented in the creation of new and the development of existing services in accordance with changes in the needs of policyholders and the market. For this purpose, the insurer can create new services based on innovative technologies, change the organization of logistics, manage the quality of its services;
- 3) sales (sales function) - is expressed in the organization of work of the marketing channels of insurance services and the marketing communications system. For this purpose, the marketing department is engaged in setting up a system for promoting services, organizing services, creating demand and stimulating sales, and developing product and price policies;
- 4) management function (control) - is embodied in the implementation of strategic and operational planning in the insurance company, ensuring marketing control (feedback, situational analysis), information management of marketing.
- Today it is no longer possible to treat marketing as a tool for expanding sales of previously created insurance products without detailed consideration of market requirements and changing demand. Insurers understand that to develop and provide insurance services without a deep study of the market is a short-sighted strategy. Therefore, the attention of insurers to the improvement of relationships with consumers, in particular through the use of insurance marketing, has steadily increased. At the same time, the main task of marketing management is to reduce the cost of marketing procedures with increasing their specific efficiency. Thus, at the present stage of development of insurance marketing, United States insurers will have to integrate it into all stages of the production process: from creating an insurance product to providing the insurance service to the consumer.

There are four main goals of marketing as such and insurance marketing; in particular, this maximization:

- 1) consumption, which results in the expansion and development of production, employment growth, increased consumption and welfare of society;
- 2) the degree of customer satisfaction, which is not expressed in a simple increase in the number of goods and services consumed, but in the degree of customer satisfaction;
- 3) the choice of consumers, which is based on the production of such a variety of goods and services that could best correspond to the preferences and taste of each consumer;

4) the quality of life, which aims to improve the quality of life of society, affecting the quality of the cultural, social, physical, material, spiritual and other spheres of human life.

Marketing has at its disposal a certain set of tools that allows you to achieve the company's goals for demand management. In other words, *marketing tools* include a set of measures and actions aimed at impacting the market and consumers. Marketing tools serve to ensure the relationship between the insurance company and market participants. They are realized through the procedures of the marketing complex, or, as it is also called, the marketing mix.

The marketing mix (4P - with the first letters of English words) in insurance includes:

- product (*product*) - insurance services designed to meet the needs of potential and real insured;
- the price (*juice*) - the amount of money that the policyholders must pay to the insurance company to receive the service (insurance premium, fee calculated on the basis of the tariff)
- distribution (*place*) - activities to bring the insurance product from the insurer to the client;
- promotion (*promotion*) - means of communication between the seller and the buyer.

The evolution of the marketing mix led to the emergence of the *5P* concept, specifically for the service sector, where one more *P-people* (people). This is due to the fact that the quality of the provided services plays a key role in the development of the insurance company. Therefore, it is not only the implementation of the service that becomes important, but how it is realized: how competent the staff is, how competently the contracts are formed and concluded, what is the quality of customer service. And then there was the concept *7R* product (*product*), price (*pri & eacute;e*), promotion (*promotion*), distribution (*place*), people (*people*), processes (*processes*), external design, design, customer service (*provision*).

The *structure of insurance marketing* can be divided into two areas: commodity, or market, marketing, and structural or organizational.

Market Marketing is aimed at improving the activities of the insurer and increasing the profitability of the company through analysis of the external environment and the company's orientation in the market. This involves changing the commodity and marketing policy in accordance with the characteristics of the external environment and the changing needs of participants in the insurance market. Market marketing consists of studying and segmenting the market and concentrating efforts on the most priority areas; developing requirements for

the insurance product) 'on the basis of determining the needs of consumers; the choice of the insurance sales system, as well as the activation of sales, etc.

Organizational Marketing aims to increase the efficiency of the insurance company by building and optimizing its internal structure, including the insurance sales system. So, among the problems of structural marketing can be identified: the choice of the optimal sales system based on the characteristics of consumer preferences and properties of the insurance product; measures to stimulate sales; the organization of the organizational structure of the company and the establishment of processes of cooperation and division of labor horizontally and vertically.

Both directions - market and organizational marketing - are two sides of one process aimed at establishing effective and long-term relations between the participants of the insurance market, one of which is directed inside, and the other - outside the insurance company. As a result, their combination creates a comprehensive tool aimed at ensuring the profitability of the company in combination with the maximum satisfaction of the needs of policyholders. Thus, developing an insurance product, an effective sales system and optimizing the company's structure are interrelated tasks. A competent combination of market and organizational marketing tools is a practical implementation of the company's marketing strategy, which includes the selection of the market for the activities of the insurer, the formation and promotion of products in this market, the selection of a sales system for each segment, and the organization of information support for sales.