

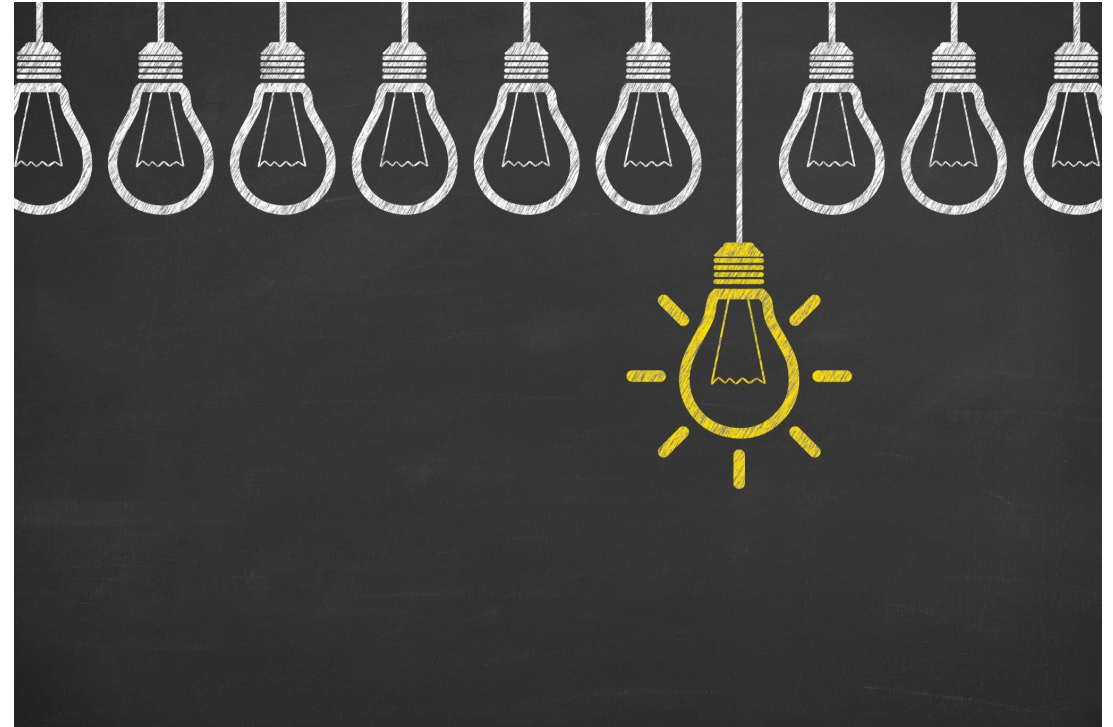
# MARKETING AND SALES

## Week #5

Extended 3 Ps – People, Processes and  
Physical Evidence/Environment

# REVIEW FROM LAST WEEK

- Promotion and Place
- Marketing Mix (7 Ps)
- Assignment #1 due May 17, 2024
- Any questions?



# MARKET SEGMENTS



Marketing works best when you have a clear idea of who is likely to buy from you. For Starbucks there are many potential segments – these are just examples:

- Commuters
- Students
- People on a shopping trip
- Age 18-55
- Higher income etc.

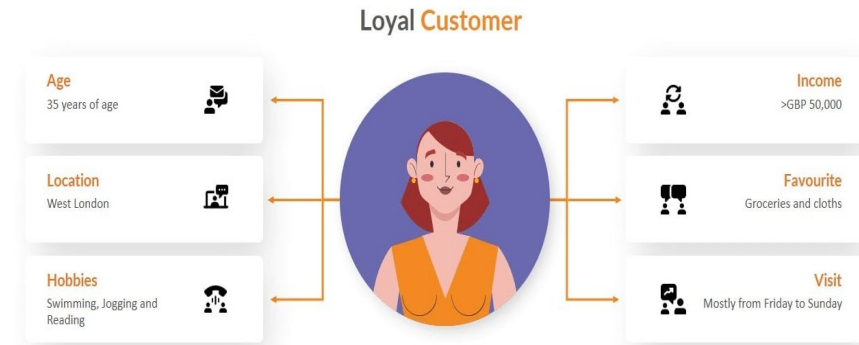
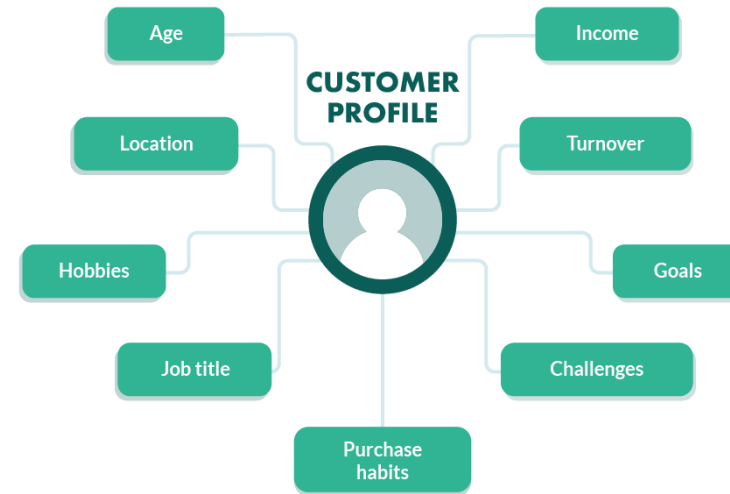
# SEGMENTATION/CUSTOMER PROFILE

Customer profiles help us to get a good idea of the similarities within – and the differences between – customer segments. Using segmentation criteria allows us to build these profiles in a way that is meaningful to our brand.

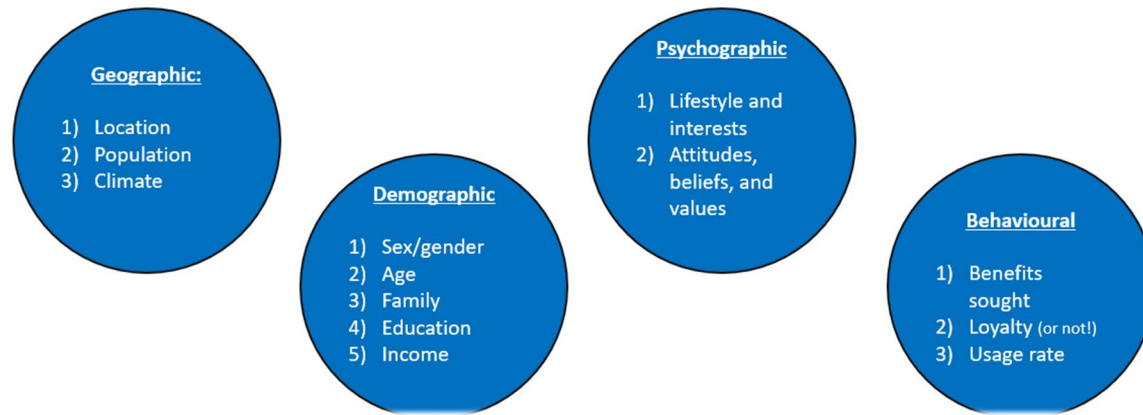
Ideal buyer profiles are used to target the most profitable customer group as a priority. We can use this information to paint a picture of the “average” customer/s by looking at each of these age ranges, incomes, browsing habits etc.

There will typically be several profiles that fit a given brand.

For example, you may have found that the most common customer profile for your brand is 18-24 age range, that most visitors are female and also google words like music or travel and most frequently visit your webpage via Facebook advertisements. Now we have a basic picture of our main target customer.



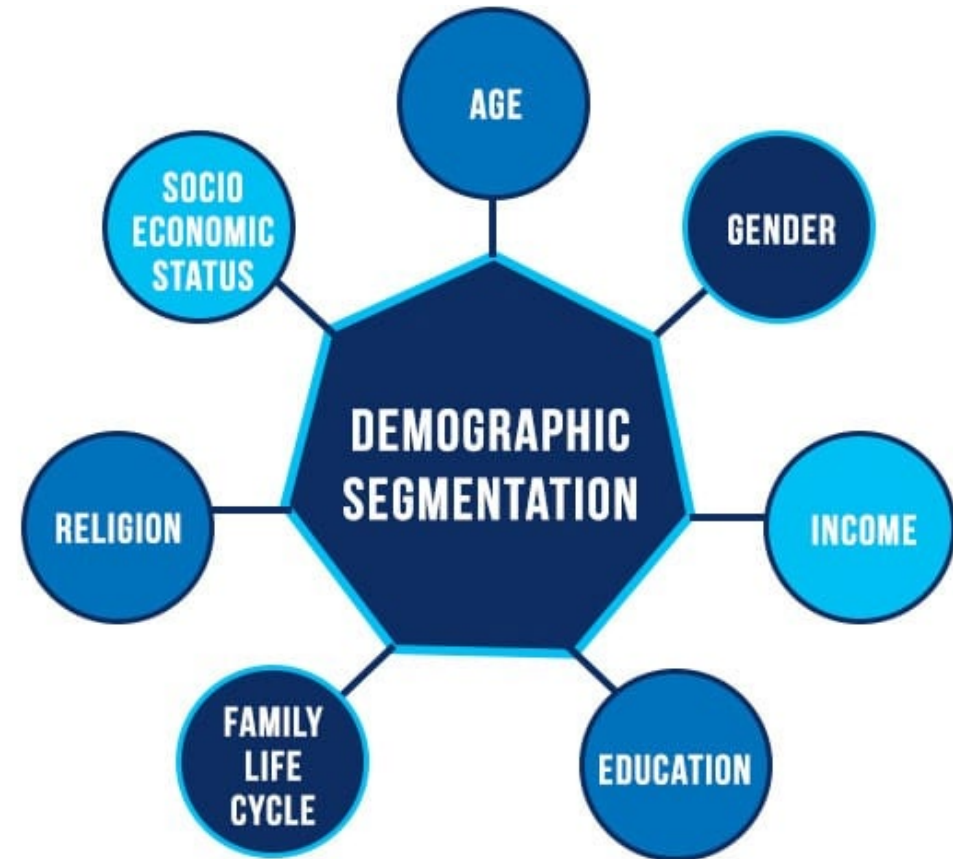
# SEGMENTATION VARIABLES



Segmentation is the process of breaking down the market into groups of customers with similar needs. These four categories can be used to assess and group consumers.

# DEMOGRAPHIC

A demographic refers to distinct characteristics of a population. Researchers use demographic analysis to analyse whole societies or just groups of people. Some examples of demographics are age, sex, education, nationality, ethnicity, or religion, to name a few.

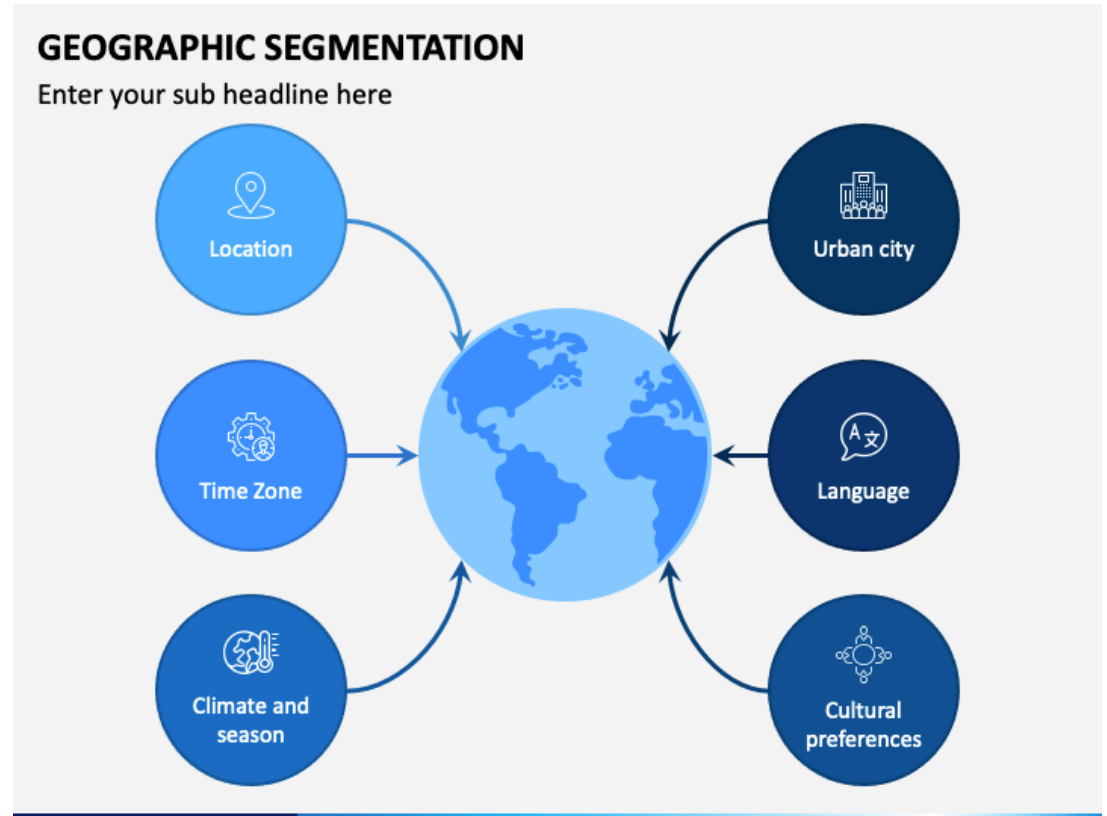


# DEMOGRAPHICS

- Individuals within the ABC1 social grade demographic, likely hold professional or managerial positions in their careers and have completed higher education. They tend to have a higher income, resulting in increased access to housing and healthcare.
- C2 is for skilled manual occupations
- DE if for semi-skilled and unskilled manual occupations; unemployed and lowest grade occupations.

# GEOGRAPHIC

Geographic segmentation is the practice of dividing your audience based on geographic location, from country right down to post code. It's used to target products, services or marketing messages at people who live in, work in, or shop at a particular location.



# BEHAVIOURAL

Behavioural segmentation is the process of grouping customers according to their behaviour when making purchasing decisions. Market researchers observe aspects such as readiness to buy, for example, the knowledge they have about the product, level of loyalty, interactions with your brand or product usage, experience, etc.

## EXAMPLE:

A company offers a £2 discount on a future purchase for being a loyal customer. Other industries that frequently use customer loyalty segmentation are hospitality (preferred hotel guests), travel (frequent flier programs), and finance (platinum credit card members).

# PSYCHOGRAPHIC

- Psychographics is the qualitative methodology of studying consumers based on psychological characteristics and traits such as values, desires, goals, interests, and lifestyle choices (value for £ or high end, for example).
- There are five psychographic segmentation variables, which are: Personality, Lifestyle, Social Status, AIO (Activities, Interests, Opinions), and Attitudes.

For example, customers might have different attitudes toward pets, work, industries, and so forth. A good psychographic segmentation example of how attitudes impact buying decisions is that someone who loves pets would be more likely to purchase premium pet beds.

# PRIMARY RESEARCH

Primary research involves gathering data that has not been collected before. Methods to collect it can include interviews, surveys, observations or any type of research that you go out and collect yourself.

## Advantages:

- Is generally accurate
- Is current

## Disadvantages:

- Can be costly (time and money)
- Response bias
- Can be challenging to ensure there are enough surveyed etc.

# SECONDARY RESEARCH

- Secondary research, also known as desk research, is a research method that involves compiling existing data sourced from a variety of channels. This includes internal sources (for example, in-house research) or, more commonly, external sources (such as government statistics, organisational bodies, and the internet).

## Advantages:

- Easier to obtain
- Easier to correlate (if looking at statistics, this may already be done)

## Disadvantages:

- May not be targeting specifically

# RESEARCH

## QUALITATIVE

- Qualitative research is a type of research that aims to gather and analyse non-numerical data to gain an understanding of individuals' social reality, including understanding their attitudes, beliefs, and motivation. It is inductive in nature.
- Qualitative research methods include observations, one-on-one interviews, case study research, focus groups, etc.

## QUANTITATIVE

- Quantitative research is the process of collecting and analysing numerical data. It can be used to find patterns and averages, make predictions, test causal relationships, and generalize results to wider populations. It is deductive in nature.

# RESTAURANTS RE: MARKETING

- How to research and find information (new and existing)?
- Social media
- Primary research
- Secondary research
- Websites
- Competitors (re: above)



# TARGETING/CREATE A CUSTOMER PROFILE ACTIVITY

- Create a customer profile on Similar Web using demographic, geographic, behavioural and psychographic variables.
- For example, McDonalds (see link below and/or put Similar Web followed by restaurant chain of your choice).
- [mcdonalds.com Traffic Analytics, Ranking & Audience \[April 2024\] | Similarweb](#)



# PEOPLE

People, considers the employees of the organisation and their role in service delivery. Employees control multiple touchpoints with consumers, meaning they are key to creating competitive advantage.

People need to be:

- Competent, friendly, and understanding of consumers' needs.
- Trained in customer service (where possible).
- Given the confidence and ability to solve customer needs problems/challenges.

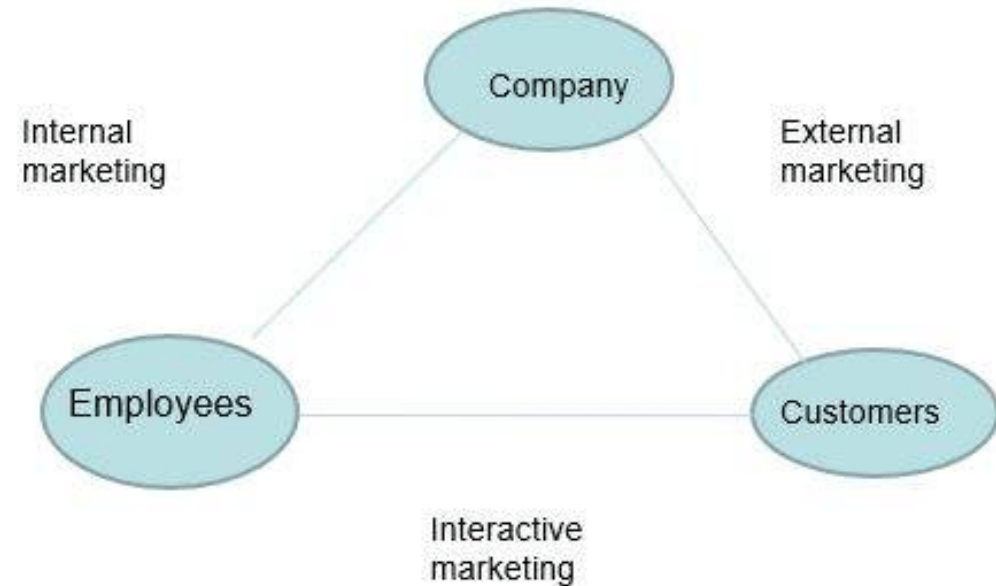
- Customer facing staff are key in reflecting the corporate brand.
- They help make the service look attractive to the customer.
- Increasing customer loyalty through good customer service.
- Increasing competitive advantage through good customer service.
- Educating customers on how to use the service correctly to increase satisfaction.

# PEOPLE

Marketing has three main types:

- Interactive
- External
- Internal

*“Marketing by a firm to train and effectively motivate it’s customer contact employees and all the supporting service people to work as a team to provide customer satisfaction” (Kotler et al., 2007)*



# PEOPLE

- Should employees be rewarded for doing the job they are employed to do?
- Let's discuss...



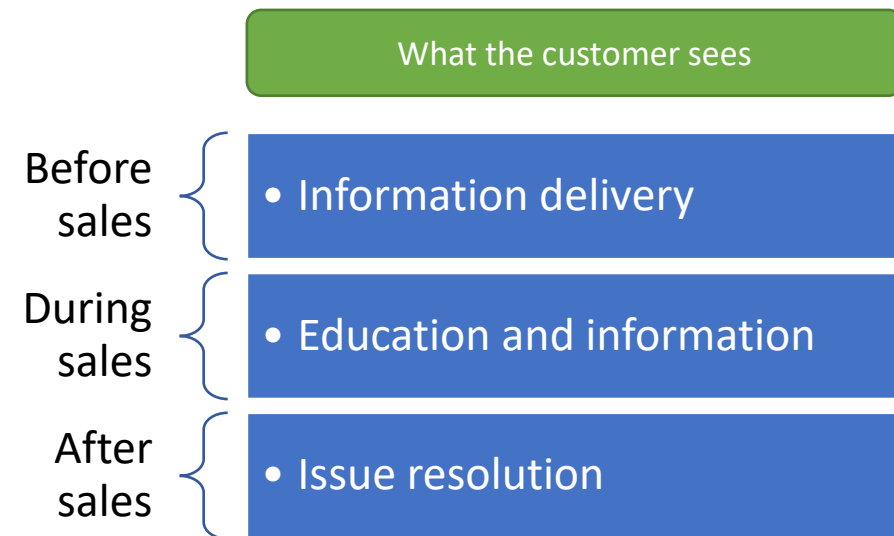
# PROCESS

Processes need to be:

- Consistent (*people need to know what to expect*)
- Easy to navigate (*confusing processes are not helpful for employees or customers*)

Processes differ for each organisation, however, all need improvement following:

- New product or service offerings (*from the organisation or competitors*)
- Changes in customers' needs
- New technology
- New processes in other parts of the chain



# PROCESS

## QUESTION?

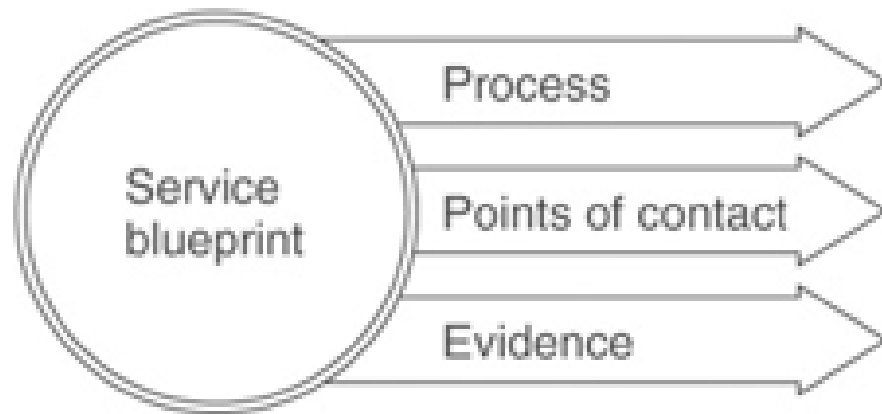
- What processes are involved for a customer booking a table (from the customer perspective)?
- What actions are required by the restaurant?
- Is customer participation/engagement low or high?
- What are the positives and negatives of each?

# CUSTOMER PARTICIPATION IN THE PROCESS

- **LOW:** Systems do most of the work, customers turn up and pay.
- Outputs are highly standardized
- **MEDIUM:** Customers must give input (personal information etc.).
- Outputs are usually customized to a degree
- **HIGH:** Service is highly customized
- Output cannot be properly given without actively working with the customer.

All services are co-produced in some way. Depending on the nature of the service, the customer will have varying levels of participation.

# WHAT IS SERVICE BLUEPRINTING?

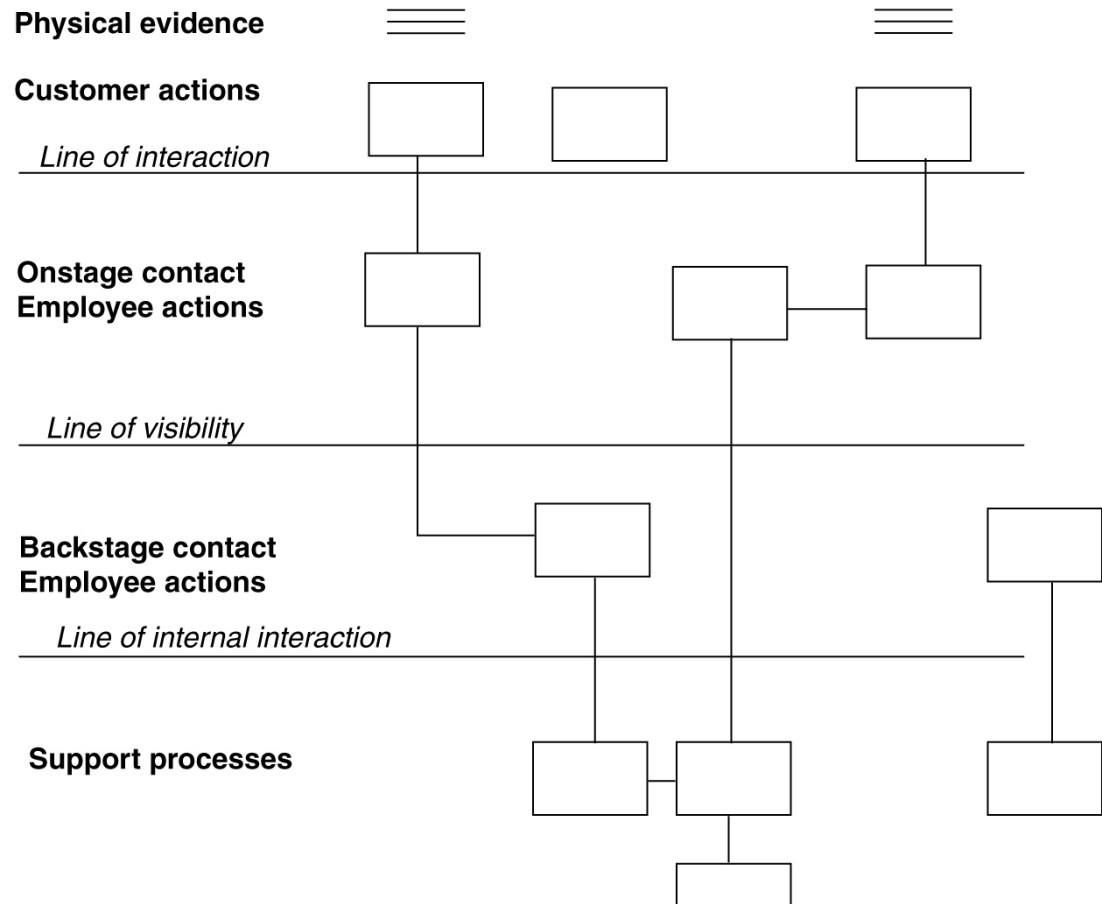


Service blueprinting is used to

Shostack (1992):

- Develop new services
- Improve existing services

# HOW IT WORKS



This basic map demonstrates key considerations.

# PHYSICAL EVIDENCE/ENVIRONMENT

Almost all services will leave physical evidence that a transaction has taken place, even if the bulk of what the consumer is paying for is intangible.

(See examples to the right).

- Contact with staff, uniforms
- Buildings, logos, even colour schemes inside
- Product packaging, receipts
- Websites and other digital content such as emails
- Things given to a consumer which prove they are entitled to something, for example, a table number etc.

# SERVICESCAPES

- Servicescapes relate to the customer's physical surroundings and the other experiential parts of the service process.
- They can have a huge influence on the consumer's perception of the service.
- The theory is about managing the physical evidence part of a service, and also helps explain consumer behaviour in a service setting.



# SERVICESCAPES

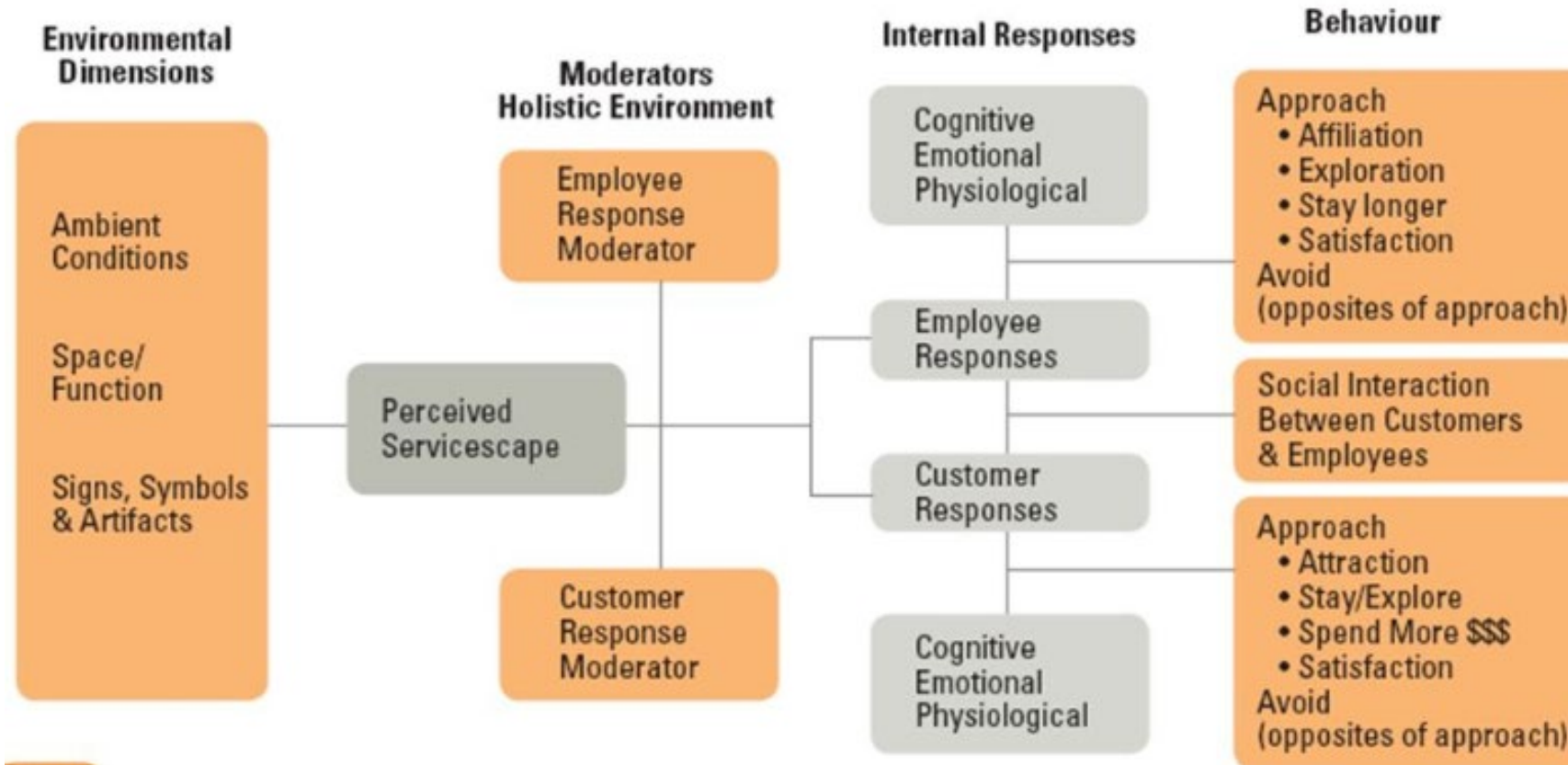
Servicescapes play the same role as product packaging for a tangible good. Booms and Bitner (1981, p.36) describe servicescapes as:

*“the environment in which the service is assembled and in which seller and customer interact, combined with tangible commodities that facilitate the performance or communicate the service.”*

Example:

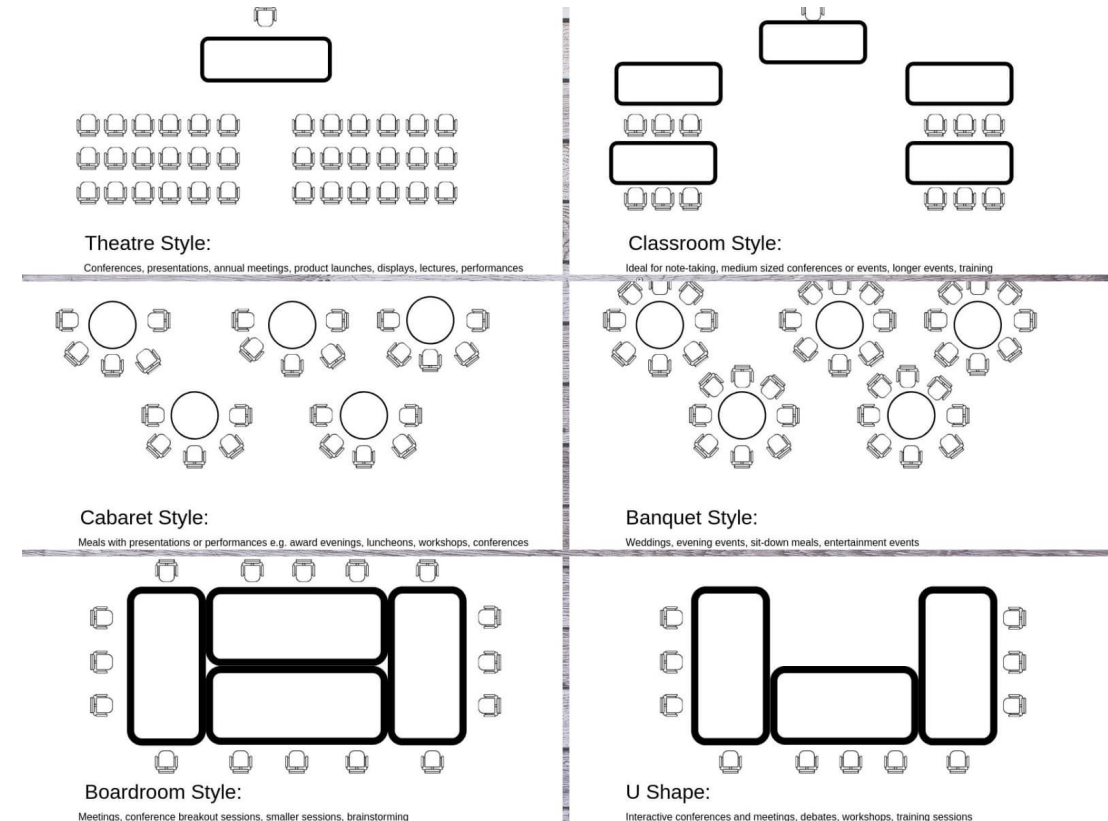
- Tesco – fresh flowers at front of store (point of entry) and security staff at front, whilst the bread and milk are at the back.
- The smell of freshly baked bread encourages an impulse sale (reward yourself).
- Let’s think about this in a restaurant setting.

# A MODEL OF SERVICESCAPES (Bitner, 1992)



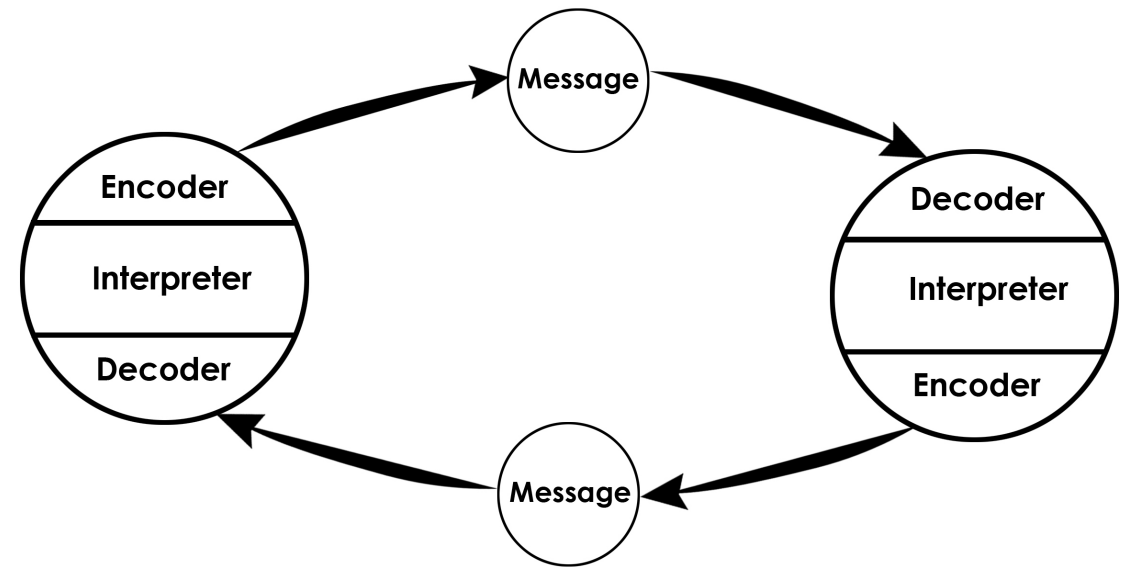
# ATTENTION TO DETAIL

- Layout
- Image
- Theming
- Colours
- AV
- Lighting
- Music
- Flexibility



# SCHRAMM'S MODEL

- Schramm's model holds that communication occurs in a circular way. Being circular implies that both the sender and the receiver exchange roles and participate equally in communication. This differentiates it from other models, which view communication as linear.

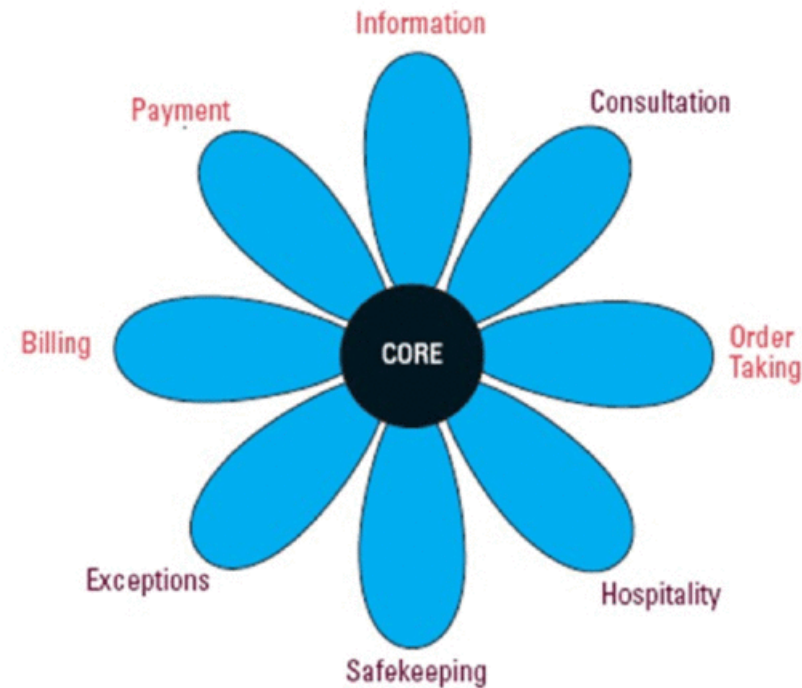


# THE FLOWER OF SERVICE

This model explains that there are two types of service:

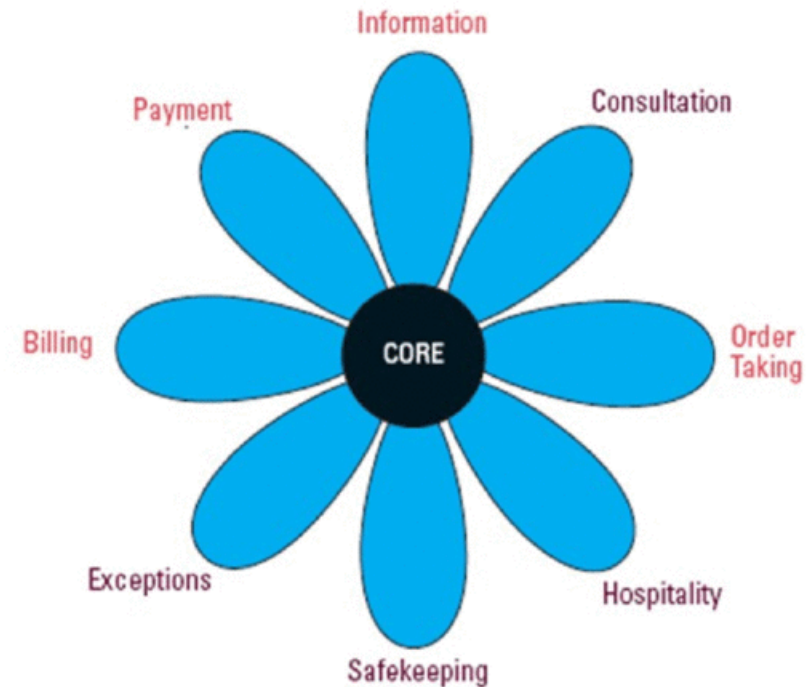
- Facilitating service
- Supplementary service

Competitive advantage comes from the supplementary parts and includes things like quality, ease of use, and the value given to the consumer.



# TASK

- Prioritise each part of the flower of service for restaurant service.
- Why have you put them in that order?
- What physical evidence can be provided at each stage of the flower of service?
- Which types of physical evidence are the most important to the consumer?



# SWOT: COMPANY INTERNAL ANALYSIS

Strengths, Weaknesses,  
Opportunities and Threats

- What do we sell?
- USP?
- How do we differ from competitors?
- What are our sources of competitive advantage?
- What are our current goals?
- Are we meeting customer needs?



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