Objectives: This course aims at providing a perspective on the concepts, framework and analytical procedures available to service marketers to resolve the varies challenges faced in different situations.

Unit I

Developing a Framework for understanding Services Marketing – Classification of Services on similar characteristics

Unit II

Nature of service – Relationship with customers – customerisation and judgment in Service delivery – Nature of demand relative to supply method of service – Delivery – Significance of people based attribute and / or facility based attributed of the service product.

Unit III

Managing Customer Mix – Deciding on what segment of Customers to serve – Positioning the service – Developing of service positioning strategy – Positioning map

Unit IV

Managing Demand – Demand supply interaction – Strategies relating to demand – Inventory Demand – Flexible capacities – Modifying marketing mix elements to manage demand

Unit V

Service business as a system – service operations sub – systems – Service delivery subsystem – Service marketing subsystem – Planning, organization – and implementation of Marketing effort – inter functional Conflict between marketing and operation – Evaluation of marketing effort.

Recommended Text book

1) For Unit I, II, III Services Marketing – operations and Management, By Vinnie Jauhari & Kirtidutta, Oxford University Press, Chennai. Email : v.anand@oup.com
2) For unit IV & V Marketing of services, India Edition, K. Douglas Hofiman, John.E.G. Bateson, Cengage learning. Chennai, Email : sriram.b@cengage.com
3) Services marketing by Kapoor, Paul & Halder – TATA Mcgraw Hill Co – Chennai.
4) Services marketing Govind Apte, Oxford University Press, Chennai.
5) Services marketing, The Indian Context, R. Srinivasan, PHI learning.

Unit I

Developing a Framework for understanding Services Marketing – Classification of Services on similar characteristics

SERVICES MARKETING

Service marketing is a broad category of marketing strategies focused on selling anything that is not a physical product. This includes everything from personal services like medical care and spa treatments, to the rental of vehicles and spaces, to experiences like concerts and dance lessons. Any method that can communicate a service's appeal and benefits to

customers is a valid approach, including informational content, promotional deals, advertisements, and many other kinds of marketing materials.

- Service is an intangible product involving a deed, performance, or an effort that cannot be physically possessed. Dominant component is intangible.
- Includes rental of goods, alteration and repair of goods owned by customers and personal services.

Major differences between goods and services are:

- ✓ Intangibility
- ✓ Inventory--over/under booking restaurant capacity
- ✓ Inseparability--of production and consumption
- ✓ Inconsistency/Consistency

The use of marketing by service firms has been limited to:

- ✓ Many service firms stress technical expertise, therefore have lagged in their use of marketing.
- ✓ Many service firms are small, marketing expertise cannot be hired.
- ✓ Strict licensing/legal restrictions limit competition and need for marketing.
- ✓ Service associations have prohibited marketing. High esteem of professionals, do not need marketing.
- ✓ A number of professionals have a dislike for marketing and a lack of understanding.
- ✓ Use of marketing is likely to increase rapidly in the near future due to competition etc.

DEVELOPING A FRAMEWORK OF SERVICES MARKETING

Services Marketing Triangle

Similarly to the services marketing mix, the services marketing triangle was created to handle the complexity that service marketers face when dealing with intangible products. The service marketing triangle highlights three key players, these are

Firm: The management of a company, including full-time marketers and sales personnel. This is enabled through continuous development and internal marketing with their employees.

Employees: This includes anyone that is working within close contact of the consumer. They play an integral role within the interactive marketing of service marketing.

Customers: Anyone that purchases the service of a company. They are also heavily exposed to the external marketing of a firm.
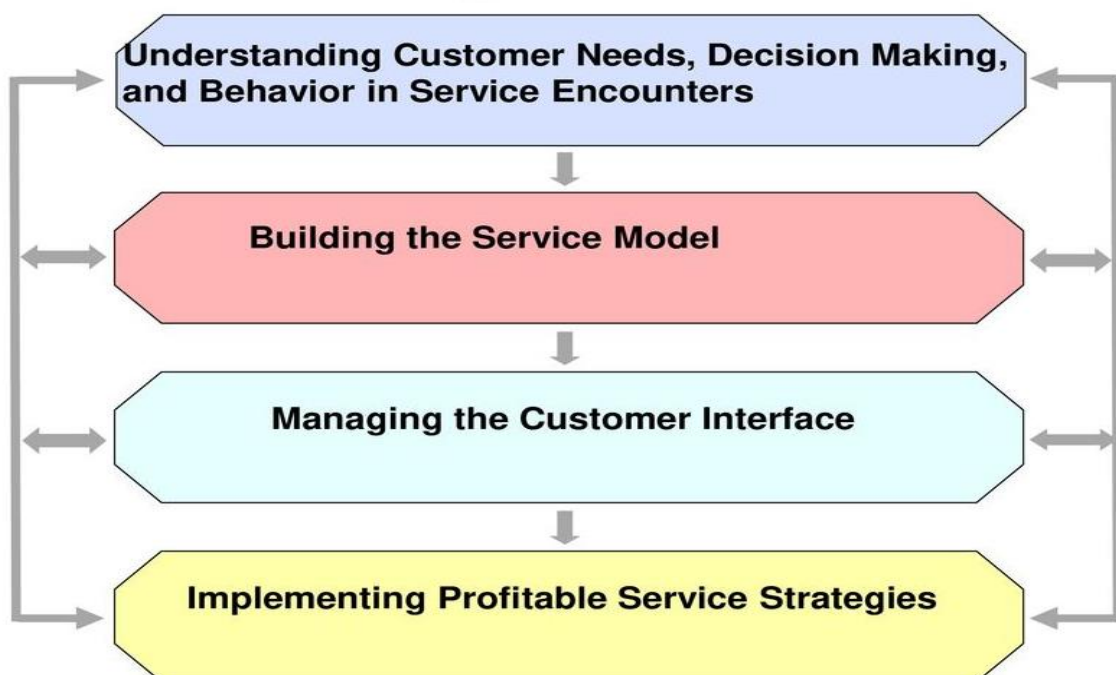
For marketing to be successful, a marketer should ensure that there is positive interaction between these three players. Furthermore, for this success to be accomplished, three types of marketing must be conducted. These are

External Marketing – Making Promises: Involves communication by a company towards their consumer. This form of communication allows the company to offer their services, and set the expectation of service quality that the client can expect. In service marketing this pays particular attention to physical evidence, such as the appearance of the place of business or appearance of staff.

Interactive Marketing – Keeping Promises: Interactive marketing is revolved around the communication that occurs between the client and the service delivery personnel. This is one of the most important parts of successfully utilizing the services marketing triangle, as it is the only time that the client will have face-to-face experience with the company, via the providers.

Internal Marketing – Enabling Promises: A more modern addition to the services marketing triangle, internal marketing centres on training employees to the highest standards so they can deliver exceptional service. Without internal marketing, there is a high chance that the client will receive sub-standard service.

A Framework For Developing Effective Service Marketing Strategies: Overview

Understanding Customer Needs, Decision Making, and Behavior in Service Encounters

Building the Service Model

Managing the Customer Interface

Implementing Profitable Service Strategies

CLASSIFICATION OF SERVICES

1. On the basis of degree of involvement of customer

- **People processing**– The customer has to be present at the place of delivery in order to experience or consume the service
- **Possession processing** – The customer presence is not required but his physical possession or property needs to be deposited for service
- **Mental stimulus processing**– Customer's mental attention is required in order to experience the service
- **Information processing**– In this case dates, knowledge, information are gathered and analyzed for the use of clients

2. On the basis of service tangibility

Pure tangibles – Cell phone on rent – no service or intangibles are associated.

- **Major tangible with minor intangibles** – Tangible good with accompanying services
- **Minor tangibles with major intangibles** – Major services accompanying a minor good
- **Pure services** – Here the offer is only a service

3. On the basis of skills of service providers

- **Professional (high skill) services** – Require a high level of qualification and training e.g., doctors, lawyers, pilots etc.
- **Nonprofessional (low skill) services** – Does not require special skills e.g. Babysitting

4. On the basis of the business orientation of service provider

- **Government sector**
- **Business sector**
- **Internal/Professional services**
- **Non-profit organization**

5. On the basis of market segment on end user–

- **C2C or end consumer services**– These services are purchased by individual customer for their own consumption e.g. medical, fitness, treatment
- **B2B or business consumer services**– These services are purchased by organizations e.g. company hiring another for market research

6. On the basis of degree of regulation

- **Highly regulated** – banking, insurance, hospitals
- **Limited regulated** – catering, fast food
- **Non-regulated** – computer, lawn care, painting

7. On the basis of degree of labour inventiveness

- **Equipment based** –
    - Automated – e.g., ATM vending machines
    - Operated by unskilled labour- e.g. taxi, dry cleaning
    - Operated by skilled operators- e.g. excavating, airline computing, time sharing
- **People based** –
    - Unskilled labour- e.g. lawn care, guards, cleaning service
    - Skilled labour- e.g. appliance repair
    - Professionals

	Service ontology for service Bundling	**Economic service classifications**
Function	*Combine* services into groups	*Divide* whole spectrum of existing services into smaller groups
Grouping rules	*Company- and domain-specific* business rules	*Global rules* (hold for the whole service industry)
Nature of grouping rules	Any type of dependency between services (e.g. difference, similarity)	Classification criteria that *differentiate* one service from another
Abstraction level of reasoning	*Instances* of services (e.g., ABN-Amro private unemployment insurance)	*Abstract classes* of services (e.g., insurance services)

CHARACTERISTICS OF SERVICE
Intangibility

They cannot be seen, handled, smelled, etc. There is no need for storage. Because services are difficult to conceptualize, marketing them requires creative visualization to effectively evoke a concrete image in the customer's mind. From the customer's point of view, this attribute makes it difficult to evaluate or compare services prior to experiencing the service. Prior to

purchase, much service promotion must rely on performance attributes which can only be measured after a purchase experience (tangible goods have search qualities). Also professional services have credence qualities. Need to use promotion to help customers perceive a service as highly tangibility.

- Develop tangible representation of the service, ie credit card serves as the physical product with own image and benefits. Make advertising easier. Airlines use an aircraft. Traveller's umbrella.
- Develop a brand image--seek out u haul as opposed to a truck service
- Word of mouth very important due to intangibility.
- Offer discounts and free samples/service to customers who encourage friends to come.
- Offer tangible benefits in sales promotions, must be consistent with customers needs/wants.
- Establish a clear product position, ie 24 hour outside service for repair of industrial equipment.

Perishability –
Unsold service time is "lost", that is, it cannot be regained. It is a lost economic opportunity. For example a doctor that is booked for only two hours a day cannot later work those hours—she has lost her economic opportunity. Other service examples are airplane seats (once the plane departs, those empty seats cannot be sold), and theatre seats (sales end at a certain point).

Inventory
Services cannot be stockpiled. Need to avoid excess unsatisfied demand and excess capacity leading to unproductive use of resources.
To resolve inventory issues:
☐ market services to segments with different demand patterns

☐ market new services having counter cyclical demand patterns from existing services

☐ market new services to compliment existing services

☐ market service extras at non-peak times

☐ market new services not affected by existing capacity constraints

☐ train personnel to do multiple tasks

☐ hire PT employees during peak hours

☐ educate consumers to use service at non peak hours

☐ offer incentive, ie. reduce price at non peak times, this will not work in all instances, ie, travel at non peak hours.

Lack of transportability –
Services tend to be consumed at the point of "production" (although this doesn't apply to outsourced business services).

Lack of homogeneity
Services are typically modified for each client or each new situation (customised). Mass production of services is very difficult. This can be seen as a problem of inconsistent quality. Both inputs and outputs to the processes involved providing services are highly variable, as are the relationships between these processes, making it difficult to maintain consistent quality.

Labour intensity –
Services usually involve considerable human activity, rather than precisely determined process. Human resource management is important. The human factor is often the key success factor in service industries. It is difficult to achieve economies of scale or gain dominant market share.

Demand fluctuations –
It can be difficult to forecast demand (which is also true of many goods). Demand can vary by season, time of day, business cycle, etc.
Buyer involvement –
Most service provision requires a high degree of interaction between client and service provider.

Inconsistency
Lawn care service cannot mow a lawn precisely the same way each time, but need to make the service as efficient and consistent as possible.
Remedy--use technology to help make the service provider more consistent...or replace workers with technology :)

Inseparability
Leads to direct (short) channels of distribution. In some cases it is possible to use intermediaries, travel agents, ATMs etc.
Close provider-customer relationship--employee interpersonal skills very important. "relationship managers", quality of relationships determines the probability of continued interchange with those parties in the future.
Customers may become loyal to a particular employee as opposed to the company, prevalent in the advertising industry. Therefore must make sure that multiple employees are capable of performing the same tasks.

<div align="center">**Unit II**</div>

Nature of service – Relationship with customers – customerisation and judgment in Service delivery – Nature of demand relative to supply method of service – Delivery – Significance of people based attribute and / or facility based attributed of the service product.

NATURE OF SERVICE

The definition of service is "any intangible product, which is essentially a transaction and is transferred from the buyer to the seller in exchange for some consideration (or no consideration). Let us take a look at some of the characteristics of a service.

Intangibility: A service is not a physical product that you can touch or see. A service can be experienced by the buyer or the receiver. Also, you can not judge the quality of the service before consumption.

Inconsistency: There can be no perfect standardization of services. Even if the service provider remains the same, the quality of the service may differ from time to time.

Inseparability: One unique characteristic of services is that the service and the service provider cannot be separated. Unlike with goods/products the manufacturing and the consumption of services cannot be separated by storage.

Storage: The production and consumption of services are not inseparable because storage of services is not possible. Being an intangible transaction there can never be an inventory of services.

Types of Services

Let us take a look at the kinds of services that we come across in the economy. There are basically three types of classification of services.

1] Business Services

The first type of service is business services. The most basic definition would be services that support the daily functioning and activity of any business but is not a commodity. Take for example IT services. In this day and age, every business will require technological setup. The people who provide IT support to a business are providing a service in exchange for consideration.

There are other similar services that any business enterprise may require for the smooth functioning and management of its activities. Some such services are Banking, warehousing, insurance, communication, transport etc.

2] Personal Services

Personal services are commercial activities that are provided to individuals according to their individualistic needs. The service here is extremely personalised to the customer. So there

can be no uniformity in the services. The service provider will alter his service according to the personal needs of each customer.

Some examples of personal services are catering, hotel and accommodation, medicine, any kind of artistic endeavor (like painting, sculpting etc). As you will notice all these services fulfill personal needs of the customers.

3] Social Services

And when talking about types of services, we come to social services. These are essential public services. They are provided by the government or other such non-profit organizations. These services aim to achieve social equality in the society by providing the backward sections with the help they need. The service is not provided for a profit motive but as a social cause. Social services include services in the sector of education, sanitation, medical facilities, housing etc.
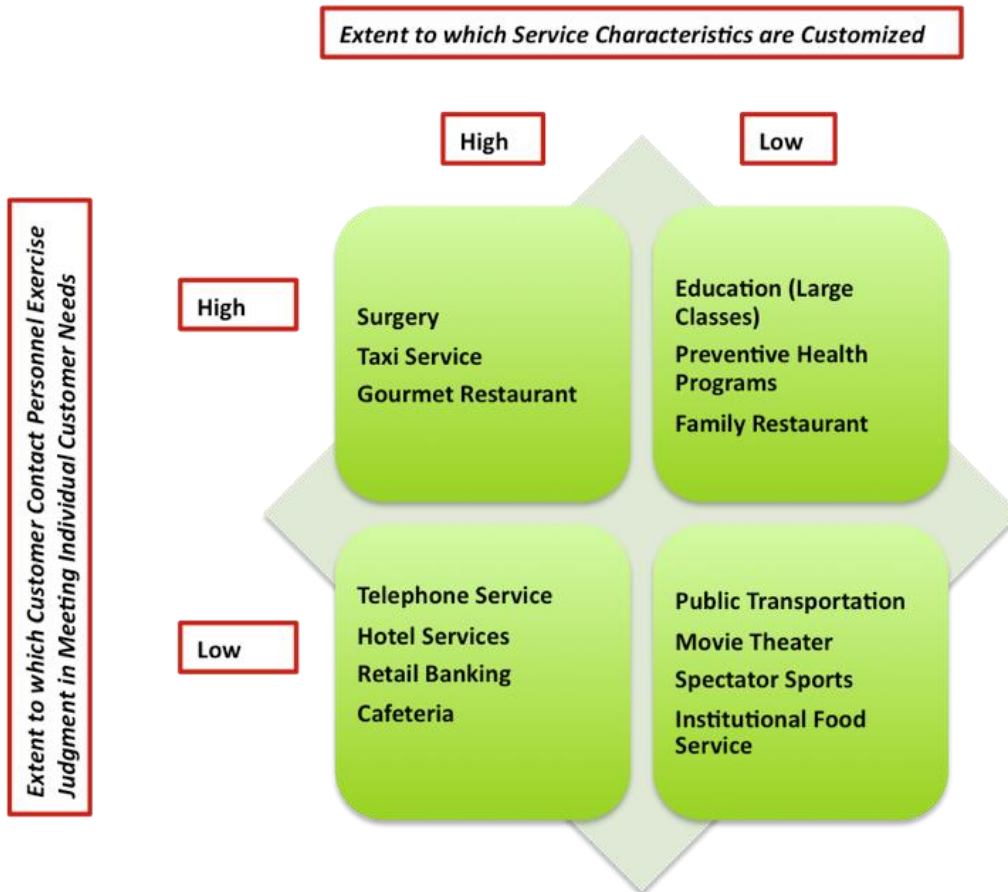
CUSTOMERISATION AND JUDGMENT IN SERVICE DELIVERY

Service strategy discussion is complicated by the diversity of service firms in the economy and their differing customer relationships. Strategic insights that transcend industry boundaries are needed to avoid the myopic view, which is prevalent among service managers that concepts do not translate from one industry to another. Competitive strategies used by banking services could find an application in laundry services because both deal with a customer's property.

Services are created as they are consumed and the customer is often a participant in the process, hence, an opportunity exists to tailor a service to the needs of the customer. Customization proceeds along two dimensions - either the character of the service permits customization or the service personnel have the discretion to modify the service.

RELATIONSHIP WITH CUSTOMERS

	Extent to which the characteristics of a service are customized	
Extent to which front-line staff have judgment in meeting individual customer needs	**High**	**Low**
High	▪Legal services ▪Health surgery ▪Architectural design for a private residence ▪Private lessons	▪Large class university education ▪Architectural design for blocks of residence
Low	▪Telephone service ▪Hotel services ▪Expensive restaurants	▪Public transportation ▪Fast-food restaurants

Extent to which Service Characteristics are Customized

	High	Low
High	Surgery Taxi Service Gourmet Restaurant	Education (Large Classes) Preventive Health Programs Family Restaurant
Low	Telephone Service Hotel Services Retail Banking Cafeteria	Public Transportation Movie Theater Spectator Sports Institutional Food Service

Extent to which Customer Contact Personnel Exercise Judgment in Meeting Individual Customer Needs

	Extent to which the characteristics of a service are customised	
Extent to which front-line staff have judgment in meeting individual customer needs	**High**	**Low**
High	▪ Legal services ▪ Health surgery ▪ Architectural design for a private residence ▪ Private lessons	▪ Large class university education ▪ Architectural design for blocks of residence
Low	▪ Telephone service ▪ Hotel services ▪ Expensive restaurants	▪ Public transportation ▪ Fast-food restaurants

NATURE OF DEMAND RELATIVE TO SUPPLY METHOD OF SERVICE

	Extent of demand fluctuates over time	
Extent to which supply is constricted	**Wide**	**Narrow**

Peak demand can be usually met without major delay	▪Electricity ▪Telephone ▪Police and fire emergencies	▪Insurance ▪Legal services ▪Banking
Peak demand regularly exceeds capacity	▪Hotel accommodation ▪Restaurants	▪Service similar to the above, but with incapable capacity

DELIVERY

Nature of interaction between customers and service organisation	Availability of service outlets	
	Single site	**Multiple sites**
Customer goes to service organisation	▪Theatre ▪Hairdresser's	▪Bus service ▪Fast-food chain
Service organisation goes to customer	▪Garden services ▪Taxi	Mail delivery services Road assistance services for cars
Customer and service organisation transact at arm's length	▪Credit card ▪Local TV station ▪Internet banking	▪Broadcast network ▪National TV station 26

SIGNIFICANCE OF PEOPLE BASED ATTRIBUTE

Six important customer services attribute:

1. Personable

Your customer service representatives have to deal with a wide variety of people from all backgrounds and walks of life. This means you need someone who is inherently personable and able to put others at ease.

There are always nerves involved in any interview, but if your candidate is sweating bullets, they might not be able to handle the pressures of dealing with customers all day long. In the in-person meeting or video interview, pay special attention to body language and tone of voice, both extremely important for good call center service and ensuring positive customer service outcomes.

2. Adaptable

No day in customer service is the same. One day an employee might be dealing with angry customers, while another day they might be putting out fires and helping users troubleshoot. You need a candidate who is highly adaptable and extremely quick on their feet. Thankfully, the interview is the perfect setting to evaluate these attributes.

Ask an outside-the-box question your candidate wasn't expecting, and see how quickly and professionally they react. You don't need to steal any of Glassdoor's 25 craziest interview questions; a situational question about what your candidate has learned from a past mistake can be just as telling as an off-the-wall query. Candidates who can think quickly on their feet in the interview will also be able to do so when dealing with customers on the job.

3. Ambitious

In call centers, employee retention is embarrassingly low. Every year, the average call center sees an annual turnover rate of around 33 percent. This can get expensive for your organization, and means your customer service department will be in a constant state of onboarding new hires.

Instead, it's time to find candidates with real passion and ambition as early as the interview process. Don't be afraid to ask candidates about their long-term career aspirations, even if you're "just" hiring a call center position. Those with goals in the customer service, management or sales field will be able to develop industry-related skills on the job and be more likely to stick around.

4. Patient

Customer service can sometimes feel like a thankless job. For every customer or user your employee helps who is kind and thankful, there will be another customer who is angry and needs to be calmed. The best candidates for customer service positions will have a calming presence and will be patient with even the most unruly clients.

Whether the candidate is across the desk or on the other side of the webcam, ask how they would deal step-by-step with an angry customer. You might even want to role-play a disgruntled customer in order to ensure your candidate doesn't lose their temper and escalate the situation.

5. Knowledgeable

If your customer service rep or call center superstar is to provide adequate support, they need to be familiar with your product or service. This doesn't mean the candidate needs to be a tech expert or recite your catalogue from memory. It only means you need to hire candidates with a clear interest in growing their knowledge and learning every aspect of your product or service.

You should look for those who already have backgrounds consistent with your company, but don't rule out smart candidates with a thirst for knowledge and a passion for your product.

6. Organized

The average day of a customer service superstar can be packed to the brim, so organizational skills are a must-have. You need customer service representatives who know when to go the extra mile and when they need to ask for additional expertise.

Most importantly, organizational skills are a must for your customer service employee to ensure all promises are enacted. It's not enough to have superior communication skills, your all-star hires should also have follow-through.

Hiring the right customer service candidate can mean a big difference to your company's reputation and bottom line. That's why it's important to look for the attributes of a customer service superstar to ensure the right hire every time.

Managing Customer Mix – Deciding on what segment of Customers to serve – Positioning the service – Developing of service positioning strategy – Positioning map

MANAGING CUSTOMER MIX

Customer Mix – the array of people of differing ages, genders, socioeconomic backgrounds, knowledge or experience, ethnicity, and so on, who patronize a service organization

A Customer Mix can range from narrow to broad depending on how diverse it is.

1. To examine the role of customers and their behavior in the service delivery process

2. To study the impact of customer-to-customer interactions in service settings

3. To identify the nature of customer-to-employee interactions in service settings

4. To present strategies for selecting and training customers to reduce customer problems and to improve the service experience

5. To examine the difficult circumstances that can lead to customer rage

MANAGING CUSTOMER MIX

1. **Customer Interactions**
   - Customers can enhance or undermine other customers' service experience
   - Customer-to-Customer Interactions (CCI) are often challenged by
     - Crowding
     - Long waits
     - Broad customer mix
     - Lack of organizational oversight
   - Organizations should work hard to create positive CCI and minimize negative ones.

2. **Customer-to-Employee Interactions**
   - Customer to Employee Interactions (CEI) can involve
     - Friendly Interactions
     - The optimal interaction
     - Unfriendly Interactions
     - can be highly disruptive and have negative effects on the service experience
     - Too Friendly Interactions
     - may delay the service provided to subsequent customers and make employees uncomfortable
   - Organization should address how to deal with the later two CEI situations as part of employees' social skills training

3. **Selecting and Training Customers**
   There are two areas to consider in the selection and training of customers:
   - Customer Training Guidelines
   - based on principles involving interpersonal interaction among customers
   - Customer Training Tools
   - Tool means of improving interpersonal interaction among customers

4. **Customer Training Guidelines**
   - Satisfying all customers with the same service delivery is virtually impossible

- Significant differences in individuals' evaluations of other customers' behaviours are often rooted in easily observable personal characteristics, e.g., age, dress, etc.
- Service organizations should be alert for a tendency among some customers to be less inhibited when they are out of town or among strangers. Service organizations that attract a broad customer mix involving multi-national patrons should be wary of some customers' tendency to criticize foreigners
- Beyond attempting to control potential problems arising from a broad customer mix, service organizations should attempt to encourage random acts of kindness among customers
- Service organizations must develop more methods for improving customer-to-customer relationships

5. **Customer Training Tools**
   - Communicate customer scripts, so customers can learn their role within the service delivery process
   - Utilize means of customer education to minimize service customer problems, e.g., signage, announcements, etc.
   - Focus on customer compatibility management by targeting and monitoring a desired customer mix to encourages satisfying relationships across a diverse group

6. **Managing Customer Rage**
   - Customer Rage – the expression of mild to extreme anger about some aspect of the service experience.
     - Workers
     - Other Customers
     - Setting – Process
   - Can result in disturbed workers and/or customers, costly damage to the services cape, disruption of service delivery, negative publicity, legal action, etc.

DECIDING ON WHAT SEGMENT OF CUSTOMERS TO SERVE

Start with a Customer Segment

Here's how starting with a customer segment can be an effective way to generate and test ideas and scale a business:

a. Gain Deeper Insights

By focusing your customer development interviews on a certain customer segment, you can gain deeper insights. Your initial idea might be wrong, but if you follow the customer development process correctly, you should be able to learn about what their problems really are and what solutions would be of value to them. Your time will not be lost if you focus on figuring out how you can help a given customer segment rather than just on validating a startup idea.

b. Save Time

Building relationships to test or generate business ideas can be harder than coming up with ideas in the first place. Customer development can take a really long time. Cycling through solution ideas is often faster than finding customers and meeting new people. Switching ideas is much easier when you're talking to the same people over and over again. Asking someone

to answer a quick question through email or to take a quick call is a lot easier than trying to reach them in the first place.

c. Increase Satisfaction

Customer development takes a long time, and building a successful business can take an even longer time. In starting and growing a company, you'll inevitably be spending a lot of time with customers. If you don't like the customers you're spending a lot of time with, you're probably not going to be very happy. Conversely, if you enjoy them, you will probably feel more impassioned, motivated, and energized. Being more impassioned and energized can lead to higher productivity and effectiveness. It can help you push through those inevitable roadblocks.

Choose a Customer Segment

1. Relationships and Access

If you have existing relationships, or at least easy access to your customers, finding people for customer development interviews will be a lot easier. When the time is right, customer acquisition may be a lot easier too. If you don't have access to the customer segment you want to serve, starting and building your business will take longer because you're going to have to get access first.

2. Passion

As discussed above, the more you enjoy spending time with your customer segment, the more enjoyment your business will be. I also believe having more passion for what you're doing will make you more successful.

3. Propensity to Buy

Some customer segments are less likely to adopt new technologies than others. In a business to business situation, some industries are more likely than others to adopt new technologies. Some customer segments have greater budgets than others. Some customer segments take longer to decide and actually purchase than others, which can mean longer sales cycles.

4. Market Size

If your goal is to build a massive company, you'll want to be in a large market. Consider what your growth goals are to help decide which customer segment to serve. Serving a very niche customer segment might not lead to as large of a business as serving a large customer segment. Examples of large customer segments include small businesses, college students, and parents. Examples of small customer segments include people who own yachts, convenience store owners in a particular town or small suburb, and 100+ year-old men.

POSITIONING THE SERVICE

Positioning of Services in Service Marketing

The concept of positioning involves establishing a distinctive place in the minds of target customers relative to competing products. In The New Positioning: The Latest on the World's #1 Business Strategy, Jack Trout distills the essence of positioning into the following four principles:

1. A company must establish a position in the minds of its targeted customers.
2. The position should be singular, providing one simple and consistent message.
3. The position must set a company apart from its competitors.
4. A company cannot be all things to all people it must focus its efforts.

DEVELOPING OF SERVICE POSITIONING STRATEGY

The positioning process is important to be identified and followed by any organization which wants to implement its marketing strategy soundly. It is a difficult task to identify and select a positioning strategy and thereby the correct positioning process for an organization. The below article discusses the steps involved in positioning process.

There are 6 main steps in positioning process. In each of the steps, marketing research techniques can be employed to get the necessary information. These steps are discussed as follows:

Positioning process

(1) Identifying the Competitors –

A first step is to identify the competition. This step is not as simple as it seems to be. For example, 'Pepsi ' might define its competitors as follows:

(1) Other cola drinks

(2) Non-diet soft drinks

(3) All soft drinks

(4) Non-alcoholic beverages,

(5) All beverages except water

One thing, which should be clear to you, is that there is basically two types of competitors

-Primary competitors i.e., competitors belonging to the same product class

-Secondary competitors, those belonging to other product category.

In the above example other cola drinks are primary competitors and other drinks and beverages are secondary competitors.

(2) Determining how the Competitors are Perceived and Evaluated –

The second step is related to determining the product positioning which is basically done so as to see, when the competitors products are purchased by the customers. It is to see comparative view. An appropriate set of product attributes should be chosen. The term 'attributes' includes not only product characteristics and consumer benefits but also product associations such as product use or product users. In any product category, there are usually a host of attribute possibilities.

(3) Determining the competitor's positions –

Our next focus should be to determine how different brands (including our own brand) are positioned with respect to the relevant attributes selected under the previous step. At this point we should be clear about what is the image that the customer has about the various product brands? You have to see how are they positioned in respect to each other? Which competitors are perceived as similar and which as different? This judgment can be made subjectively. However a research can be taken up for getting the answer of these questions.

(4) Analyzing the Customer –

Now you need to analysis the customers habits and behaviour in a particular market segment. The following questions need attention while understanding the customer and the market – (i) how is market segmented? (ii) What role does the product class pay in the customers life style? What really motivates the customers? And what habits and behavior patterns are relevant?

The segmentation question is, of course, critical. There are various approaches to segmentation but out of all benefit segmentation is relevant here, which focuses upon the benefits or attributes that a segment believes to be important. In order to specify that benefit segments, it is useful to highlight the role of 'ideal object' as a tool.

(5) Making the positioning Decision –

The above four steps provide you a useful backgrounds and are necessary to be conducted before taking any decision about positioning. The managers can carry these steps or exercises. After these four exercises, the following guidelines can be offered to reach a positioning decision: –

(i) An economic analysis should guide the decision.

(ii) Positioning usually implies a segmentation commitment.

(iii) If the advertising is working, the advertiser should stick to it.

(iv) Do not try to be something, your are not.

(v) In making a decision on position strategy, symbols or set of symbols must be considered.

(6) Monitoring the position –

An image objective, like an advertising objective should be measurable. It is necessary to monitor the position overtime, for that you have variety of techniques that can be employed it can be on the basis of some test and interviews which will help to monitor any kind of change in the image.

Thus, the first four steps in the positioning process provides a useful background. The fifth one only is taken to make the position decision. The final step is to evaluate and measure and follow up.

POSITIONING MAP

A **positioning map** is a tool that is usually used by people who are in marketing and deals with products that they are attempting to market. The idea is that everyone has a different perception of a certain product.

Unit IV

Managing Demand – Demand supply interaction – Strategies relating to demand – Inventory Demand – Flexible capacities – Modifying marketing mix elements to manage demand

MANAGING DEMAND

Managing demand is a major challenge for many service marketers, especially in people — processing and possession — processing services when opportunities to manage the level of physical capacity (represented by facilities or personnel) are tightly constrained. For many service organisations, successfully managing demand fluctuations through marketing actions is the key to profitability.

demand patterns to manage fluctuating demand effectively in a service business, which are as follows:

(1) Charting Demand Patterns:

First, the organisation needs to chart the level of demand over relevant time periods. Organisations that have good computerised customer information systems can do this very accurately. Others may need to chart demand patterns more informally. Daily, weekly, and monthly demand levels should be followed, and if seasonality is a suspected problem, graphing should be done for data from at least the past year's data.

In some services, such as restaurants or health care, hourly fluctuations within a day may also be relevant. Sometimes, demand patterns are intuitively obvious; in other cases patterns may not reveal themselves until the data are charted.

(2) Random Demand Fluctuations:

Sometimes, the patterns of demand appear to be random—there is no apparent predictable cycle. Yet even in this case, causes can often be identified. For example, day-to-day changes in the weather may affect use of recreational, shopping, or entertainment facilities.

Although the weather cannot be predicted far in advance, it may be possible to anticipate demand a day or two ahead. Health-related events also cannot be predicted. Accidents, heart attacks, and births-all increase demand for hospital services, but the level of demand cannot generally be determined in advance. Natural disasters such as floods, fires, and hurricanes can dramatically increase the need for such services as insurance, telecommunications, and health care.

Communications with home were determined by the military to be essential to troop morale. AT&T's ingenuity, responsiveness, and capacities were challenged to meet this unanticipated communications need. During and after the Gulf War crisis, more than 2.5 million calls were placed over temporary public phone installations, and AT&T sent more than 1.2 million free faxes to family and friends of service men and women.

(3) Predictable Cycles:

In looking at the graphic representation of demand levels, is there a predictable cycle daily (variations occur by hours), weekly (variations occur by day), monthly (variations occur by day or week), and/or yearly (variations occur according to months or seasons)? In some cases, predictable patterns may occur at all periods. For example – in the restaurant industry, especially in seasonal tourist settings, demand can vary by month, by week, by day, and by hour.

If there is a predictable cycle, what are the underlying causes? The Ritz-Carlton in Phoenix knows that demand cycles are based on seasonal weather patterns and that weekly variations are based on the workweek (business travellers don't stay at the hotel over the weekend). Tax accountants can predict demand based on when taxes are due, quarterly and annually.

Services catering to children and families respond to variations in school hours and vacations. Retail and telecommunications services have peak periods at certain holidays and times of the week and day. When predictable patterns exist, generally one or more causes can be identified.

(4) Demand Patterns by Market Segment:

If an organisation has detailed records on customer transactions, it may be able to disaggregate demand by market segment, revealing patterns within patterns. Or the analysis may reveal that demand from one segment is predictable, while demand from another segment is relatively random. For example – for a bank, the visits from its commercial accounts may occur daily at a predictable time, whereas personal account holders may visit the bank at seemingly random intervals.

Health clinics often notice that walk-in or "care needed today" patients tend to concentrate their arrivals on Monday, with fewer numbers needing immediate attention on other days of the week. Knowing that this pattern exists, some clinics schedule more future appointments

(which they can control) for later days of the week, leaving more of Monday available for same-day appointments and walk-ins.

There are many marketing mix elements. Those have a role to play in stimulating demand during periods of excess capacity and in decreasing it (demarcating) during periods of insufficient capacity. Price is often the first variable to be proposed for bringing demand and supply into balance but changes in product, distribution strategy, and communication efforts can also play an important role. Effective demand management efforts often require changes in two or more elements jointly.

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Customers rent bikes, buy a lift ticket, and are transported to the summit, from which they descend bike trails to the base (only the hardiest of bikers, it seems, are willing to ride up to the summit!). Similar solutions have been adopted by tax preparation firms that offer book-keeping and consulting services to small businesses in slack months, and by landscaping firms in many parts of the United States and Canada that seek snow removal contracts in the winter. These firms recognise that no amount of price discounting is likely to develop business out of season.

(2) Modifying the Timing and Location of Delivery:

Rather than seeking to modify demand for a service that continues to be offered at the same time in the same place, some firms respond to market needs by modifying the time and place of delivery.

Three basic options are available:

The first represents a strategy of no change – regardless of the level of demand; the service continues to be offered in the same location at the same times.

By contrast, a second strategy involves varying the times when the service is available to reflect changes in customer preference by day of week, by season, and so forth. Theatres often offer matinees at weekends when people have leisure time throughout the day; during the summer in hot climates, banks may close for two hours at midday while people take a siesta, but remain open later in the evening when other commercial establishments are still active.

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(4) Pricing Strategies:

For price to be effective as a demand management tool, the marketing manager must have some sense of the shape and slope of a product's demand curve (i.e., how the quantity of service demanded responds to increases or decreases in the price per unit) at a particular point of time. It's important to determine whether the aggregate demand curve for a specific service varies sharply from one time period to another.

6. Other Methods of Managing Demand:

In other methods of managing demand, there are three ways:

(1) Reservations:

One way to smooth demand and to reduce customer discomfort associated with waiting is through the use of reservations. The system can often direct customer arrivals into time periods that would otherwise be slow. However, the downside of a reservation-based system is that customers occasionally fail to show up for appointments.

Only so-called guaranteed reservations, which are held all night, require non-refundable deposits because they provide the hotel with no chance of filling the lost capacity if the customers fail to show up.

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Retail stores with express lanes are segmenting customers into separate queues based on estimated length of service time. Some services also divide customers by segment, such as banks that have separate teller lines for retail and commercial customers, a good but imperfect predictor of the actual time needed to complete transactions.

By segmenting customers into different queues, overall customer satisfaction can be maximised. With a few exceptions, grocery customers with full shopping carts expect to wait longer, whereas customers buying "six items or less" may be generally less tolerant and in more of a hurry.

(3) Letting the Market Figure it out:

It is not absolutely necessary that the service organisation take upon itself the task of smoothen demand. To some extent, it can be left to the customers to learn when the facilities are crowded and when they aren't. This allows customers to self-select the level of waiting and crowding they can tolerate. Those who are sensitive to these matters, will have an incentive to come at less busy times, whereas those who don't mind, will continue to arrive at peak periods. This approach assumes that demand will remain high and that customer will continue to find the effort involved worthwhile.

Clearly some government offices use this approach, because their customers have no alternatives when demand is high and the managers do not have to worry about covering their fixed costs when demand is low. But commercial services that are truly concerned about customer satisfaction and profits must take active steps to match demand to available capacity.

DEMAND SUPPLY INTERACTION

We have studied demand and supply separately. Now we put them together to get the whole market. The operation of demand and supply in a market is known as the market mechanism.

We are familiar with the upward sloping supply curve and the downward sloping demand curve. Combine the two on one diagram and we have a model of a market (Figure 1).
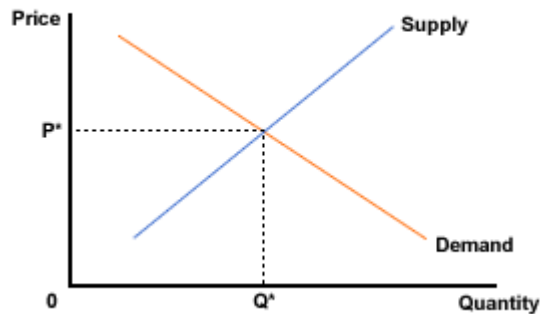
Figure 1 The demand and supply model of a market

The market will be in equilibrium at price P, when quantity Q will be bought and sold. In figure 1 OP* is the equilibrium or market clearing price at which the amount demanded exactly matches the amount supplied.

Changes in demand and supply

We can now see how shifts of supply and demand curves cause changes in prices and quantities bought and sold. In the next two sections, there are two example markets with a series of changes to each. Try working through each one and check that you understand how the curves shift.

STRATEGIES RELATING TO DEMAND
Strategies for Managing Demand of Services!
At any given point in time, a fixed – capacity service organization may be faced with one of four conditions (see Figure 13.1)

Figure 13.1 : IMPLICATIONS OF VARIATIONS IN DEMAND RELATIVE TO CAPACITY

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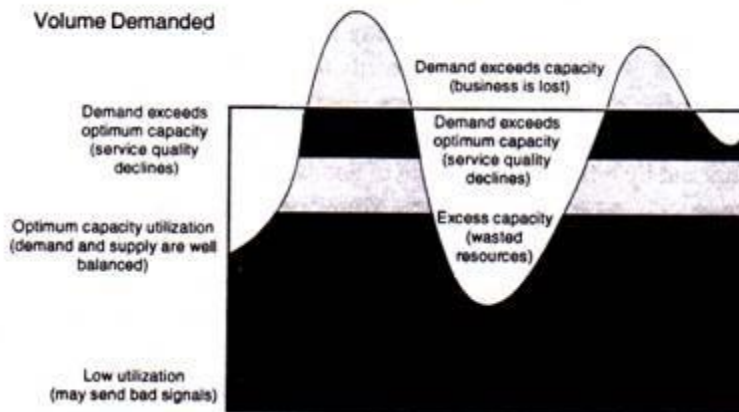
1. Demand exceeds maximum available capacity with the result that potential business may be lost.

2. Demand exceeds the optimum capacity level; no one is turned away, but all customers are likely to perceive deterioration in the quality of service delivered.

3. Demand and supply are well balanced at the level of optimum capacity.

4. Demand is below optimum capacity and productive resources are underutilized; this poses the risk (in some instances) that customers may find the experience disappointing or have doubts about the viability of the service

INVENTORY DEMAND

Stockpiling more inventory than you need to meet demand is a waste of money you can spend better elsewhere. If your inventory is too low to meet demand, you can't satisfy your customers. Accurately calculating the demand on your inventory lets you avoid both excess stock and disappointing your customers.

The EOQ Method

The "economic order quantity" method calculates the optimum amount of inventory to order at a time, based on demand. If you have a steady demand of, say, 2,400 units per year, you multiply that by two, then by the cost of ordering one unit. Then divide by the cost of holding one unit in inventory for a year. Take the square root of the total. That equals the order size that will minimize holding costs while providing enough inventory to meet demand.

ABC Classification

If you have more than one kind of product in inventory, using the average of the overall demand won't give you good data. It's better to break down your stock using the ABC analysis. Typically, the 10 to 20 percent of a company's top sellers are the A items; the bottom 50 percent are C class; and the intermediate items are class B. By breaking down your inventory and identifying the units with the highest demand, you can prioritize which ones to reorder first.

Uneven Demand

If your 2,400 units a year sell at an even rate, you know you're selling 200 a month. Using EOQ, you can space your orders so that you have 200 units available to meet demand every month. In practice, though, many firms deal with fluctuating levels of demand. That requires calculating the reorder point, the moment when you need to place the order to avoid turning

customers away. The formula's complex, but there are several software programs and online calculators you can use to help.

Safety Stock

Once you know the reorder point, then you can calculate the safety stock level. For example, suppose the reorder point for your top-selling item is when you're down to 60 units. If it takes two weeks to order more and the demand during a two week period is typically 40 units, you have 20 units of safety stock. If there's an unexpected demand, your safety stock protects you against being sold out.

FLEXIBLE CAPACITIES

Flexible capacity means your on-premise capacity scales to accommodate your changing business needs and workloads, and yet you achieve this without upfront investments in hardware (pay as you grow). As with the cloud, the concept allows you the convenience to provision capacity in a matter of minutes.

MODIFYING MARKETING MIX

1. **Product:** In case of services, the 'product' is intangible, heterogeneous and perishable. Moreover, its production and consumption are inseparable. Hence, there is scope for customizing the offering as per customer requirements and the actual customer encounter therefore assumes particular significance. However, too much customization would compromise the standard delivery of the service and adversely affect its quality. Hence particular care has to be taken in designing the service offering.

2. **Pricing:** Pricing of services is tougher than pricing of goods. While the latter can be priced easily by taking into account the raw material costs, in case of services attendant costs - such as labor and overhead costs - also need to be factored in. Thus a restaurant not only has to charge for the cost of the food served but also has to calculate a price for the ambience provided. The final price for the service is then arrived at by including a mark up for an adequate profit margin.

3. **Place:** Since service delivery is concurrent with its production and cannot be stored or transported, the location of the service product assumes importance. Service providers have to give special thought to where the service would be provided. Thus, a fine dine restaurant is better located in a busy, upscale market as against on the outskirts of a city. Similarly, a holiday resort is better situated in the countryside away from the rush and noise of a city.

4. **Promotion:** Since a service offering can be easily replicated promotion becomes crucial in differentiating a service offering in the mind of the consumer. Thus, service providers offering identical services such as airlines or banks and insurance companies invest heavily in advertising their services. This is crucial in attracting customers in a segment where the services providers have nearly identical offerings.

We now look at the 3 new elements of the services marketing mix - people, process and physical evidence - which are unique to the marketing of services.

5. **People:** People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Thus, a restaurant is known as much for its food

as for the service provided by its staff. The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organizations today.

6. **Process:** The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Therefore, most companies have a service blue print which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.

7. **Physical Evidence:** Since services are intangible in nature most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience. Thus, there are hair salons that have well designed waiting areas often with magazines and plush sofas for patrons to read and relax while they await their turn. Similarly, restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests.

ELEMENTS TO MANAGE DEMAND

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Service business as a system – service operations sub – systems – Service delivery subsystem – Service marketing subsystem – Planning, organization – and implementation of Marketing effort – inter functional Conflict between marketing and operation – Evaluation of marketing effort.

SERVICE BUSINESS AS A SYSTEM

System – How do we define a 'System'? A business dictionary describes a system as 'an organized, purposeful structure that consists of interrelated and interdependent elements, that is designed to carry out a specifically defined activity.' To put it in simple words – 'A group of related parts working towards a common purpose.'

If we replace the word 'parts' with 'people', this is precisely a definition of a 'Team'. In mathematical term, Team = System + Intelligence.

For a service business, a system is not a set of machinery or tools and therefore, it is certainly a structure which directly or indirectly correlates a human element into it. Systems are run by nobody else, but people and cross-functional teams.

If this is the case, why do we come across instances of failure of a system more often than that of a team? Is there a dearth of intelligence in a system? What is a concept of 'System intelligence'?

Let us take a short detour to a product business. A system failure in the product business usually indicates a technical glitch in production or packaging. This can be fixed by finding an inaccuracy in the machinery followed by rectification. Such instances are not commonplace since there are set protocols for quotidian, or intermittent machinery supervision. Did you read between the lines? Most of the service business miscues by not putting enough resources to review the systems periodically.

In a service business, unlike a product business, it is challenging to find a glitch in the system until it results into a tangible infliction. Therefore, a set of principles, resources, protocols and actions have to be assigned to scrutinise the adequate functioning of the system. These resources together form system intelligence.

Process: If you read the above-highlighted sentence carefully, it itself defines a 'Process'. Business dictionary defines a process as a sequence of interdependent and linked procedures which, at every stage, consume one or more resources (employee time, energy, machines, money) to convert inputs (data, material, parts, etc.) into outputs. These outputs then serve as inputs for the next stage until a known goal or end result is reached.

The question is how do we achieve these goals by warranting functionality of processes? Let us take another detour to understand the effects of processes on clients.

Main Components of a Service System (with diagram)

The components of the service system are:

(1) The service operations system,

(2) The service delivery system, and

(3) The service marketing system.

The model illustrates how the three functional areas – marketing, operations and human resources of the service business – are integrated together.
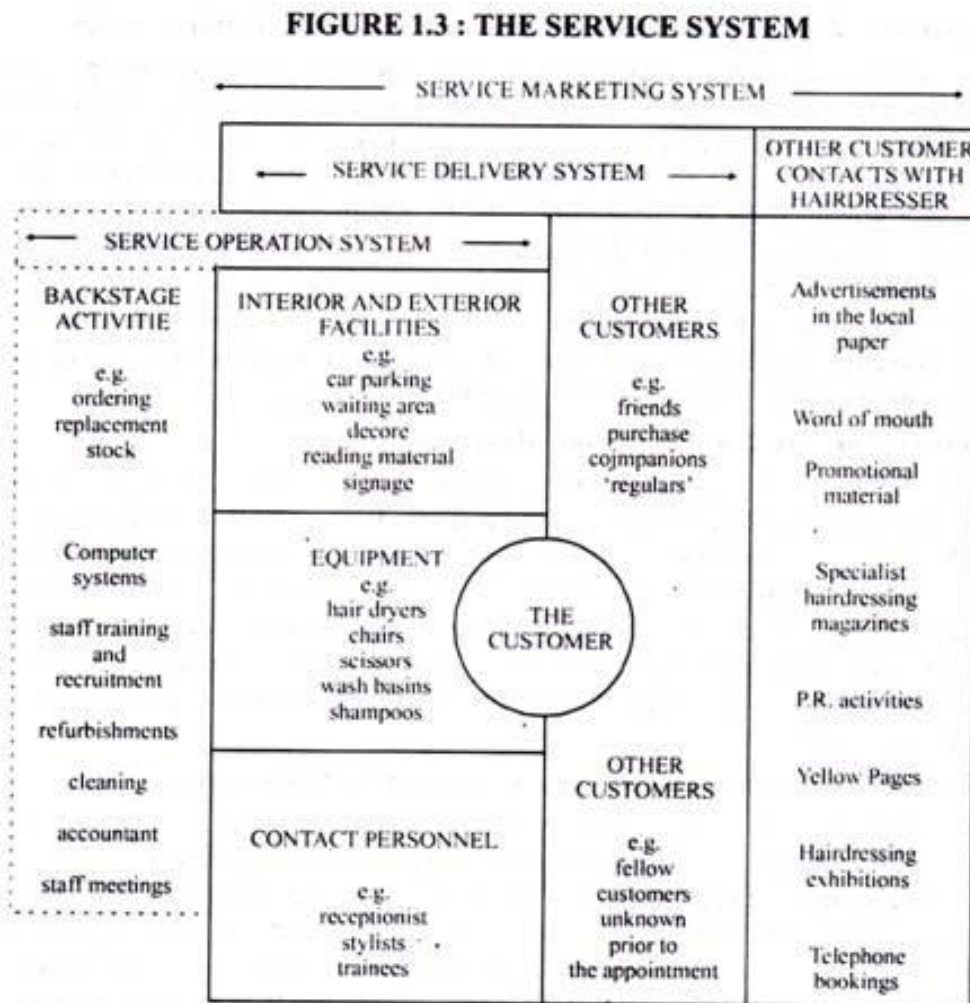
FIGURE 1.3 : THE SERVICE SYSTEM

Figure 1.3 identifies the various components of the services marketing system as related to a hairdressing service.

The Service System

The distinction between front stage and backstage elements of the system is maintained, with backstage activities taking place out of sight of the consumer.

1. The Service Operations System:

The service operations system comprises backstage activities, such as staff training, stock replenishment, etc., as well as the front stage aspects of the operation experienced directly by the customer, such as how they are treated by employees as soon as they enter the parlour, or how quickly they are moved around from the washbasins to the cutting chair (if they are receiving a cut and blow for example).

Although there is generally no need for the customer to see most aspects of service operations (therefore they are kept backstage), some service providers deliberately expose customers to backstage activities in an attempt to influence positively their perceptions of the quality of the service provided.

Restaurants frequently invite customers to visit kitchens where the food is being prepared either before or after they have eaten. This is designed to reinforce an image of fresh food prepared in a hygienic cooking environment which may influence their perception of the overall quality of their experience.

2. The Service Delivery System:

The service delivery system encompasses not only the visible elements of the service operating system, employees and the physical facilities, but also includes exposure to other customers. In many- service businesses, positive on-site interaction can have a significant impact on customers' overall perception of their experience. In the hairdressing parlour, customers may find themselves waiting for a period of time for their particular stylist in a communal reception area.

Conversations frequently take place at this point between customers who have never met prior to entering the delivery system. Although the discussions may consist largely of banter and pleasantries not directly connected with the hairdressing service (e.g. conversations about the weather, traffic in town, etc.), the exchanges can for many customers improve their overall experience by making the time pass more quickly.

Occasionally, when conversations turn to the service itself, the provider can benefit positively from the exchange. For instance, one customer who has visited the parlour several times may comment on the skill and expertise of a certain stylist, and the generally professional attitude of all employees. To new customers attending for the first time the comments might have a positive influence on their opinion of the parlour.

3. The Service Marketing System:

The service marketing system incorporates elements of the service experience which may contribute to the customer's overall view of the organisation but are not specifically part of the delivery system. Clearly, many of these are the elements which the organisation may not be able to control, such as conversations customers may have about the parlour with friends or relatives at home, or exposure to the service they may get from reading a hairdressing editorial in the local paper.

Lovelock feels that by conceptualising the service experience as three overlapping systems, services managers are forced to consider their business from a customer's rather than a purely operations perspective. It highlights the importance of managing all elements of the business that are visible to customers.

SERVICE OPERATIONS SUB – SYSTEMS

The Operation Support Subsystem(OSS) Advertisements. The operations and maintenance center (OMC) is connected to all equipment in the switching system and to the BSC. The implementation of OMC is called the operation and support system (OSS).

SERVICE DELIVERY SUBSYSTEM

The most common mistake made by those responsible for managing an operation or organization, no matter how big or small, is *local optimization.* In other words, defining, managing and measuring the success of parts instead of the whole.

In defense of those guilty, the bureaucratic management model under which most organizations run drives, indeed demands, local-optima thinking.

Individually, we know better. As insightful people, we intuitively understand that the performance of the parts does not necessarily translate into performance of the whole, and in fact at times the opposite is true. But we don't know what to do about it. At the end of the day (or performance cycle, to the point) we're held accountable for and measured based on the performance of our part. The bureaucratic model, which is essentially a hierarchy of parts, basically guarantees this.

THE HOLISTIC IMPERATIVE

When all or most of the parts work poorly local-optima thinking does work, because improving the parts truly does improve the whole. But once you've got all the parts working well achieving higher levels of performance requires understanding and optimizing how they work *together*. That's what HRSSI's Service Delivery System Assessment helps you do.

THE SDS SUBSYSTEMS AND AREAS OF FOCUS

PEOPLE

Do not think of people as individual human beings. While individuals do of course impact the performance of the overall system, sometimes dramatically, people come and go. Systemically, therefore, people refers to how roles, relationships, expectations and measures are designed. The Service Delivery System Audit therefore looks at the people subsystem in this way, exploring:

- Are roles designed with the appropriate level of specialization vs. generalization to achieve efficiency in the context of inherent variation in demand and circumstances?

- Do jobs as designed allow for sufficient intrinsic motivation and satisfaction to sustain desired performance levels?

- How closely are role requirements and incumbent qualifications aligned?

- Do career paths, both internal and external, foster short- and long-term engagement?

PROCESS

The process subsystem refers to the way in which work gets done. In other words, who does what and how. Processes define how people function and interact. Processes also define tool requirements (or vice versa). Therefore, the process subsystem can be considered heart the system as a whole because it is so highly integrated with the other parts. The assessment examines:

- Using HRSS's lean waste taxonomy, how much waste is inherent in current process designs?

- What specific and major undesirable effects (e.g., errors, delays, customer dissatisfaction, staff turnover) can be directly attributed to correctable process flaws?

- How generally evident is process discipline (consistency, improvement culture, etc.) in the management of the operation?

TECHNOLOGY

As mentioned above, tools can drive process. This is increasingly the case with automated workflow functionality. Tools also drive people skills requirements. While conventional wisdom supposes that tools should not drive process, rather the opposite, in practice tools, people and process are completely entwined and interdependent. The assessment, therefore, looks at:

- What critical technology gaps must be addressed to improve processes?

- Considering technologies available in the marketplace, how well is the operation technologically enabled?

- Considering technologies that have been procured, how well have these been leveraged relative to their potential benefits?

ENVIRONMENT

Managers who underestimate the importance of the service delivery environment do so at great peril. The environment includes the organization's culture, economic situation, leadership and so on. An assessment that does not explicitly consider environmental implications is not merely incomplete; it is irresponsible.

SERVICE MARKETING SUB-SYSTEM

Marketing Subsystem

E-Marketing Spots

E-Marketing Spots reserve space on your store pages for displaying marketing information to your customers. By using web activities, you can control the information that displays in e-Marketing Spots without new development.

DMELETEMPLATE: Template definitions of trigger, target, and action campaign elements. A trigger is used to wait for a customer to do something, or to wait for a certain period of time to elapse. When a trigger occurs, the activity flow can continue from where the trigger was defined in the flow. A target is used to qualify customers for subsequent actions or continue execution of the activity flow. Targets are usually based on a customer's behavior and segmentation. An action is a step to perform as part of the activity flow. Actions are the "to do" based on the previous sequence of triggers and targets. Most actions are for marketing purposes, such as display content in an e-marketing spot, or send the customer an e-mail.

DMELEMENTTYPE: Types of trigger, target and action campaign elements for an activity.

Dm template type: Types of marketing activity templates.

A static e-Marketing Spot, at any time, schedules only those activities that display the same results to all customers. The activities do not contain targets, branches, or experiments. The activities can have specific start and end dates.

A dynamic e-Marketing Spot, at any time, has one or more scheduled activities whose behaviour can depend on the current customer or the current context. These activities use targets, branches, and experiments.

Caching in Marketing Subsystem

The marketing caching technique that is based on activity behaviour allows for optimal caching of e-Marketing Spots with no manual involvement. The marketing engine automatically detects if the e-Marketing Spot is static or dynamic. If the e-Marketing Spot is static, then JSP caching can be used for the e-Marketing Spot results. If the e-Marketing Spot is dynamic, then the marketing engine determines the content to display. The marketing engine then uses the dyna cache command cache and distributed map cache entries to display the results. Configuration is set in the e-Marketing Spot JSP snippets and the store cachespec.xml file, then static e-Marketing Spots is automatically JSP cached.

In general, marketing objects can be cached within the following marketing-specific caches:

1. Marketing Business Objects Cache
2. Marketing User Behaviour Cache
3. WC Marketing Distribute Map Cache
4. Dyna Cache Marketing Command Cache

There are three aspects to gaining improvements in management centre marketing:

1. Marketing JSP caching

2. Marketing command caching
3. Marketing business object caching

PLANNING, ORGANIZATION – AND IMPLEMENTATION OF MARKETING EFFORT

1. **MANAGING THE MARKETING EFFORT**

2. **Managing the marketing process requires the four marketing management functions shown in**

   1. Analysis,

   2. Planning,

   3. Implementation,

   4. Control.

   Marketing Analysis

   Managing the marketing function begins with a complete analysis of the company's situation. The company must analyze its markets and marketing environment to find attractive opportunities and avoid environmental threats. The marketer should conduct a SWOT analysis, by which it evaluates the company's overall strengths, weaknesses, opportunities, and threats.

   Marketing planning involves deciding on marketing strategies that will help the company attain its overall strategic objectives. A detailed marketing plan is needed for each business, product, or brand.

   Marketing Implementation Marketing implementation is the process that turns marketing plans into marketing actions in order to accomplish strategic marketing objectives. Implementation involves day-to-day, month-to-month activities that effectively put the marketing plan to work. Implementation addresses the who, where, when, and how. In an increasingly connected world, people at all levels of the marketing system must work together to implement marketing strategies and plans. Successful marketing implementation depends on how well the company blends its people,

   Marketing Control

   Marketing control involves evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained. Operating control involves checking ongoing performance against the annual plan and taking corrective action when necessary. Its purpose is to ensure that the company achieves the sales, profits, and other goals set out in its annual plan. Strategic control involves looking at whether the company's basic strategies are well matched to its opportunities. A major

tool for such strategic control is a marketing audit. This is a comprehensive, systematic, independent, and periodic examination of a company's environment, objectives, strategies, and activities to determine problem areas and opportunities. Measuring and Managing Return on Marketing Investment

3. **Marketing managers must ensure** that their marketing dollars are being well spent. Many companies now view marketing as an investment rather than an expense. Marketers are developing better measures of return on marketing investment (Marketing ROI) – the net return from a marketing investment divided by the costs of the marketing environment. A company can assess return on marketing in terms of standard marketing performance measures, such as brand awareness, sales, or market share. Some companies are combining such measures into marketing dashboards – useful sets of marketing performance measures in a single display. Increasingly marketers are using customer-centered measures of marketing impact, such as customer acquisition, customer retention, and customer lifetime value.

INTER FUNCTIONAL CONFLICT BETWEEN MARKETING AND OPERATION

Your primary business goal is to sell. You might think this makes it obvious that your marketing department should sell as much as possible and that your production department should strive to keep up. However, legitimate conflicts can arise between production and marketing, and your ability to understand and resolve these conflicts can determine the success or failure of your business.

Quality Control Issues

One myth that permeates many marketing departments is that production personnel want to slow down so they won't have to work so hard. This myth can cause conflicts. Production may want to go slower in order to make a higher-quality product, which can cut down on customer returns and complaints. If marketing insists that production must always be at capacity, you may need to step in and determine if the value of quality control measures is worth the price of lower production.

Confusion over Authority

Department managers can become hungry for authority. For example, the production manager may view himself as the person who controls the pulse of the company; if he doesn't put the products out, no one can sell them. This type of manager slowly gains authority and may begin to set a production pace that pleases him instead of one that meets demand. The solution is to lay out clear lines of authority. Management can set production quotas, thereby demonstrating that authority for production levels comes from above, not from the production or sales departments. This eliminates the problem of sales staff accusing production personnel of holding them back by not making enough products to meet customer demand.

Lack of Feedback

Conflicts can develop between managers without upper-level executives hearing about it. If marketing is screaming for more products and production is screaming for more time, resentment grows and personnel may not be able to focus on their jobs. Executives need to be in the feedback loop, and regular meetings with marketing and production managers can help resolve conflicts before they fester into battles.

Isolation from Market Forces

Conflicts often develop when the production department doesn't sense the pressures of the marketplace. Marketing staff may see changing demand or tastes, increased competition and improved versions of competitors' products that can hurt your company's sales. If production insists on doing things the way it always has done them, conflict may arise. In such a case, a top-level manager must step in and create production standards that address changes in the market

EVALUATION OF MARKETING EFFORT

Techniques used after the marketing plan period to analyze success in achieving individual marketing objectives and to more broadly assess the entire organization's marketing efforts

Marketing Evaluation Techniques

    a. **Sales analysis**

    b. **Market-share analysis**

    c. **Marketing cost and profitability analysis**

    d. **Efficiency ratios**

    e. **Marketing-effectiveness rating review**

    f. **Marketing audit**