Marketing - Resumos

Introduction

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

The aim of **Marketing** is to know and understand the customer so well that the product or service fits them and sells itself.

Markets: consumer markets, business markets (government, NPO's/NGO's): groups of customers who buy products/services
Services: deeds, processes, and performances

- intangibility
- heterogeneity/variability

- inseparability/simultaneity
- perishability

Value proposition: a company's set of benefits or values it promises to deliver to consumers to satisfy their needs.

Strategies and plans

Strategic marketing: mission and objectives, market analysis, analysis of internal competencies, market segmentation and targeting, positioning the value offering, SWOT.

Services: economic activities offered by one party to another (deeds, processes, performances), commonly employ time-based performances.

Services customers expect value (frequently do not take ownership of the physical element involved).

Service categories:
- pure tangible product;
- tangible product with supplementary services;
- hybrid product;
- service with a product component;
- pure service.

Intangibility: the customer is unable to experience the product prior to purchase, services have no physical existence, cannot be stored/inventoried, cannot be easily patented, hard for consumers to evaluate before consumption, the design of the physical evidence is crucial for good service experience.
Heterogeneity: difficulty in establishing consistency in quality (interactive nature of services make it difficult to standardize)
The inseparability of product and consumption: production and consumption happen at the same place and time (no inventory leads to the critical importance of demand management) the customer may influence the process, as well as other customers and other people present.
Perishability: services often cannot be stored for future consumption (no inventory).

7P's pf Services Marketing

Product: what solution will be provided, what is the development strategy? It can be goods, services, products service systems, experiences, events, people, places, organizations, ideas, art, politics.
Price: penetration strategy, price is not used as a marketing tool, premium price.
Promotion: integrated communication plan which attempts to inform, persuade, and remind the consumer (includes advertising, sales promotions, salesforce, public relations, direct marketing, ….)

Place/Distribution: activities that involve and interact with the end customer, wholesalers and retailers (include individual messages, pre and post-sale services, coordination of product and service delivery).
People/Participants: all actors may strongly influence customer perceptions of service quality and satisfaction.
Process: the process through which the service is co-created and delivered to the customer.
Physical evidence: design of the physical environment where the service is provided and provide tangible evidence of service performances (building/landscapes, interior design, vehicles/equipment, staff dress code, sounds, smells, tangible evidence of online services).
Performance: productivity and quality.

Service encounter (build trust, reinforce quality, build brand identity, increase loyalty)

- Remote encounters;
- Phone encounters;
- Face-to-face encounters.

- Marketing channels;
- Order fulfillment;
- Research channels.

Information systems and marketing research

Marketing environment - take advantage of opportunities and combat threats;
Marketing intelligence/research - collect info about the environment.

Industry: a group of firms that produce products/services that are close substitutes.
Competitors: companies that satisfy the same customer needs.

Porter's 5 forces:

- rivalry among existing firms;
- the threat of new entrants;
- the threat of substitute products/services;
- bargaining power of suppliers;
- bargaining power of buyers.

Strategic group: a group of firms in an industry following the same or a similar strategy.
Marketing information systems (MIS): balance user desires information against what they need and what is feasible
Internal records: order reports, sales, prices, costs, inventory levels, receivables, payable.

Database marketing: building, maintaining, and using customer databases to contact, transact, and build customer relationships.

Marketing research: systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization.

define the problem and the research objectives;
develop the research plan;
design data collections methods and forms;
the design sample and collect data;
analyze and interpret the data;
present the findings;
make the decision.

Primary information: information gathered specifically for the study.
Secondary information: information that already exists elsewhere having been collected for another purpose.

Qualitative data collection techniques: i-depth interviews, focus groups, observation, usability tests….
Quantitative methods: commonly a questionnaire that is administrated to a statically representative sample, allows statistical interference, the closed questions are less rich.

Behavioral data: know what customers do, but not why /customer databases, behavioral ad networks, website behavioral data, social media activity…).

Consumer markets and buyers behavior

Consumer behavior: how individuals, groups, and organizations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs or wants.

Consumer market: individuals/households that buy goods and services for personal consumption.

Factors that influence consumer behavior:

Cultural:
- Culture;
- Subculture;
- Social Class.

Social:
- Groups;
- Word of mouth influence;
- Opinion leader;
- Online Social networks;
- Family;
- Role and Status.

Personal:
- Age and life cycle stage;
- Occupation;

- Economic situation;
- Lifestyle;
- Personality and self-concept.

Psychological:

- Motivation;
- Memory;
- Learning;
- Emotions;
- Perception;
- Beliefs and attitudes.

Buying decision process stages:

problem recognition;
information search (personal, commercial, public, experiential);
evaluation of alternatives;
purchase decision;
purchase behavior (post-purchase behavior).

Business to business (B2B): fewer, larger clients, close supplier-customer relationships, professional purchasing, each purchase requires several constraints, derived demand from the demand of consumer good, fluctuating demand, geographically concentrated buyers, direct purchasing without intermediaries.

Factors that influence business buyers:

Environmental:
- Economy;
- Supply conditions;
- Technology
- Politics/regulation;
- Competition;
- Culture and customs.

Organizational:
- Objectives;
- Strategies;
- Structure;
- Systems;
- Procedures.

Interpersonal:
- Influence;
- Expertise;
- Authority;
- Dynamics.

Individual:
- Age/Education;
- Job position;
- Motives;
- Personality;
- Preferences;
- Buying style.

B2B buying process stages:
- problem recognition;
- general need description and product/service specification;
    - supplier search;
    - e-procurement;
- proposal solicitation;
- evaluation and selection of supplier;
- order specification;
- performance review.

Market segmentation and targeting

Market segmentation: the process of dividing a market into well-defined groups of customers who share a similar set of preferences, needs, and wants.

Geographic: nations, regions, countries, cities, neighborhoods.
Demographic: age, family size, family life cycle, gender, income, occupation, education, religion, generations, ethnicity.
Psychographic: psychological/personality traits, life cycle, social class, values.
Behavioral: loyalty status, usage rate, user status, usage occasions, attitudes.

Segmentation of B2B markets:

Demographic: industry, company size, location
Operating variables: technology, user status, customer capabilities;
Purchasing approach: power structure, nature of existing relationships;
Situational factors: urgency, specific application, order size;
Personal characteristics: buyer-seller similarity, loyalty, risk, attitude.

Market segments must be **measurable**, **substantial**, **accessible**, **differentiable**, **actionable**.

Target market: a set of buyers sharing common needs or characteristics that the company decides to serve.

Full market coverage: all customer groups
- ✓ Broad market coverage, satisfying a wide range of customers.
- X High cost.

Multiple segment specialization:
- ✓ Risk diversification.
- X Effort dispersion.

Product/Service specialization:
- ✓ Strong reputation regarding a specific area.
- X Product/Service might be supplanted by new technology.

Market specialization:
- ✓ Strong reputation regarding specific segment
- X Segment may suffer budget cuts/shrink in size.

Single-segment concentration:
- ✓ Specialization/strong market presence.
- X Dependency on a single segment.

Individual marketing: mass customization.

Brand Positioning

Positioning: the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market.

Point of parity (PoP): attribute or benefit associations that are not necessarily unique to the brand but may in fact shared with other brands.

Points of difference (PoD): attributes/benefits that consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competing brand.

Value Creation and Customer Relationships Management

Product/Service quality: characteristics of a product/service that bear on its ability to satisfy stated or implied needs.
Perceived quality: customer perceptions of product/service quality.
Customer service expectations: beliefs regarding the value of a product/service.
Value: total benefits - total cost.
Satisfaction: perceived performance - expected performance.
Loyalty: customer willingness to repeat purchase and patronize the product/service in the future.
Customer experience: all interactions between the customer and the service/product and the company.

Customer relationship manager (CRM): maximize loyalty
Customer profitability: positive when overall revenue exceeds the overall cost.
Customer lifetime value: net present value of the stream of future profits expected over the customer's lifetime purchases (all purchases - all cost to attract, sell, and serve the customer).
Customer equity: the sum of all CLV's of the different company customers (influenced by the value of service offering value of the brand, value of the relationships).

CMR principles:
1. identify actual and potential buyers;
2. segment customers;
3. individualize interaction with the customer (know needs)
4. customize products, services, and interactions;
5. reduce customer churn rate;
6. increase the longevity of the customer relationship;
7. develop the potential of each customer, improving share-of-wallet through cross-selling and up-selling;

8. improve the profitability of each customer or terminate the relationship with non-profitable customers;
9. concentrate the company's attention to the most valued customers.

CMR failures:

- viewing CRM as a technology initiative;
- lack of customer focus;
- insufficient appreciation of customer lifetime value (CLV);
- inadequate support from top management;
- failing to reengineer business processes;
- underestimating the challenges in data integration.

Brand Management

Brand: A name, term, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

Brand identity: the way a company aims to identify or position itself or its product or service in the minds of the consumer.

Brand image: The way the consumer actually perceives a brand, which leads to the psychological or emotional associations that the brand aspires to maintain in the mind of the consumer.

Consumer benefits:

- Identify source/maker;
- Simplifies decision-making through past experience with the brand;
- Reduces risk;
- Signal a certain level of quality;
- Become part of the identity.

Marketer benefits:

- Simplify product handling;
- Protect unique features;
- Create loyalty;
- Establish barriers to entry;
- Hard to copy.

Brand equity: brand induced added value

- Brand loyalty;
- Brand awareness;
- Perceived quality;
- Brand associations;
- Proprietary assets such as patents and trademarks;

Brand contact: Any information-bearing experience (positive or negative) a customer or prospect has with the brand, its product category, or its market.
Internal branding: Activities and processes that help inform/inspire employees about brands
Branding decisions: Deciding the nature of new and existing brand elements to be applied to new and existing offerings.

Alternative branding strategies

1. Individual or separate brands for each product or service;
2. Corporate umbrella or company brand name - the same brand name across the entire range of products and/or services;
3. The corporate name combined with sub-brand names.

Service branding (crucial due to intangibility).

Strategy

Individual Product and Service Decisions → attributes → branding → packaging → labeling → product support services

Core product: all elements of service performance, both tangible and intangible, that create value for customers.
Supplementary (or secondary) service: both the tangible and augmented product levels (accompany the core product, enhancing it and/or facilitating it).
Delivery Processes: processes used to deliver both the core product and each of the supplementary services.

5 Product levels: each level adds value, customer value hierarchy

1. potential product;
2. augmented product;
3. expected product;
4. basic product
5. core product

The flower of service (Lovelock)
Facilitating supplementary services: either required for service delivery or aid in the use of the core product.

- Information
- Billing
- Payment
- Order taking

Enhancing supplementary services: add extra value for customers.

- Consultation
- Exceptions
- Safekeeping

- Hospitality

Design: The totality of features that affect the way a product looks, feels, and functions to a consumer (appeals to both our rational and emotional sides).

Product hierarchy:
- Need Family - thirst
- Product Family - beverages
- Product Class - non-alcoholic
- Product Line - fruit juices
- Product Type - light fruit juices
- Item

Product service systems (PSS): a group of diverse but related items that function in a compatible manner to create an integrated offering.

Product mix: a set of all products and items a particular seller offers for sale. A product mix consists of various product lines.

Packaging objectives:
1. Brand identification
2. Persuade
3. Protection
4. At-home storage
5. Aid consumption

Labeling objectives:
1. Identify
2. Grade
3. Describe
4. Promote

Product Life-Cycle

Introduction Stage: Create awareness, induce product trial, secure retail distribution.
- First mover:
    - Brand name association
    - Define product class attributes
    - Customer inertia
    - Producer advantages
- Imitator:
    - Lower prices
    - Improve more the product and can surpass innovators

Growth Stage:
1. Improve product quality; add new features;
2. Add new models and flanker products;
3. Enter new market segments;
4. Focus advertising on preferences;
5. Increase distribution coverage;
6. Lower prices to attract the next layer of price-sensitive buyers.

Maturity Stage:
1. Maximize profit;
2. Defend market share;
3. Market modification (expand the market);
4. Product modification (improve quality, features, or styles);
5. Marketing program modification (alter price, distribution, communications);
6. Expand the number of brand users;
7. Increase the usage rates among users.

Decline Stage:
1. Rejuvenate (maintain product /brand);
2. Harvest (gradually reducing various costs while trying to maintain sales);
3. Drop the product.

Marketing in an Economic Downturn:
- More Compelling Value Proposition;
- Fine-tune brand and product offerings;
- Review Budget Allocations;
- Get Closer to Customers;
- Increasing Investments.

Pricing

Price: the amount of money charged for a product or service, or the sum of all the values that customers exchange for the benefits of having or using the product or service.

Customers use price as a quality indicator, especially when there is lack of other information available.
Price can reinforce the image of the exclusiveness of certain products.

Pricing and revenue management

1. Selecting the Pricing Objective
    - Survival
    - Maximum Current Profit
    - Maximum Market Share
    - Maximum Market Skimming
    - Product-Quality Leadership
    - Other Objectives

2. Determining Demand
    - Price elasticity = % change in demand / % change in price
    - If demand is price elastic, small changes in price lead to big changes in demand
3. Estimating Costs
    - Demand sets the price ceiling while costs set the floor
    - Total cost = fixed cost + variable cost
    - Fixed and variable costs
    - Economies of scale & scope
    - Economies of experience
4. Analyzing Competitors' Costs, Prices, and Offers
    - Competitors' offerings
    - Competitors' costs
    - Competitors' prices
    - Possibility of retaliation and price changes.
5. Selecting a Pricing Method
    - Cost-based pricing
        - Markup pricing (cost-plus pricing)
        - Target-return pricing (a price that yields its target rate of return on investment, ex: utility companies).
    - Value-based pricing
        - Perceived-Value pricing (buyers image/reputation of the product/service)
        - Value pricing (fairly low price for a high-quality offering).
    - Competition-based pricing
        - Going-rate pricing (based on competitors' prices)
        - Auction-type pricing (have one seller and many buyers. Ex:. eBay)
6. Selecting the Final Price

Integrated marketing communications

Integrated Communications: a strategy that carefully integrates all external and internal communication channels to present a consistent message to customers.

Advertising: A paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.
Advertising Objectives:
- Inform;
- Persuade;
- Reinforce;
- Remind.

Sales Promotion: short term incentive tools, designed to stimulate the quicker or greater purchase of products or services.
Sales Promotion Objectives:
- Product trial;
- Brand switching
- Reward;
- Increase repurchase.

Direct and digital marketing: The use of consumer-direct channels to reach and deliver goods and services to customers without using marketing middlemen.

Personal selling: the interaction between the firm's sales force and potential or current customers, to present and communicate the firm's offerings.

Public Relations: variety of programs to promote or protect a company's image or individual products.

Events and experiences: Sponsorship of activities related to the service or the image the firm wants to convey.

Communications Through Service Delivery Channels:
- Service Outlets
- Frontline Employees
- Self-Service Delivery Points

Online Communications:
- Company's Website
- Online Advertising

Online Communications From Outside The Organization:
- Word-of-Mouth (WOM);
- Blogs, Twitter, Instagram, and other social media as a type of online WOM;
- Media coverage.

Online Marketing:

Advantages:
- Can offer or send tailored information/messages
- Can trace effects by UVs (unique visitors) clicks on a page/ad
- Contextual placement
- Can place advertising based on search engine keywords

Disadvantages
- Consumers can screen out most messages
- Ads can be less effective than they appear (bogus clicks)
- Lost control over online messages via hacking/ vandalism

Communication strategy objectives: aims at increasing the customer's perceived value, reinforcing the firm's positioning.

- To inform, persuade, and remind consumers about the products and brands they sell;
- Establish a dialogue and build relationships with consumers ¤ Increased awareness of product/service or brand;
- Enhance the image of the firm's product/service or brand;
- Better positioning the brand in the target segments;
- Create positive responses to the product/service or brand.

Steps in Developing Effective Communications:

1. Identify the target audience
2. Determine objectives
   a. Category Need;
   b. Brand Awareness;
   c. Brand Attitude;
   d. Brand Purchase Intention
3. Design communications
   a. Message strategy: What to say?;
   b. Creative strategy: How to say it?;
   c. Message source: Who says it?.
4. Select channels
   a. Personal communication channels;
   b. Mass communication;
5. Establish a budget
   a. Competitive-parity method;
   b. Affordable method;
   c. Percentage-of-sales method;
   d. Objective-and-task method.
6. Decide on media mix
   a. Type of Product Market;
   b. Buyer-Readiness Stage;
   c. Product Life-Cycle Stage.
7. Measure results
   a. Reach;
   b. Attitudes;
   c. Frequency;
   d. Awareness.
8. Manage Integrated Marketing Communications: communications from different media and communications approaches all become part of a single overall message about the service firm and its products.

Managing delivery channels

Value delivery network: company, suppliers, distributors, and, ultimately, customers who partner with each other to improve the performance of the entire system.

Value chain: set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market (turning an input into output trough transformation processes with consumption of resources).

Marketing channel (distribution channel): Set of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user.

Service delivery channels: channels through which the company provides the service to customers.

Service interface: any place at which a company seeks to manage a relationship with a customer, whether through people, technology, or a combination of both

Types of Distribution Channels:
- Distribution;
- Direct Distribution;
- Indirect Distribution;

Designing a Marketing Channel System:
1. Analyze customer needs;
    a. Quantity of purchase (Lot Size);
    b. Waiting and delivery time;
    c. Convenience;
    d. Product and service variety;
    e. Service backup.
2. Establish channel objectives and constraints;
    a. Define channel strategy accordingly with service level desired by the different customer segments;
    b. Balance consumer needs against costs and customer price preferences;
    c. Consider different channels efficiency and costs;
    d. Choose best channel for each segment group:
        i. personal channels;
        ii. self-service channels.
3. Identify major channel alternatives;
    a. Sales Force;
    b. Internet;
    c. Distributors;
    d. Direct Mail;

    e. Telemarketing;
    f. Channel Alternatives:
        i. Type of Intermediaries
            1. Wholesalers and retailers;
            2. Sales Agents, brokers;
            3. Facilitators.
        ii. Number of Intermediaries;
            1. Exclusive;
            2. Selective;
            3. Intensive;
        iii. Terms and Responsibilities;
4. Evaluate major channel alternatives.
    a. Economic criteria;
    b. Control issues;
    c. Adaptability criteria;

Omnichannel marketing: Creating a seamless cross-channel buying experience that integrates in-store, online, and mobile shopping. Using a hybrid integrated mix of channels to reach customer segments.

Physical channels

- ✓ Personal contact;
- ✓ Responsiveness to customer requests;
- ✓ Advice.
- X Accessibility;
- X Waiting time.

Electronic channels

- ✓ Efficiency and speed
- ✓ Acessibility
- ✓ Autonomy and control
- ✓ Information

- X Lack of personal contact
- X Lack of advice

People in Services

Importance of Service Employees:

- They are the service;
- They are the organization in the customer's eyes;
- They are the brand;
- They are marketers;
- The key driver of customer loyalty;

- Affects sales and productivity.

Customer's perspective: an encounter with service staff is the most important aspect of service.

Firm's perspective: Frontline is an important source of differentiation and competitive advantage.

Frontline: an important driver of customer loyalty
- anticipating customer needs;
- customizing service delivery;
- building personalized relationships.

Staff performance involves both **ability** and **motivation**.

Customer Participation:
- Actions and resources supplied by customers during service production and/or delivery;
- Includes mental, physical, and even emotional inputs.
  - Low - Employees and systems do all the work, consumer presence required during service delivery is low;
  - Medium - Customer helps firm create and deliver service;
  - High - Customer works actively with provider to co-create the service.

Self-Service Technologies (SST):
Benefits:
- Time and cost savings;
- Flexibility;
- The convenience of location;
- Greater control over service delivery;
- A higher perceived level of customization.

Disadvantages:
- Anxiety and stress experienced by customers who are uncomfortable with using them.

Transforming customers into partial employees:
- Understand the determinants of consumer behavior;
- Teach customers how to use the innovations;
- Monitor and evaluate performance.

Importance of Other Customers in Service Delivery:

X Disruptive behaviors;
X Overly demanding behaviors;
X Excessive crowding;
X Incompatible needs

- ✓ Mere presence;
- ✓ Socialization/friendships;
- ✓ Roles: assistants, teachers, supporters, mentors.

Physical Evidence

Physical evidence: an environment in which the service is delivered and where the firm and the customer interact, and any tangible commodities that facilitate performance or communication of the service.

Role of the physical environment:
- Facilitate the process of service delivery;
- Signal quality and position, differentiate and strengthen brand;
- A core component of a value proposition;
- Facilitate service encounters and enhance both service quality and productivity.

Russell's Model of Affect:
- Emotional responses:
  - Pleasure;
  - Arousal.
- Separates cognitive emotions from emotional dimensions;
- Advantage: a simple, direct approach to customers' feelings;
- Firms can set targets for affective states.

Variations in Individual Response:
- Personality differences;
- The purpose for being in the servicescape;
- Temporary mood state.

Social Interactions in the Servicescape:
- All social interaction is affected by the physical container in which it occurs;
- Scripts (particular progression of events);
- Physical proximity;
- Seating arrangements;
- Size;
- Flexibility.

Main Dimensions in Servicescape Model:
- Ambient Conditions;
  - Temperature
  - Lighting
  - Color
  - Noise
  - Music

    - Scents
- Spatial Layout and Functionality;
    - Accessibility;
    - aesthetics;
    - seating comfort;
    - navigation
- Signs, Symbols, and Artifacts;
    - Explicit or implicit communication of meaning;
    - Customers will automatically try to draw meaning from the signs, symbols, and artifacts;
    - Important in forming first impressions;
    - Can guide customers through the process of service delivery;
    - Can be used to reinforce behavioral rules.

Guidelines for Physical Evidence Strategy:
- Recognize the strategic impact of physical evidence.
- Keen observation of customers' behavior and responses.
- Feedback and ideas from frontline staff and customers.
- Blueprint the physical evidence of service.
- Clarify the strategic roles of the servicescape.
- Assess and identify physical evidence opportunities.
- Update and modernize the evidence.
- Work cross-functionally.

Design and Manage the Service Processes

Service blueprinting (SB): tool for simultaneously depicting the service process, the points of customer contact, and the evidence of service from the customer's point of view.

Service Blueprints Components:
- physical evidence;
- customer actions;
- line of interaction (can be internal);
- line of visibility
    - front stage;
    - backstage;
- points of failure.
- waiting points.

Developing a Blueprint:
- Define "big picture" before "drilling down" to obtain a higher level of detail;
- Identify key activities in creating and delivering service and specify linkages between the activities;
    - Identify the direction in which processes flow;
    - Define standards for front-stage activities;

- Distinguish between “front stage” and “backstage”;
- Clarify interactions between customers and staff and support by backstage activities and systems ;
- Identify potential fail points (instances where there is a risk of things going wrong, resulting in diminished service quality);
- Develop standards and targets for the execution of each activity.

Application of Service Blueprints:
- New Service Development;
- Supporting a Zero Defects Culture;
- Service Recovery Strategies;

Service Process Redesign:
- Need for Service Process Redesign:
    - Service processes become outdated overtime
    - A natural weakening of internal processes
- Can be used to:
    - Analyzing and eliminating activities that do not create value (reducing administrative load);
    - Changing customer participation in the service delivery process, through self-service systems (Ex: ATM);
    - Development of direct customer service (Ex: catalog sales);
    - Reduced number of service failures;
    - Enhanced productivity

Blueprints Can Be Used By:
- Service Marketers;
    - creating realistic customer expectations.
- Operations Management;
    - rendering the service as promised.
- Human Resources Management;
    - empowering the human element.
- System Technology;
    - providing the necessary tools.

Service Recovery

Service recovery refers to the actions taken by a firm in response to service failure.

Do:
- Acknowledge problem;
- Explain causes;
- Apologize;
- Compensate/ upgrade;
- Lay out options;

- Take responsibility.

Don't:

- Ignore customer;
- Blame customer;
- Leave the customer to defend himself or herself.
- Downgrade;
- Act as if nothing is wrong;
- "Pass the buck"

Principles of effective Service recovery:

- Make it easy for a customer to give feedback;
- Enable effective service recovery;
    - proactive;
    - planned;
    - recovery skills must be tough;
    - requires empowered employees-
- Establish appropriate compensation levels;
- Managers and frontline employees must be prepared to deal with service recovery.

The Service Recovery Paradox: customers who experience an excellent service recovery after a failure feel even more satisfied than customers who had no problem in the first place (depends on the severity and "recoverability" of failure).

Jaycustomers: complaining customers are right or reasonable.

Keep track of customers who repeatedly "experience service failures" and then ask for compensation, or invoke firm's service guarantee as some customers can take advantage of generous service recovery strategies, service guarantees.