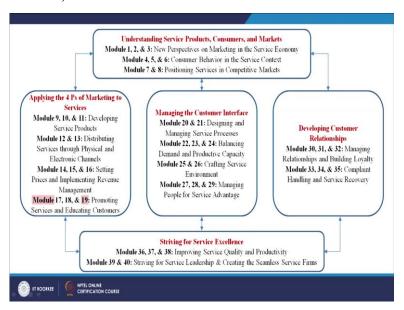
Services Marketing: Integrating People, Technology, Strategy Professor Zillur Rahman Department of Management Studies Indian Institute of Technology Roorkee Lecture 19

Promoting Services and Educating Customers - Part III

Welcome to this course in services marketing, and now we will talk about module 19. As you have seen that we are discussing.

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How to promote services and educate customers and in module 17 and 18 we have already covered two third of that in, and now we will talk about this promoting services and educating customers. The last component of that, in that is module 19.

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MODULE OVERVIEW • Know communications mix elements that originate outside the firm. • Understand when communications should take place ("When"), how to set budgets for service communications and programs, and how to evaluate these programs. • Appreciate ethical and consumer privacy related issues in service marketing communications.

Now, let us look at what are the things that we will cover in this module. So, we will know communication mix elements that originate outside the firm. So, there are certain elements of communication that are not in the hands in the, hands of the firm and they originate from outside. Then we will understand when communication should take place so, that is another w, of that a services marketing communication mix and how to set budgets for services communication and programs and how to evaluate these programs.

So, we will talk about the last w that is when of this communication mix and then how to set, go about setting budget for this communication programs and the important component of this is how to go about evaluating these programs. And then we will try to appreciate the ethical and consumer privacy related issues in services marketing communication.

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So, this then we will look at, the role of corporate design in communication and highlight the importance of integrated marketing communication to deliver a powerful brand identity. So, keep in mind that when we are trying to build a brand identity, then the integrated marketing communication have a key role to play in that. But, it is not the only thing that makes a brand identity it plays a key role in making a brand identity.

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MESSAGES ORIGINATING FROM OUTSIDE THE ORGANIZATION

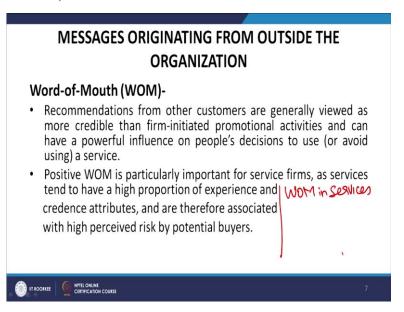
- Some of the most powerful messages about a company and its products come from outside the organization and are not controlled by the marketer.
- They include word-of- mouth (both in person and in electronic form on social media), online reviews on third- party websites, blogs, twitter, and media coverage.

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So now, let us look at the massages that originate from outside the organization. So, some of the most powerful massages about a company, and its product come from outside the organization and are not controlled by the marketer. So, now this is the dichotomy that companies, they invest lots of money in communication.

But, then some most powerful massages they come from outside the company and there, the company does not have any control over those messages. So, that include word of mouth, so that is in both person as well as in electronics firms also social media then there are various online reviews on third party websites, blogs, twitter and media coverage.

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So, let us look at the word of mouth, recommendation from other customers are generally viewed as more credible then from initiated promotional activities and can have a powerful influence on people's decisions to use or avoid using a service. So, when this word of mouth comes from other customers so, then it plays a very important role in decision, in the purchase decision making process of the customers. And obviously these are not company initiated activities.

Therefore, this positive word of mouth is particularly important for service firms as services tend to have a high proportion of experience and credence attributes and are therefore associated with high perceived risk by potential buyers. Now, you see that services are high on experience and credence attributes while products are high on experience, on search attributes.

So, now this word of mouth becomes although more important in services. So, this word of mouth is although more important in services because, mass media can be used to convey the search attributes of an offering but, mass media cannot be used or has very limited usage when communicating about the experience and the credence attribute.

And because services are high on experience and credence attributes therefore, that mass media, a usage of mass media in communication about the service to the customer becomes difficult and therefore customers, they are look for some other, some other sources from which together, some authentic information and this positive word of mouth or word of mouth from other customers. Then it play a very important role in the decision making of these services and therefore, it is very helpful and also reducing the perceived risk in purchasing of these services by the potential buyers.

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MESSAGES ORIGINATING FROM OUTSIDE THE ORGANIZATION

Blogs, Twitter, and Other Social Media as a Type of Online WOM-

- Blogs are web pages best described as online journals, diaries, or news listings where people can post anything about whatever they like.
- Twitter is a social networking and microblogging service that allows its users to send updates or read other users' updates.



Now, let us look at the blogs, twitter and other social media as the type of online word of mouth so, blogs are WebPages best described as online journals, diaries, or news listings where people can post anything about whatever they like. Twitter is a social networking and microbloging service that allows its usage to send updates or read other users update. So, now these are two very powerful tools so far as building a brand identity of a services firm is concerned.

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MESSAGES ORIGINATING FROM OUTSIDE THE ORGANIZATION

- Blogs and other online media such as Twitter, can be seen as inbetween WOM (there are millions of bloggers with not many followers, more akin to traditional WOM), and online media (some bloggers have a large following, similar to popular media).
- Service firms monitor blogs and view them as a form of immediate market research and feedback.



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And blogs and other media such as Twitter can be seen as in between word of mouth. So, there are millions of blogs, bloggers with not many followers, more akin to traditional word of mouth and online media some bloggers have a large following similar to popular media.

So, service firms monitor blogs and views them as a form of immediate marketing search and feedback. So, than this kind of blogs or word of mouth, online word of mouth, they also serve as a market research and feedback over the companies offerings and service firms they continuously monitor these forms so, that they can understand what customers are talking about their offerings and their brands.

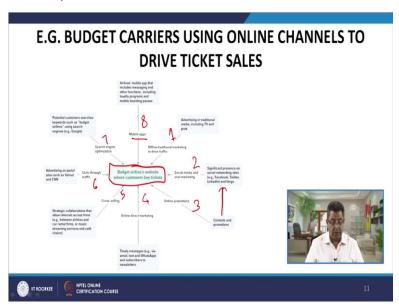
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Media coverage although the online world is rapidly increasing in importance. Coverage on traditional media cannot be neglected. So, although we have so many forums, online forums where people can come and discuss about various issues but, still the role of traditional media is still important.

Newsworthy events are often first discussed in the online world and are then picked up, and reported in the traditional media, before finally reaching the broad masses. Media coverage of forms and their services is often through a firms PR activity, but broadcasters and publishers often initiate their own coverage.

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Now, let us look at these budget carriers using online channels to drive ticket sales. So, now you see that this is the budget, airlines websites where customers, they buy ticket that is in between. And then, there are several mobile apps then there is search engine optimization that we have talked about in the last module, then there are click through traffic and cross selling's online direct marketing, online promotion, social media and viral marketing and offline traditional marketing to drive traffic.

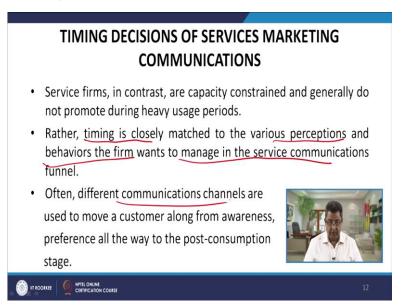
So, let us start with this so, here it is the online traditional marketing to drive traffic. So, advertising in traditional media including, the television and print. So, now this is used to drive traffics, the second is social media and viral marketing. So, significant presence of social networking sites such as Facebook, Twitter and LinkedIn and blogs. And then there are these the third is this online promotions: contest and promotion. Now, this contest and promotions are also to be promoted through these social networking sites.

The fourth one is, online direct marketing, through timely massages via e mail, text and Whatsapp, and subscribers to newsletters. The fifth one is, cross selling. A strategic collaborator that allow reference across firms for example, between airlines and car rental firms or music streaming services and cafe chains. So, for example we have make my trip, so there are several they offer you airline tickets and they also offer hotels and several different services. So, they are cross selling services from different brands.

Advertising on portal sites such as Yahoo and CNN so, that is the click through traffic and then comes the search engine optimization through potential customers such keywords, such as budget airlines using search engines that is for example, Google. So, now this information

can then be given to the potential buyers and they can use appropriate words so that when customers search, their brands appears first. And the last one is the mobile apps so, airlines mobile apps that include massaging and other functions including loyalty programs and mobile boarding passes.

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Now, timing decisions of service marketing communication. So, service firms, in contrast, are capacity constrained and generally do not promote during heavy usage period. So, you see that most of the service firms where, the service delivery is dependent on equipments. So, in that case, the companies are capacity constrained and it is generally very difficult to increase the capacity in short period of time. So, therefore they generally do not promote during heavy usage periods. Rather timing is closely matched to the various perceptions and behaviors the firm wants to manage in the service communication funnel.

So, we are using perceptions and behaviors the firm so they want to manage in the service communication and therefore, timing is closely matched. Often different communication channels are used to move a customer along the awareness, preference all the way to the post consumption stage. So, we are using then different communication channels, when communication channel is not sufficient enough to carry the customer from all through the service evaluation and consumption stage.

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TIMING DECISIONS OF SERVICES MARKETING COMMUNICATIONS

- Timing of communications is typically managed in a media plan flowchart which looks like a large Excel spreadsheet.
- It gives a bird's-eye view of the media where and when communications is planned.
- Professional firms such as Telmar (http://www.telmar.com) help companies with their planning.





So, timing of communication is typically managed in a media plan flow chart, which looks like a large excel spreadsheet. And it gives a bird's eye view of the media where and when communication is planned. So, professional firms such as Telmar this is the address of the website help companies with their planning.

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BUDGET DECISIONS AND PROGRAM EVALUATION

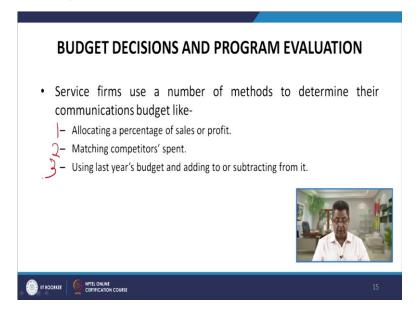
- Most service firms will allocate more budget to services marketing communications as long as they believe it will increase sales and profits.
- However, the optimal point of communications expenditure is difficult to predict, and setting a budget is one of the hardest decisions to make.



The next thing that we will talk about in this module is the budget decisions and program evacuation. Most service firms will allocate more budgets to service marketing communication as long as they believe it will increase sales and profits. So, now you see that this budget is directly proportional to the increase sales and profits so, if the sales and, if the things that in present budget will increase sales and profits so, they will increase the budget.

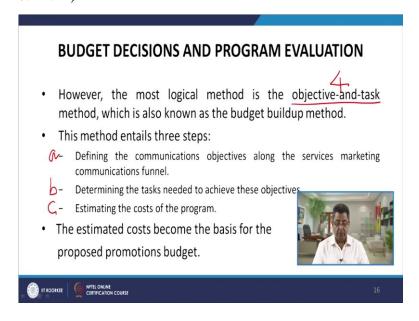
However, the optimal point of communication expenditure is difficult to predict and setting a budget is one of the hardest decision to make.

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Service firms use a number of methods to determine their communication budgets like, the first is the, first is allocating a percentage of sales or profits to this communication. The second method is matching competitors spent. So what competitors are spending so, this company will also spend accordingly. And third method is using last year's budget and adding to or subtracting from it. So, they just use the figure of the last year and then see, whether to add on to it or the subtract from it, depending upon the kind of sales and profits they have.

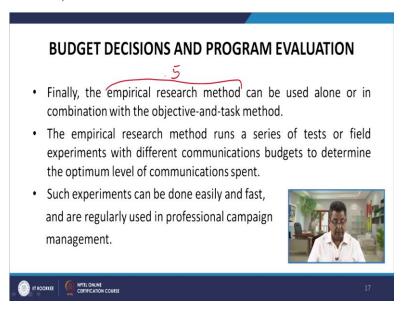
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However the most logical method is the objective and task method, which is also known as the budged build up method. The fourth one is the most important method, so this method entails three steps. The first step defines the communication objectives along the services marketing communication funnel. Then, determining the tasks needed to achieve these objectives.

So, first thing is to define the communication objectives then these objectives are broken down into specific tasks. And then the third one is, to estimate the cost of this program. So, what will be the cost of achieving these tasks and therefore, the communication objectives. So, the estimated cost becomes the basis for the proposed promotion budget.

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Finally, the empirical research method can be used along or in combination with the objective and task method. The empirical research in this is the fifth method, the empirical research method runs a series of test, or field experiments with different communication budgets to determine the optimal level of communication spent.

Such experiments can be done easily and fast and are regularly used in professional campaign management. So, now we, now what companies do, is to use these two the fourth and the fifth method, one is the objective and task method and the another is the empirical research methods. In these empirical research methods, they run a series of tests, or field experiments with different advertising budgets and then they see whether the objectives have been achieved or not. So this is our regular practice with several service companies.

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ETHICAL AND CONSUMER PRIVACY ISSUES IN COMMUNICATIONS

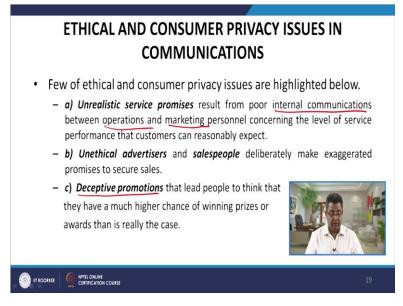
- We have been focusing on how to reach, persuade, and manage the behavior of prospects and customers.
- Firms also need to consider the ethical and privacy issues associated with communications, especially as few aspects of marketing are so easily misused, such as advertising, selling, and sales promotion.

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Now, let us look at ethical in the consumer privacy issues in communications. So, we have been focusing on how to research, persuade and manage the behavior of prospects and customers. Now, firms also need to consider the ethical and privacy issues associated with communication especially as few aspects of marketing are so easily misused such as advertising, selling and sales promotion.

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Few of the ethical consumer privacy issues are highlighted below. So the first such issue is, unrealistic service promises so, that results from poor internal communication between the operations and marketing personnel concerning the level of service performance that customer can reasonably expect.

So, now what happens is that, there is a miscommunication between these two departments the operation and the marketing department and that is because of the poor internal communication and therefore, the companies make some unrealistic promises. Unrealistic promises means those promises that the companies not able to deliver on and obviously if the company is not able to deliver on a promises then it will lead customer dissatisfaction.

So, this is a very major problem with the service companies because, that requires a very good internal communication between operations and marketing personnel and also the other personnel in the organization. So, that the promises are realistic, realistic promises means, those promises on which companies are able to deliver.

The second problem is that of unethical advertisers and salespeople deliberately make exaggerated promises to secure sales. So, another problem is that the sales peoples, they promise something so, that they are able to make, to make the sales although they themselves know that this may not be possible. So, that is also unethical, but just in order to get the customers they make this, a, these exaggerated promises.

The third is deceptive promotions that lead people to think that they have a much higher chance of winning prices or awards than is really the case. So, these are the deceptive promotions, these promotions are used by the companies so, promotions basically are used by the companies to increase sales in the short term.

Now, these deceptive promotions they make people think that, that they have the greater chance of winning the award if they purchase the product of this company. And which may not always be the case so, that is a deceptive promotion which makes consumer, buy the product or services but, then the chances of winning is not as high as they are made to believe.

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A different type of ethical issue concerns unwanted incursion by aggressive marketers into people's personal lives. And because of this increase in telemarketing, direct mail, email and messages it is frustrating for those who receive unwanted sales communication. So, that is why so, you would have experience that several times you get this serious call where the caller want to sell some kind of insurance or a house, or a loan etc. Now, how do they get our numbers and our emails so, that is again an ethical issue that faces the service companies.

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Another thing that we will talk about today is the role of corporate design. So, corporate design is key to ensure a consistent style and message is communicated through all the firms communication mix channels. So, this corporate design is the key to ensure a consistent style

and message is communicated through the firms all communication mix channels. So, in order to build this corporate design, the message is communicated through all the firms communication mix. The corporate design is particularly important for companies operating in competitive markets, where it is necessary to stand out the, from the crowd to be instantly recognizable in different locations.

Many service firms employ a unified and distinctive visual appeal for all tangible elements to facilitate recognition and reinforce a desired brand image. So, now you see that service firms they employ a unified and distinctive so, one thing is that it should be unified and another thing is that it should be distinctive visual appearance for all the tangible elements so, we are talking about these tangible elements.

So, as to facilitate for what purpose, to facilitate the recognition and reinforce the brand image. So, you see that we are looking at a unified and distinctive visual appeal of all the tangible elements so, that they facilitate the recognition and reinforce the desired brand image.

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THE ROLE OF CORPORATE DESIGN

- Corporate design usually includes stationery and promotional materials, retail signage, uniforms, and color schemes for painting vehicles, equipment, and building interiors.
- Some companies stand out because of the color they use, the widespread application of their logos, the uniform worn by their employees, and the design of their physical facilities.





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Corporate designs usually include stationary and promotional materials, retail signage, uniforms and color schemes for painting vehicles equipment and building interiors. So, every tangible element will have a similar kind of corporate designs and these tangible elements include the promotion, the stationary and promotional material, retail signage, uniforms the color schemes, and the vehicles and equipment and interiors may be the website also. So, that it gives the unified image to the customers.

Some companies stand out because, of the color they use the widespread application of their logos, the uniform worn by their employees and the design of their physical facilities. So, that is why we will see that, that different airlines can be easily recognized by the color scheme of the aircraft or the color scheme of the clothes that their crew members wear.

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So, the objective of corporate design is to provide a unifying and recognizable theme that links all the firms' operations in a branded service experience through the strategic use of physical evidence. So, now all the tangible elements that is the physical so, the tangible element that we are talking about is this.

So, this corporate design, the objective of having this corporate design, is that they should provide a unifying and recognizable theme. So, that the people are able to recognize the firm suffering and differentiate them from another competitors offering. So, companies can do that in several ways.

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Including so, what are the corporate design strategies the first is the name as the central element. So, companies in highly competitive express delivery industry tend to use their name as a central element of their corporate design. So, this first thing name is being used as the element of their corporate design that is a central element of their corporate design for example, federal express changed its trading name to a more modern FedEx.

It featured the new name in a distinctive new logo. So, now pronouncing whole of this is slightly difficult as compared to saying FedEx and it looks modern. So, they have changed this, their name so, that it becomes easier for the customers to identify and differentiate this company.

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Another strategy is to use trademark symbols as primary logo. So, many companies use the trademarked symbol so, that symbol is trademarked so that, other companies are not able to use them rather than a name. So, in the first case they are using the name now, they are using a logo. So, in the first case companies were using their as primary logos now, they are using symbols, trademarked symbols as their primary logo.

Shell makes a pun of its name by displaying the yellow scalloped shell on a red background which has the advantage of making its vehicles and service stations instantly recognizable. McDonald Golden Arches is said to be the most widely recognized corporate symbol in the world and is featured at all touch points and in all the companies communication material. So, it becomes very easy for people travelling across the world that they can easily recognized this, Golden Arches and they can walk in and get their preferred needs.

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The third is using corporate brand names, some companies have succeeded in creating tangible, recognizable symbols to associate with their corporate brand name. So, now they are using tangible, recognizable symbols so, for in the first case they were using name in the second case, they were using trademarked logos and now they are using this tangible and recognizable symbols that are associated with their brand names for example, Swoosh of Nike so, this is this kind of a symbol so that is used on Nike's products.

So, in addition to Nike this is also used to recognize the name. The eagles of the US postal service and Aero Mexico, the loins of ING Bank and Royal Bank of Canada, and the Chinese dragon of Hong Kong's Dragonair.

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Another important the strategies using the colors in the corporate design so, many companies use colors in their corporate designs so, if we look at gasoline retailing, we see BP's immediately recognizable bright green and yellow service stations Texaco's red, black and white, and Sunoco's blue, maroon and yellow. So, in the first case they have used their names, in the second they have used a logo, in the third they have created some tangible and recognizable symbols and in the fourth this color is used in the corporate designs.

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Now, these are some of the examples of corporate design strategies in this in the first case, the name is the central element. So, FedEx, FedEx Corporation then we have DHL, DHL express, also look at the way they are written and the color schemes. In the second the trademark symbols is important. So, the Golden Arches so, they are yellow and there are two Arches which come together and form M of this McDonald and then, there is the, this shell, shell's yellow scalloped shell so, now it is again red and yellow.

So, even if you do not see shell written somewhere if this logo is there then people can easily recognize that this is shell. In the third there are tangible, recognizable symbols so, the first example of this is ING's banks lion in the second case, it is Hong Kong's Dragonairs and its dragon so, now again it is here it is written in back and then there is this dragon so, instead of putting in the brand name, these logos, they also serve as identification.

And then the last example is that of distinctive colors used in corporate design again look at this DHL so, DHL's yellow that is pantone 116 and red pantone 200 colors of its logo. So, these are the various types of colors that they use in their logo. And the last example is that of

BP's bright green and yellow service stations. So, this is a symbol that they have used along with their initials so, that is British Petroleum so, this is how these corporate designs are used.

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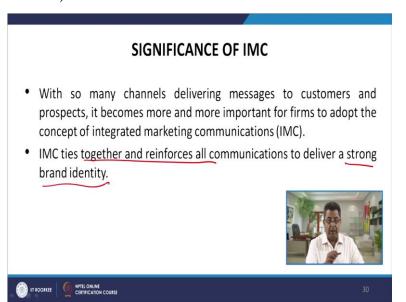


So, now let us look at the significance of the integrated marketing communication it means that a firms various media deliver the same messages and have the same look and feel. And the communication from the different media and communication approaches. All become part of a single overall message that the service firms and its products.

So, now we are looking at various media the same messages delivered and that should have a same look and feel and the communication from the different media and communication approaches all become part of a single thing. So, firms can achieve this by giving the ownership of IMC to the single department. Now, if too many people get involved then this unification becomes difficult so, what service firms can do this to give the ownership of IMC to a single department that is the marketing department.

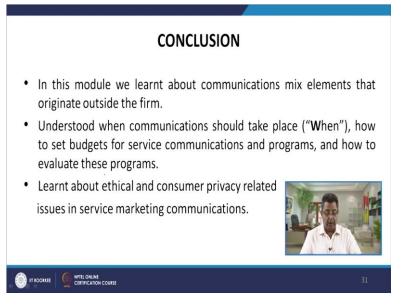
Or by appointing the marketing communication director, who has overall responsibility for all the firms marketing communication so, this single point of contact will increase the likely hold that the same message is delivered across different platforms.

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With so many channels delivering messages to customers and prospects it become more and more important for firms to adopt the concept of integrated marketing communication. So, IMC ties together and reinforces all communications to deliver a strong brand identity. So, this is the task of IMC to tie together and reinforce all communication so, that a strong brand identity can be created and deliver to the customers.

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To conclude in this module, we have learned about communication mix elements in that originate outside the firm, and how important they are in communicating with the customers. Then we understood with, when communications should take place that is the When. How, to set budgets for service communication and programs and how to evaluate these programs.

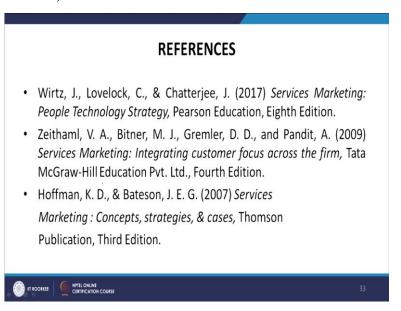
Ann then we learned about ethical and consumer privacy related issues in services marketing communication.

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Then we have try to understand the role of corporate design in this communication and finally we have highlighted the importance of integrated marketing communication, to deliver a powerful brand identity.

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These are the three books from which the material for this module was taken. Thank You.