PV240 Introduction to service marketing

Service

Why Services Matter?

- Services dominate EU and worldwide economies
- Services are growing dramatically
- Service leads to customer retention and loyalty
- Service leads to profits
- Services help manufacturing companies differentiate themselves
- Services can provide higher profit margins and growth potential than products
- Customer satisfaction and loyalty are driven by service excellence
- Services can be used as a differentiation strategy in competitive markets

Service Can Mean all of These

- Service as a product
- Customer service
- Services as value add for goods
- Service embedded in a tangible product

Goods	Services	Resulting Implications
Tangible	Intagible	Services cannot be inventoried. Services cannot be easily patented. Services cannot be readily displayed or communicated. Pricing is difficult.
Standardized	Heterogenous	Service delivery and customer satisfaction depend on employee and customer actions. Service quality depends on many uncontrollable factors. There is no sure knowledge that the service delivered matches what was planned and promoted.
Production separate from consumption	Simultaneous production and consumption	Customers participate in and after the transaction. Customer affect each other. Employees affect the service outcome. Decentralization may be essential. Mass production is difficult.
Nonpershable	Pershable	It is difficult to synchronize supply and demand with services. Services cannot be returned or resold.

Challenges for Services

- Defining and improving quality
- Ensuring the delivery of consistent quality
- Designing and testing new services
- Communicating and maintaining a consistent image
- Accommodating fluctuating demand

- Motivating and sustaining employee commitment
- Coordinating marketing, operations, and human resource efforts
- Setting prices
- Finding a balance between standardization versus customization

Service Marketing

Service Marketing in IT

- Understand a service from a design perspective.
- How to use IT to realize/support a service
- How to design a service system
- How to use IT to empower marketing

Type of Services

- Pure services
    - Examples relating housekeeping, schooling, banking services and utilities fall within the domain of pure services.
- Hybrid services
    - Services offered in support of tangible goods can be categorized as hybrid services, e.g. after-sale services

Type of goods

- Search goods
    - Search goods are tangible products that exist physically and can be evaluated by way of a trial before a purchase is made.
- Experience goods
    - Experience goods can be evaluated only after a purchase has been made. e.g. travel, hotel experience, and health services are examples of experience goods.
- According to Theodore Levitt, a renowned marketing expert, " in almost every tangible pure physical product an intangible service component is associated "

Level of goods tangibility and intangibility

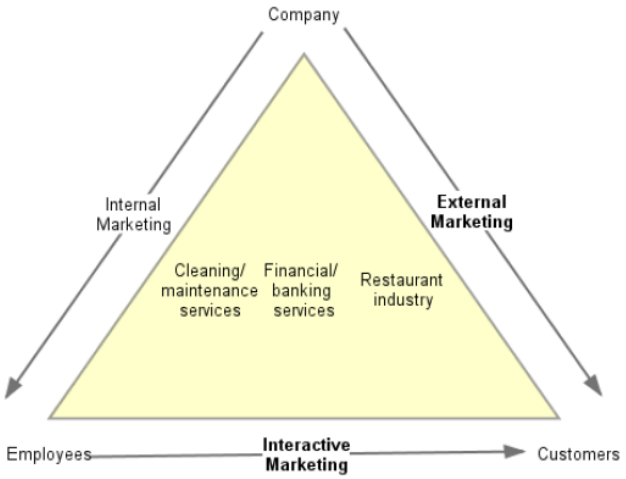
- Pure tangible goods
    - Do not attach importance to the service element
- Tangible goods with accompanying service
    - These are physical goods in the purchase of which tangible part is more dominant, but service also counts as an added advantage
- Hybrid
    - These are products in the purchase of which both the tangible product and the service get equal weightage. Restaurants are examples of this type of products
- Service with accompanying tangible goods
    - For example, when a consumer buys an airline ticket, the upkeep of airplanes as tangible part of the service purchased carries importance. The large majority of services fall under this classification.
- Pure service
    - Examples are consultancy, teaching, and advisory services (legal, accounting, and human resource etc.)

Product-service systems (PSS)

- Product service systems, put simply, are when a firm offers a mix of both products and services
- Real-world PSS
    - The car manufacturer Volkswagen has built partnerships with some apartment complexes in Germany to offer the service of mobility to building tenants. They offer a fleet of cars of different sizes maintained by a Volkswagen dealer, washed by local filling stations, and used exclusively by residents of the buildings.
    - Benefits of these programmes include:
        - lower overall living costs... no need for each to purchase a vehicle
        - reduction in environmental impact
        - reduction in land used for parking since less vehicles are present
        - upgrade to rental housing makes it a more attractive option
        - more efficient way to meet mobility needs through different sizes of available vehicles.

Type of Marketing

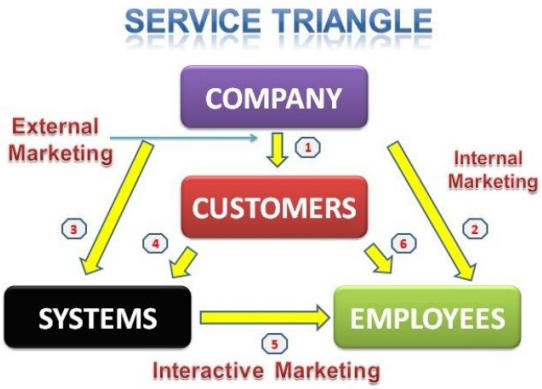
- Internal marketing
    - This is all about hiring the right people and then training and motivating them in line with company's values and objectives.
- Interactive marketing
    - Deliver the service from company employees to customers
- External (Relationship) marketing
    - This refers to interactive relationships to improve service encounters and retain company's customers.



Type of Marketing in IT Services

- Company to Customers
    - Most of the E-commerce companies are nowadays employed in convincing the customers to buy from their portal only.
- Company to employees
    - Training employees, building value and trust, and empowering employees are some of the ways that the company can make their employees a positive influencing force for the customers.

- Company to systems
    - To keep customers happy, efficient and productive systems need to be developed.
- Customers to systems
    - These systems should be most useful to customers.
- Employees to system
    - If the systems are very good and your employees are able to make good use of it, you will get very happy and satisfied customers.
- Employee to Customers (Important)
    - The employee to customer interaction is also known as the "moment of truth" or "critical incidents".



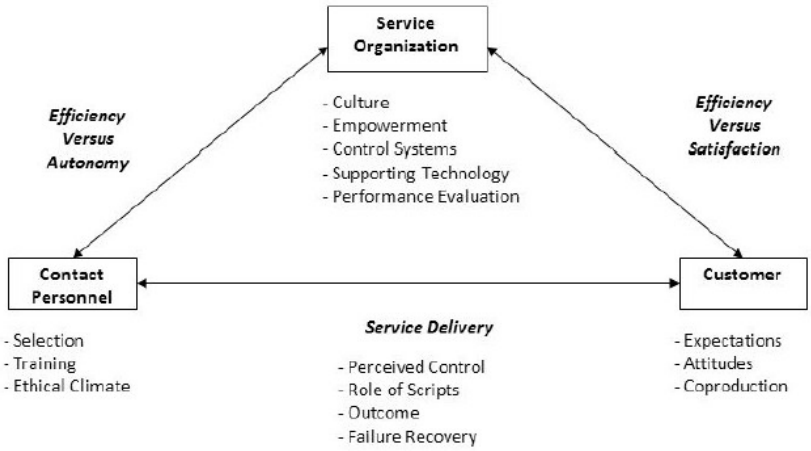
The Purchase Process with Service

Pre-purchase phase

Primary decision about purchasing a service. Such a decision is influenced by a host of factors like internal factors, external factors, firm-produced factors, and perceived risks.

- internal factors: customers' past experience with a particular service
- external factors: other competitive offerings
- firm-produced factors: pricing, promotions, and distribution. These factors play a role in motivating customers to make a favorable decision for a service.
- perceived risks: some kind of loss, damage, or injury. financial risk, time risk etc

Service Encounter

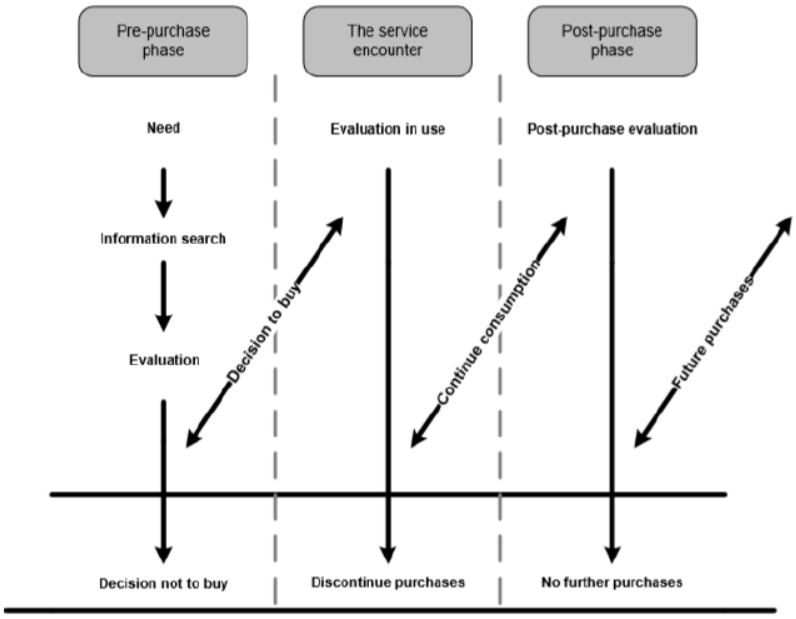


Post-purchase phase

There are a few factors that come into play while customers are in the post-purchase phase

- Evaluation of service quality – important concept in service science
- Customer satisfaction
- Attribution theory
    - The process of deciding the cause of a service failure is called "attribution theory". Customers evaluate the reasons for failure and then attribute those to the failure. If they think that the failure was beyond the control of the seller like bad weather disturbing flight schedule, then they attribute the failure to uncontrollable circumstances. However, if they think that the cause was well within controllable limits and could have been averted, then they attribute the failure to the seller.
- Future behavior, e.g. word of mouth

Evaluation of whole purchase process



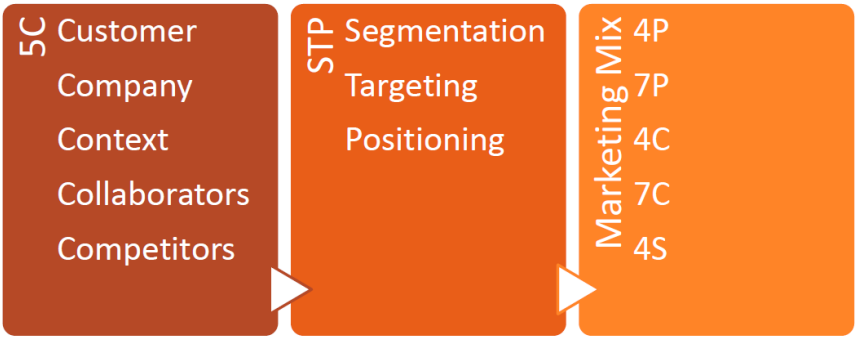
Service Marketing – A Managerial Perspective by Rod McColl, Bill Callaghan, and Adrian Palmer; (150)

Marketing management

- Analysis
    - What we are going to sell?
    - Who are our customers?
    - How can we characterize our production?
- Planning
    - What information do we need?
    - How to schedule our actions?
- Implementation
    - Acting according the plan
- Control
    - What can we do better next time?

Marketing framework

- Situation Analysis
- Market Segmentation, Targeting, and Positioning (STP)
- Marketing Mix



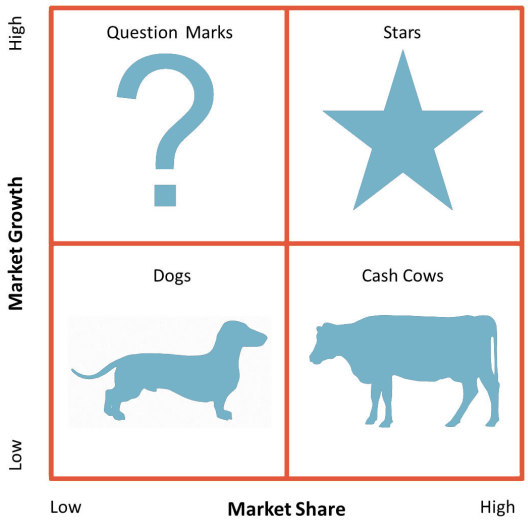
Situation Analysis (5C)

- Customer
  - Who is our typical customer?
  - Whom are our products designed for?
  - What value do we bring to the customer?
- Company
  - What is our company background?
  - What is our position on the market?
  - How do we manage the company processes?
  - SWOT analysis
- Context
  - What are political conditions?
  - Are there any economical issues?
  - What is level of technological development?
  - PESTE analysis
- Collaborators
  - Whom do we need to finalize our production?
  - Are there any unreplaceable companies?
  - What do we expect from our partners?
  - Are there any key partners?
    - Unique technology
    - Supply dependency
- Competitors
  - Do we know our competitors?
  - What is the highest danger?
  - How do we map the whole market?
  - Or do we identify any thread?
  - What are their features?

Boston Consulting Group matrix (BCG Matrix)

- Portfolio Assessment Tool
- Brands or products are classified according to whether each has a strong or weak market share and slow or growing market

- Helps us to formulate marketing strategy
- Very easy to use in any other cases



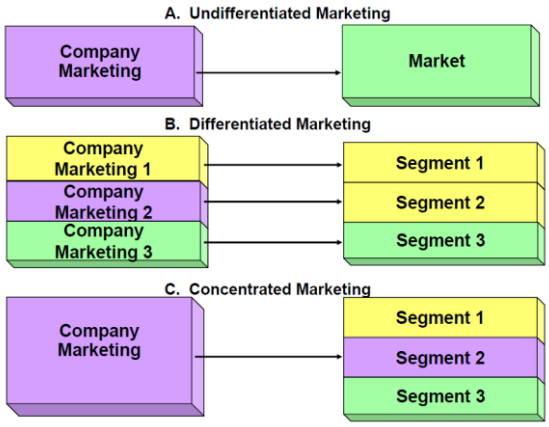
- Stars are high growth products competing in markets where they are strong compared with the competition. Eventually growth will slow and, assuming they keep their market share, Stars will become Cash Cows
- Cash cows are low-growth products with a high market share. They need to be managed for continued profit - so that they continue to generate the strong cash flows.
- Question marks are products with low market share operating in high growth markets. Management have to think hard about “Question Marks" - which ones should they invest in and which ones should they shrink?
- Dogs refers to products that have a low market share in unattractive, low-growth markets. Dogs may generate enough cash to break-even, but they are rarely, if ever, worth investing in. Dogs are usually sold or closed.

Marketing strategy

- Marketing strategy is the link between corporate goals and operational tactics
- There are two primary considerations in marketing strategy
    - Where are we?
    - Where do we want to go?
- To see
    - Mission
        - Indicates the benefits for customers, suppliers, employees
        - Offers products and services to satisfy needs of the subjects
        - Appeals to wider customer groups
        - Attracts attention rather than explain usefulness exactly
    - Vison
        - Answers the question: What the business and
        - company will look like in a distant future?
        - Reflects feelings and ideas of leaders (emotional perspective)
        - Includes measurable parameters and its values indicating achievement of vision (rational perspective)

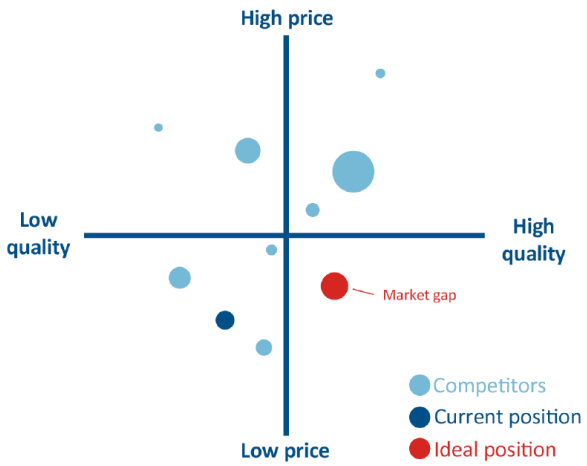
Market Segmentation, Targeting, and Positioning (STP)

- Segmentation is the process of classifying customers into groups which share some common characteristic
- Targeting involves the process of evaluating each segments attractiveness and selecting one or more segments to enter
- Positioning is arranging for a product to occupy a clear, distinctive and desirable place relative to competing products in the mind of the consumer
- **Segmentation**
    - The process of breaking up a homogeneous market into heterogeneous segments forces the marketer to analyse and consider both the needs of the market and the company's ability to competently serve those needs – thereby making the company better informed about its customers
    - Levels of segmentation:
        - **Mass Marketing** - Same product to all customers
        - **Segment Marketing** - Different products to one or more segments
        - **Niche Marketing** - Different products to subgroups within segments
        - **Micromarketing** - Products to suit the tastes of individuals and locations
        - **Local Marketing** - Tailoring brands/ promotions to local customer groups
        - **Individual Marketing** - Tailoring products/ programs to individual customers
    - Requirements for Effective Segmentation:
        - **Measurable** - Size, purchasing power, profiles of segments can be measured
        - **Accessible** - Segments can be effectively reached and served.
        - **Substantial** - Segments are large or profitable enough to serve.
        - **Differential** - Segments must respond differently to different marketing mix elements & programs.
        - **Actionable** - Effective programs can be designed to attract and serve the segments.
    - Bases for customer segmaentation:
        - **Geographic** - Nation, States, Regions, Cities
        - **Demographic** - Age, gender, Family size, Life cycle, Income
        - **Psychographic** - Social class, Lifestyle, Personality, Occasions
        - **Behavioral** - Benefits sought, User status, Loyality
- **Trageting**
    - Targeting involves deciding which of the segments you've identified are the most attractive. Essentially, you're trying to determine the commercial attractiveness of each segment.



- There are a number of factors you can consider:
  - **Size**: of the segment and it's potential to grow in size.
  - **Profitability**: of the segment. What segments are prepared to pay the most for your product or service? What is the lifetime value of a customer?
  - **Ease of reach**: How easy or difficult it is for you to reach the market with your marketing? Can your distribution networks easily reach this segment? What is the cost of acquisition of a customer for this segment?

- **Positioning**
  - In the final step, positioning, you map out the different variables considered in the previous two steps and position your product differently to your competitors in the minds of your customers.
  - Positioning for Competitive Advantage
    - Product's Position
      - the way the product is defined by consumers on important attributes - the place the product occupies in consumers' minds relative to competing products.
    - Marketers must
      - Plan positions to give their products the greatest advantage in selected target markets
      - Design marketing mixes to create these planned positions.



  - Selecting the Right Competitive Advantages - What to promote?
    - Important
    - Distinctive
    - Superior
    - Communicable
    - Preemptive
    - Profitable
    - Affordable

Marketing Mix

Marketing Mix strategy is choosing and implementing the best possible course of action to attain the organization's long-term objectives and gain competitive edge.

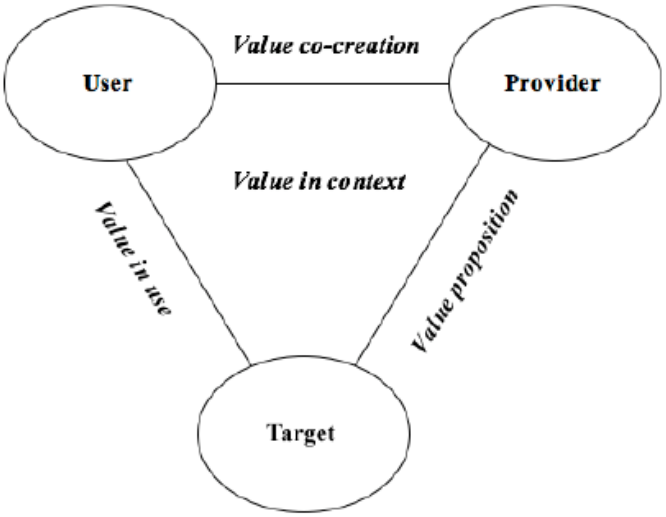
- **4P** – basic marketing mix
    - Oriented on product
    - Developed by E. Jerome McCarthy in 1960
    - One way approach
    - Is difficult to use it in service oriented companies
    - **Product:** To satisfy the needs and wants of the target market.
    - **Price:** To make the product affordable to the target market and reflect the value of benefits provided.
    - **Place:** To make the product conveniently available to the target market consistent with their purchasing pattern.
    - **Promotions :**To build and improve consumer demand. Promotions has four components called the Promotions Mix as follows:
        - Advertising – to effectively inform and persuade the target market
        - Public Relations – to offer a positive image of the brand
        - Selling – to get the customers buy
        - Sales Promotions – to convince customers to buy immediately
- **7P** – 3 additional Ps
    - **People:** They are the target consumers of the company. They are the ones who are the consumers
        - They sell the products
    - **Physical Appearance:** Physical appearance is the first distinction of a product. A product could be easily recognized by it's appearance.
    - **Process:** The process of the product is essential in marketing. This determines the capability of the product to supply the demand of the consumers.
- **4C** - Equivalent to 4Ps from a customers point of view
    - Product: **Customer**/Consumer
        - What are customer´s needs?
        - What is customer´s problem?
    - Place: **Convenience**
        - How does customer feel while purchasing the product or service?
        - What is his motivation to buy / come again?
    - Price: **Cost** (to the customer)
        - Based on customer´s site!
        - What does customer need to invest to get our product/service?
    - Promotion: **Communication**
        - How do we want to promote our product?
        - How do we get the feedback from stakeholders?
        - How do we involve the customers into value creation?
- **4S** - Web marketing mix
    - Created by Efthymios Constantinides in 2002
    - Oriented to the development of web pages
    - Reaction to the independent IT industry
    - Used by web and IT oriented companies
    - Scope
        - What is our market?
        - Who are potential customers?
        - What are the main roles on web?

    - Site
        - What does customer expect from web?
        - Why will customer use the web?
        - What does customer motivate to come back?
    - Synergy
        - Relations and influence of 3 pillars
            - Integration the global marketing strategy and activities
            - Integration of web pages with processes and connection to the internal information systems (CRM, ERP…)
            - Integration of thirds parties systems (Google analytics….)
    - System
        - Technical circumstances
        - Administration
        - Used technology
- **7C** – service science marketing mix
    - Based on 7P and 4S, together with Service Science experiences, adds 3C more
    - Community
        - Based on People
        - Reaction to Social Networks popularity (Facebook, Linked Inn)
        - Consists also all from definition of the People
    - Chanels
        - Excluded from communication
        - Defining all channels (IT or non IT) to distribute information and products
    - Co-creation
        - What are the forms of value proposition?
        - How the final value of the product/service will be created?
        - Who participates on value creation?

Relationship Marketing

- Benefits of relationship marketing for customers
    - Confidence Benefits - feelings of trust customers have. They realize they are in safe hands.
    - Social Benefits - let the customers enjoy a social relationship with their business partners, which bring in more loyalty to the relationship
    - Special Treatment benefits - Special treatment benefits could range from price to special offers and special solutions based on the intensity of the relationship.
- Benefits of relationship marketing for organizations
    - Lower costs - Committed customers do more business with firms and owing to repeat purchases become the source of larger revenues.
    - Free advertising - Owing to loyalty with the service brand, positive word-of-mouth generates which is a great benefit accrued over time by the organizations.
    - Retain staff - Satisfied customers make staff stick to the company.
- Service Value in Relationship Marketing
    - You will get to know more about the word VALUE in Service Science and Service Marketing.
    - Both customers and firms stand to obtain something in this relationship.
    - Customers like to stay loyal to companies that offer them better value.

- Companies like the customers to make more constant purchases.



Customer Relationship Management (CRM)

- Strategy used to learn more about customers' needs and behaviors in order to develop stronger relationships with them
- Types of CRM software:
  - Operational
    - The CRM's main goal here is to streamline and automate workflows in sales, marketing, and customer service. Examples: Pipedrive, Zoho CRM, and HubSpot CRM.
  - Analytical
    - A good analytical CRM can source tons of data from multiple touch points and consolidate them into insights that are useful to strategic planning. Examples: Salesforce CRM, Oracle CRM, and Microsoft Dynamics CRM
  - Collaborative
    - This CRM type promotes teamwork and transparency among sales, marketing, and support by sharing customer information and syncing their activities. It features excellent communication tools including social discussion, chat, and integrated email. Examples: bpm'online CRM, Freshsales, and Base CRM
- Why use a CRM software?
  - Streamline customer profiling
  - Boost sales opportunities
  - Leverage data-driven decisions
  - Forecast sales efficiently
  - Align marketing and sales
  - Monitor your customer's social posts
  - Accelerate data collection
- Potential issues with CRM software?
  - Security
    - Data that lives online face the potential dangers of malware attacks, phishing, and hacking. This can compromise your customer's confidential data.

    - Privacy
        - Some customers may feel cautious when their personal information can be accessed and saved in your company's system.
    - Weak utilization
        - Teams may not utilize the software to its optimum capability as they may find it complex or confusing.
    - Expense
        - Some users view who view the software as nothing more than a spreadsheet or address book thinks the software is not a valuable investment.

Marketing Research

Marketing research is the systematic and objective identification, collection, analysis, dissemination, and use of information for the purpose of improving decision making related to the identification and solution of problems and opportunities in marketing.

- Specifies the information necessary to address issues
- Manages and implements the data collection process
- Analyzes the results
- Communicates the findings and their implications

Online research: the use of computer networks, including the Internet, to assist in any phase of the marketing research process including development of the problem, research design, data gathering, analysis, and report writing and distribution

5 key steps in Marketing Research

- Define the Problem
    - In this stage you need to identify the actual problems that are relating to the apparent symptoms.
    - What information is needed in order to solve the problem?
    - For example, poor sales within a business are not the problem, they are the symptom of a larger issue such as a weak marketing strategy.
- Collect the Data
    - **Primary research**
        - involves collecting information from sources directly by conducting interviews and surveys, and by talking to customers and established businesses.
    - **Secondary research**
        - involves collecting information from sources where the primary research has already been conducted. Such information includes industry statistics, market research reports, news paper articles, etc.
- Analyze and interpret the data
    - You must attach meaning to the data you have collected during your market research to make sense of it and to develop alternative solutions that could potentially solve your business problem.
    - You should determine how the knowledge you have gained through researching your market can be applied and used to develop effective business strategies.

- Reach a conclusion
    - With the alternatives you have developed to solve your problem in mind, perform a cost-benefit analysis of each alternative keeping in mind the potentially limited resources available to your business.
    - You may also need to perform further investigation into each alternative solution to arrive at the best decision for your business in regards to meeting consumer demands.
- Implement your research
    - Put your final solution into practice.
    - Without completing this step your research could potentially have been a waste of your time and resources.

Classification of Marketing Research

- Problem Identification Research
    - Research undertaken to help identify problems which are not necessarily apparent on the surface and yet exist or are likely to arise in the future. Examples:
        - Why we have still so small market share?
        - What is the future of the market?
    - Market Potential Research
    - Market Share Research
    - Image Research
    - Market Characteristics Research
    - Forecasting Research
    - Business Trends Research
- Problem Solving Research
    - Research undertaken to help solve specific marketing problems. Examples:
        - Finding proper segmetation.
        - Testing new pricing policy
    - Segmentation research
    - Product research
    - Pricing research
    - Promotional research
    - Distribution research

Qualitative and Quantitative Research

- Quantitative Research
    - Quantitative research looks at patterns in numeric data.
    - Quantitative research gathers data in numerical form which can be put into categories or measured in units of measurement.
    - This type of data can be used to construct graphs and tables.
    - Examples:
        - Application forms, Closed ended Questionnaires, IQ Tests, Measurements
- Qualitative Research
    - Qualitative research gathers information that is not in numerical form.
    - Qualitative data is typically descriptive data.
    - When you think of qualitative data, Think of the word 'quality' – because in qualitative analysis we are taking a deep quality look at a phenomenon.

- Examples:
  - Diary accounts, Document review, Open ended Questionnaires, Unstructured interviews, Unstructured observations

Qualitative versus Quantitative

	Qualitative	Quantitative
Purpose	To understand & interpret social interactions.	To test hypotheses, look at cause & effect, & make predictions.
Group Studied	Smaller & not randomly selected.	Larger & randomly elected.
Variables	Study of the whole, not variables.	Specific variables studied.
Type of Data Collected	Words, images, or objects.	Numbers and statistics.
Forms of Data Collected	Qualitative data such as open - ended responses, interviews, participant observations, field notes, & reflections.	Quantitative data based on precise measurements using structured & validated datacollection instruments.
Role of the Researcher	Researcher & their biases may be known to participants in the study, & participant characteristics may be known to the researcher.	Researcher & their biases are not known to participants in the study, & participant characteristics are deliberately hidden from the researcher (double blind studies).
Results	Particular or specialized findings that is less generalizable.	Generalizable findings that can be applied to other populations.
Final Report	Narrative report with contextual description & direct quotations from research participants.	Statistical report with correlations, comparisons of means, & statistical significance of findings.
What is to be observed?	Qualities, Behavior, Complexities	Quantities, Scales, Trends
What are the type of questions asked?	Why? How?	How many? What?
How are the questions are put?	Document review, Participant observations, Interviews, Focus group, Workshops	Application forms, Questionnaires, IQ Tests, Measurements

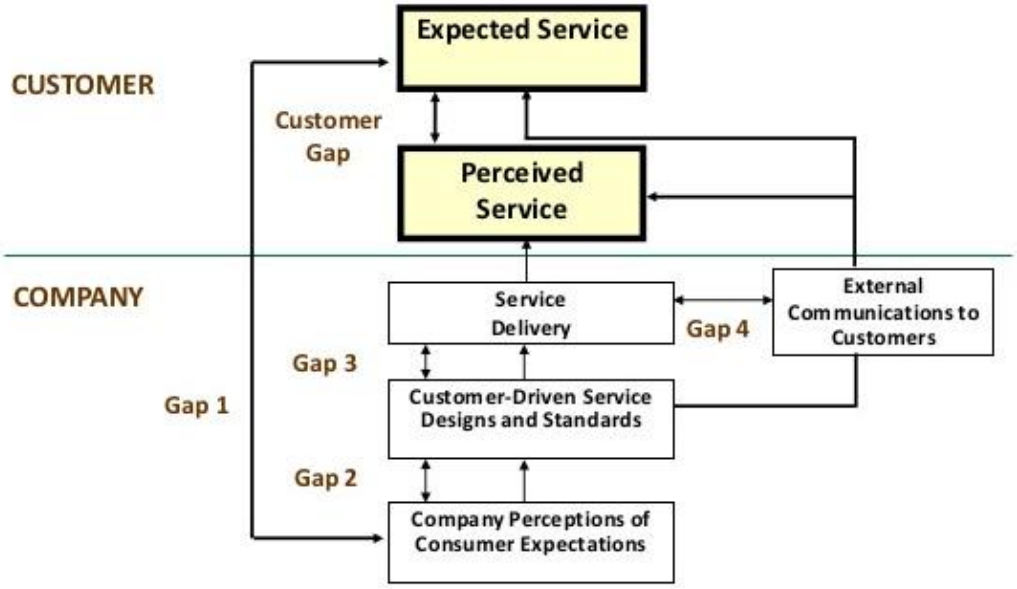
How the results are interpreted?

- Qualitative
  - Explore, explain, understand
  - Narrative, Particular
  - Mainly inductive reasoning: conclusions can be drawn from the evidence no matter how incomplete
- Quantitative
  - Describe, measure, predict
  - Statistical tables and chart
  - Universal
  - Mainly deductive reasoning: everything is known before conclusions can be drawn

Qualitative methods of marketing research

- Mystery shopping
  - Suitable for
    - Commercial organizations
    - State administrations
    - Public services

    - Based on using fictive customers (mystery shoppers) with specific tasks to test
    - Can be focused inside or outside the organization
- Focus group
    - Basic data collection method
    - Based on semi-structured group interview process
    - Moderated by the leader
    - The goal is to collect data on specific topic
- SERVQUAL
    - Based on contradiction between customer´s expectations and reality
    - GAP model
        - GAP 1 - What customer experts and what the management of the company assumes the customer expects
        - GAP 2 - Difference between features of the service
        - GAP 3 - Systems of delivery do not stand the proclaimed standards
        - GAP 4 - Company do not accomplish promised level of the service
        - GAP 5 (Customer GAP) - Sum of GAP 1 …. GAP 4



- In depth interview
    - Is done by expert - psychologist
    - The goal is to open the subject to wider communication
    - To analyze the reason of the customer´s behavior
    - Need to train the data collectors
    - Specific sources of information
        - Policy makers, Project Staff, Program Participants, Community members
- Observations
    - Without direct contact between observer and subject observed
    - Used if we need to collect registration information
        - Number of customers
    - Observing, how many customers are buying particular item
    - Using cookies in web browsers

Quantitative methods of marketing research

- CAPI - Computer-assisted personal interviewing
    - The interviewer uses his laptop screen to read the questions to pose and inputs the responses.
    - Advantages
        - All types of questions can be used.
        - Material can be shown to the respondent.
    - Disadvantages
        - Strong geographical constraint.
        - The CAPI is more adapted to reduced geographical areas.
        - Heavy cost.
- CATI - Computer Assisted Telephonic Interview
    - The interviewer asks questions by telephone and records answers on a computer. CATI automates the interviewees calls, the recall in case of absence and checks quota.
    - Advantages
        - Quick
        - No geographical constraint
        - Technical reliability Disadvantages
    - Disadvantages
        - Some target cannot be reached by CATI.
        - No visualization possibility.
        - Certain sensitive subjects must be avoided
- CAWI - Computer Aided Web Interviewing
    - The CAWI questionnaire appears in the browser as a web-page that respondents can reach in different ways depending on the sample design
    - Advantages
        - There are no print, interviewer and data input costs.
        - The collection time is reduced and there is no input time.
        - Real time processing.
        - No geographical constraint.
        - Suppression of skews due to the interviewer and input errors.
        - The respondents have all the time they want to answer the questionnaire.
    - Disadvantages
        - The target is not representative of the national population
        - Professionalization and spontaneous self-recruitment of certain panelists.
        - Facility to quit the questionnaire.
        - Obligation to protect the data.
- Surveys
    - Specially trained Staff of marketing agency is doing a real time
    - questionaries'
    - Suitable for the long surveys with specified types of the subjects
    - Typically used for
        - Measuring of opinions
        - Political preferences
        - Brand knowledge
- In-hall test (CLT) - Central Location Test
    - Testing of special samples

- Respondents are recruited by trained Staff and motivated to complete survey
- Extremely expensive
- Can be used for
    - Testing of new features
    - Testing new brands or services
    - Comparing customers meaning of different products

Service Guarantee

- A guarantee is an assurance of quality or length of use of a product and service, often with a promise of reimbursement.
- Effective guarantees complement company's service recovery strategies and go a long way in repairing the damage that otherwise could be caused.

Benefits of guarantees

- Focus on customers: A guarantee lets a company maintain focus, since it is committed to deliver those aspects of service that are guaranteed.
- It sets clear standards for the organization: Due to the focus on customer for reimbursement and the commitment to deliver, it brings the staff under pressure of delivering a service exactly the way it is designed for delivery.
- It improves employees' behavior: It binds employees to the standards that must be met.
- It generates quick and relevant feedback from the customers: It becomes the basis of specific complaints and let the company generate information relating those aspects that really matter to customers.

Types of guarantees

- **Satisfaction guarantees**: The provider is supposed to reimburse due to any aspect of service or dimension of the accompanying product not falling on customer's merit.
- **Attribute guarantees**: These guarantees center upon those aspects and dimensions that really matter to the customers, meaning the ones that are prioritized by customers as important.

Characteristics of effective guarantees

- **Unconditional**: The guarantee has to be without any strings attached. It must be reimbursed without any conditions if a provider wants customers to have confidence in the service.
- **Meaningful**: The guarantee must carry those elements that matter to customers and reimbursement made on them to cover dissatisfaction.
- **Easy to understand**: It should be stated in very simple, so it can be understood equally well by the customers as well as the employees, e.g. sales staff.
- **Easy to invoke for the company**: The customer should not be put into a test situation by having to go through procedures to collect the guaranteed amount. It becomes selfdefeating.

Against the guarantee

- When the existing quality is poor. Guarantee works best when providers are absolutely sure of the core quality and it is invoked in isolated incidences.
- When it costs more than it benefits if there are quality problems with the core of the service.
- It is against with company image. When the provider already has a poor quality image, the presence of a guarantee might become counterproductive.

Favor the guarantee

- Customers perceive little risk in buying the service.
- When the service is not expensive, guarantee may work as a promotional tool.
- There is a great variability in service quality from different providers and your company happens to be the first one to offer guarantee on a quality service. – gain competitive advantages.

New Service Design

- It must be very objective and not subjective
- It must be precise and not vague
- It must be fact-based and not opinion-based
- It must be methodological and not philosophical

Stages in new service design

- Begin from the new service strategy
- New service strategy is developed by defining the scope of new service product portfolio. This takes us into the area of classification of services in the light of which we determine the nature of service product.
- The new service is developed in view of the organizational goals of revenues, market segmentation, the size and growth of the market, and profitability to be achieved.

Key stages in service design

- Planning process
    - Front-end Planning
        - A clear definition of what the service will do, the need it will address, complete documentation of the process as itemized points along with its features is discussed.
        - Sales projections and complete feasibility of the service including things like pricing, costs, margins and all related financials.
    - Implementation
        - Making sure that it has the support and enthusiasm of the staff that is selling it. Assessing any lapses of internal marketing that may need to be fixed to have everyone on the same page is part of the objective.
        - Tracking sales and maintaining complete records of customers to follow developments during encounters.
        - The review process will help in enhancing the service quality and its delivery.
- Blueprinting

    - Blueprinting is a process that highlights the process flow of the service system so that the people who are to execute the service can understand their roles. Also, the company can ensure that no roles are omitted. The systematic process involves the roles of customers, employees, and the processes that support those roles.
    - Components of a blueprint
        - **Customer actions**: These are the steps, actions, and the interactions performed by customers during purchasing, consumption, and evaluation.
        - **Onstage employee actions**: These are all those actions by the employees that are taken during interaction with the customers.

        - **Backstage employee actions**: These are all those actions taken by employees not visible to the customers. This could be interactions at various points between employees toward performance of the system.
        - **Processes**: These are the activities and tasks, internal interactions and relevant steps performed in support of the service delivery.

Unusual ways of marketing

- Classical ways do not work often.
- There are too many competitors and you need to distinguish yourself
- Your customers are very specific
- Examples of unusual marketing:
    - **Niche marketing**
        - Highly specialized product or service
        - Not suitable for big companies
        - Customizable products or services
    - **Guerrilla marketing**
        - Innovative ways of marketing
        - Using ideas, not money

Niche marketing

- Meet the customer´s unique needs; Listen first; Manage production; Use messaging to differentiate; Know when to cut your losses

Ecologic niche marketing

- Strategy of toll gates
    - After entering the market the company creates the barrier.
- Strategy of specialized expertise
    - You need a specialized knowledge to conquer the segment
- Strategy of specialized market
    - Systematic searching for the niche using specialized skills

Guerrilla marketing

- You do not need to invest money, if you are willing to invest:
    - Time, Energy, Imagination, Information
- It exposes marketing what it really is
    - A process that you control

GOOD LUCK