

MARKETING AND SALES

Week 10

Segmentation

Extended 3 Ps – People, Processes and

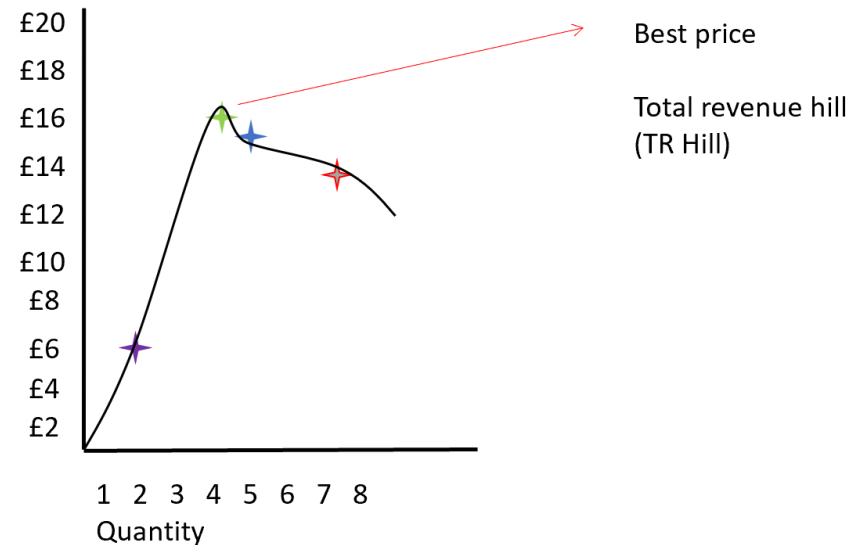
Physical Evidence/Environment

Sales

REVIEW OF LAST WEEK



TOTAL REVENUE HILL



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



<https://www.slideshare.net/juneshacharya3/3-ps-of-service-marketing>

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.

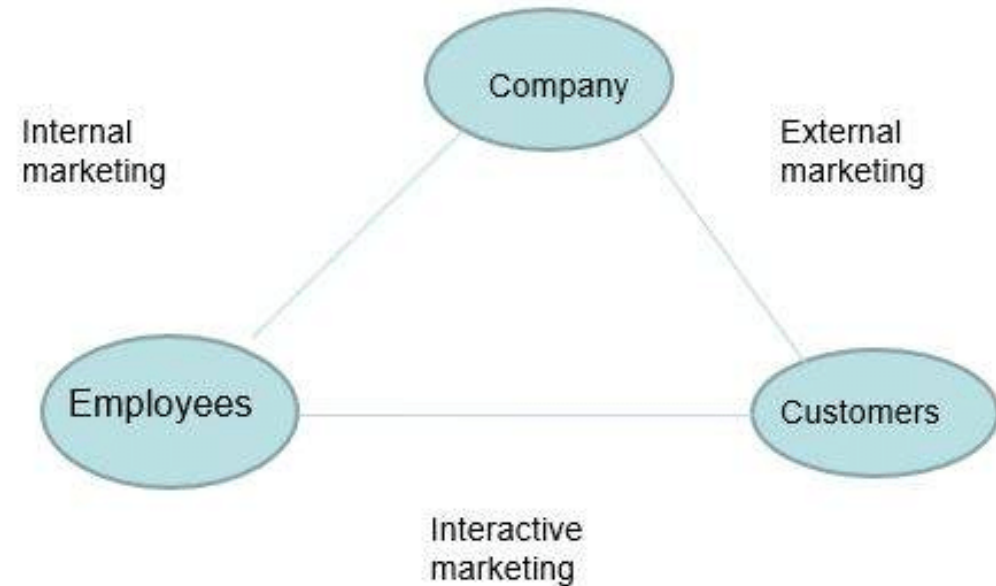
- Customer facing staff are key in reflecting the corporate brand.
- They help make the service look attractive to the customer.
- Increasing customer loyalty through good customer service.
- Increasing competitive advantage through good customer service.
- Educating customers on how to use the service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



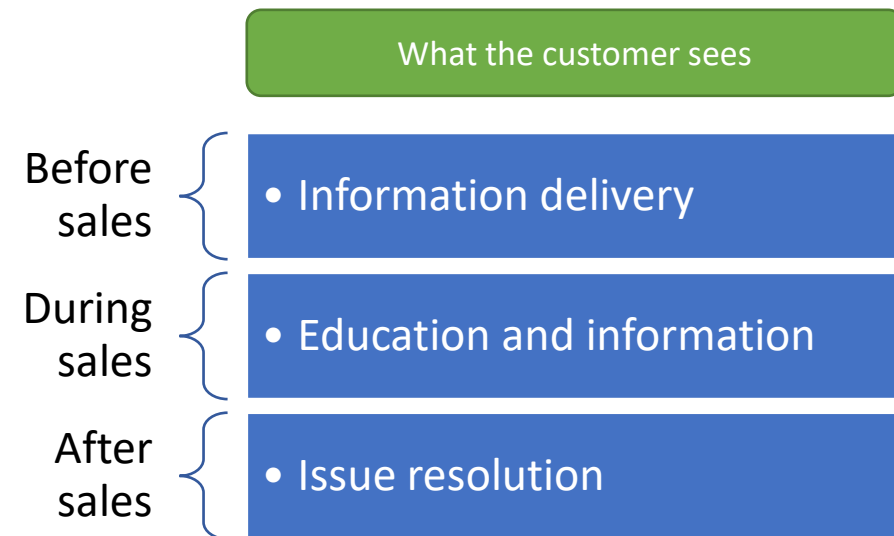
PROCESS

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

QUESTIONS?

- 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?



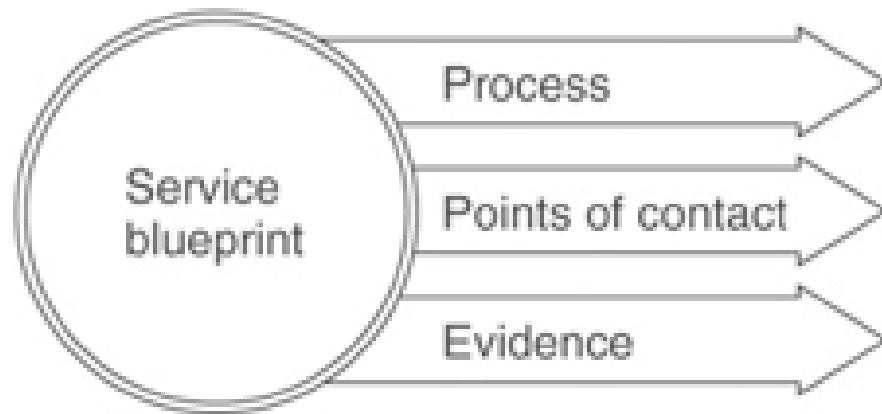
CUSTOMER PARTICIPATION IN THE PROCESS

- **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 THE SERVICE BLUEPRINTING?

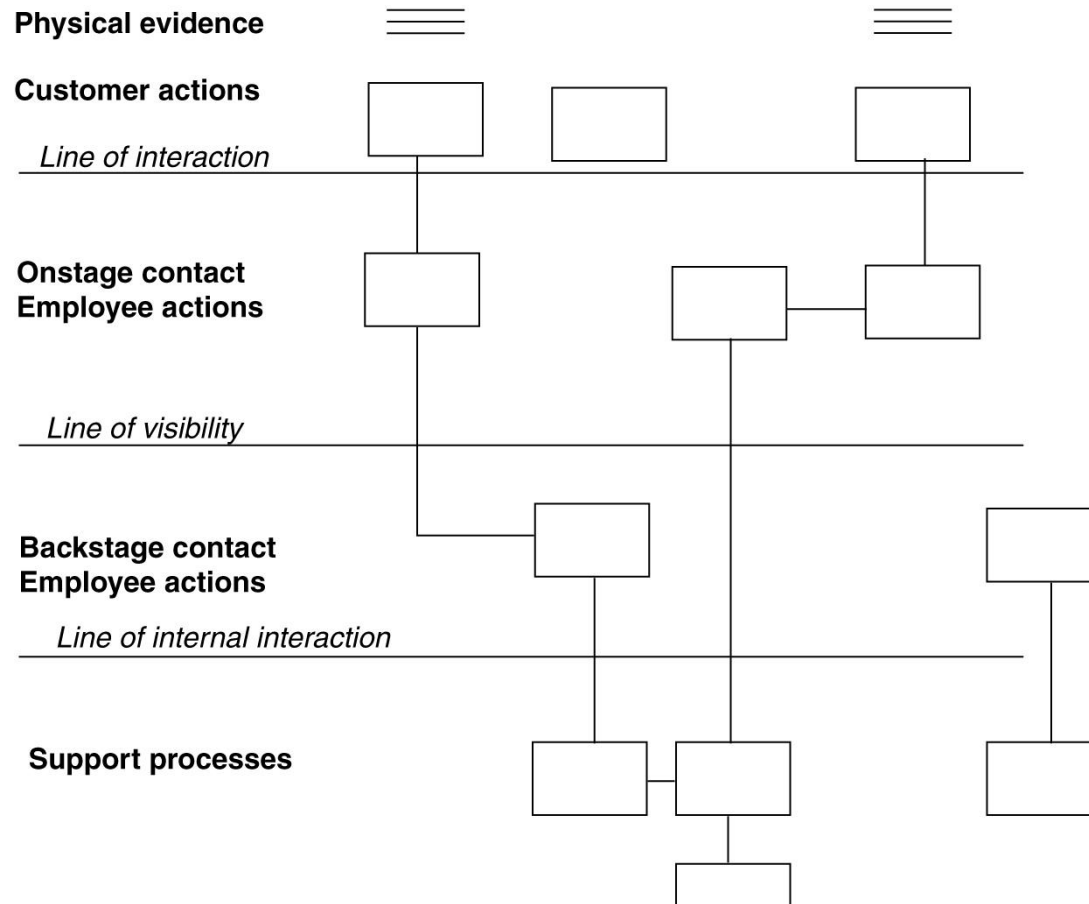


Service blueprinting is used to

Shostack (1992):

- Develop new services
- Improve existing services

HOW IT WORKS



This basic map demonstrates key considerations.

PHYSICAL EVIDENCE/ENVIRONMENT



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

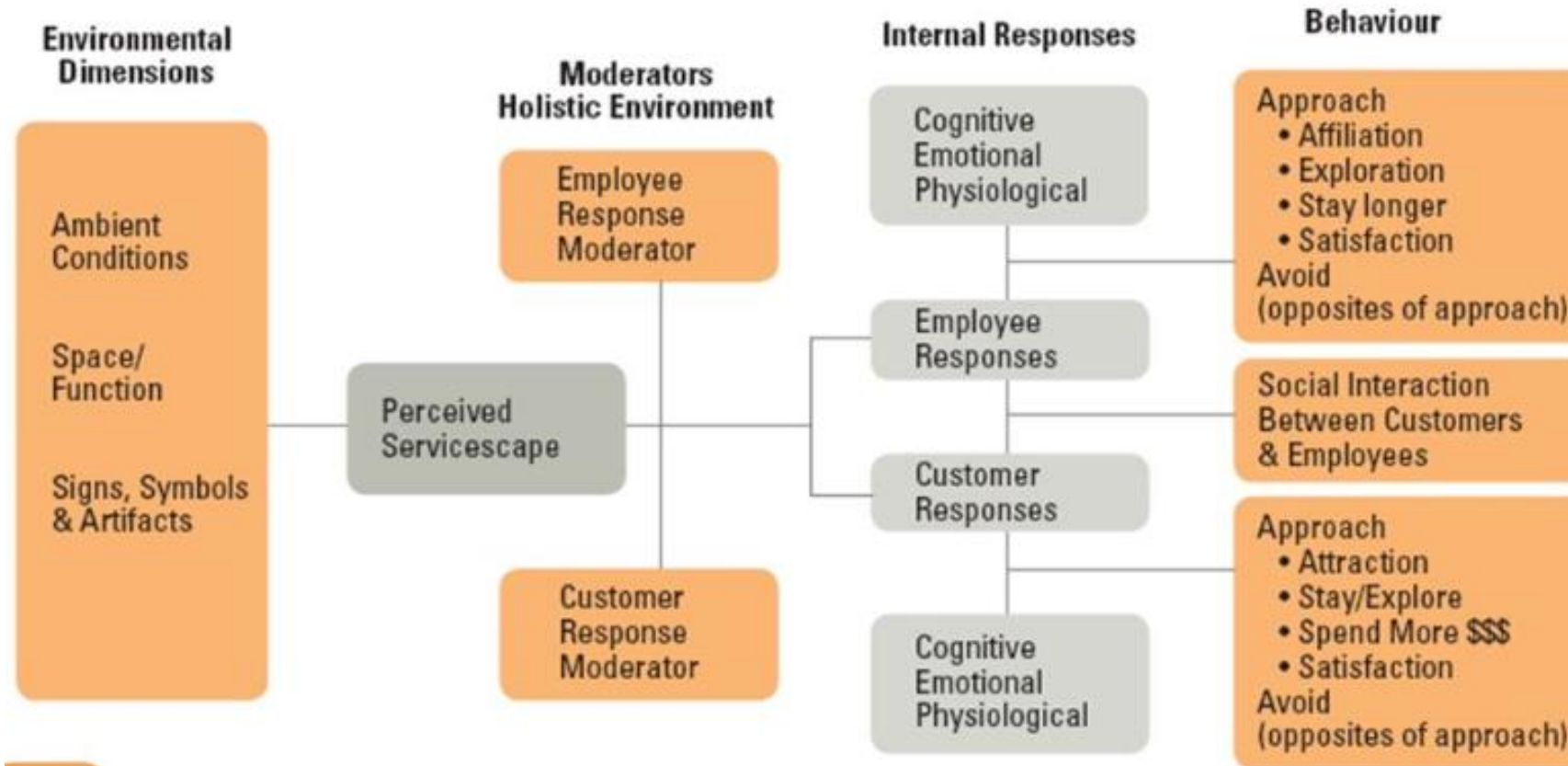
Servicescapes play the same role as product packaging for a tangible good. Booms and Bitner (1981, p.36) describe servicescapes as:

“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:

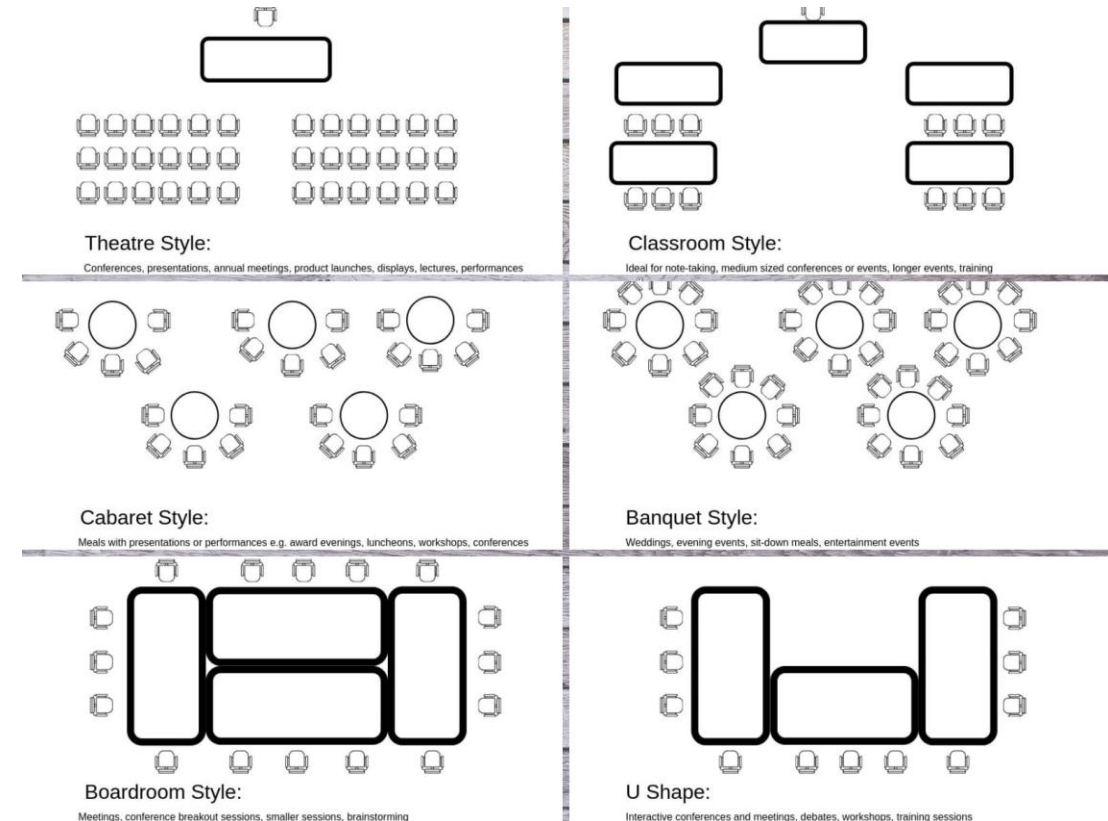
- Tesco – fresh flowers at front of store (point of entry) and security staff at front, whilst the bread and milk are at the back.
- The smell of freshly baked bread encourages an impulse sale (reward yourself).
- Let’s think about this in a restaurant setting.

A MODEL OF SERVICESCAPES (Bitner, 1992)



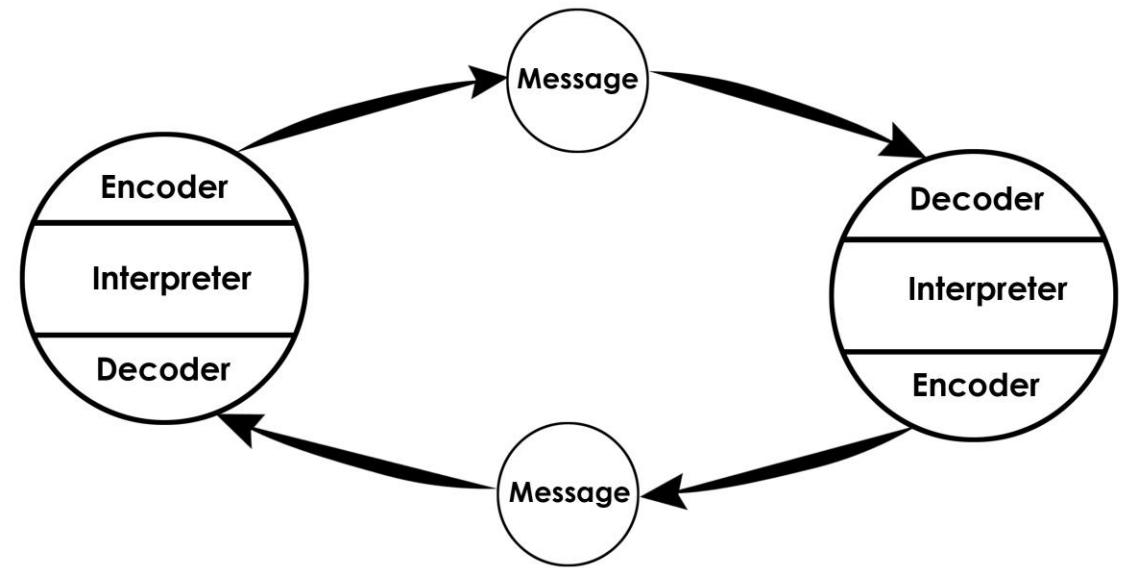
ATTENTION TO DETAIL

- 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.

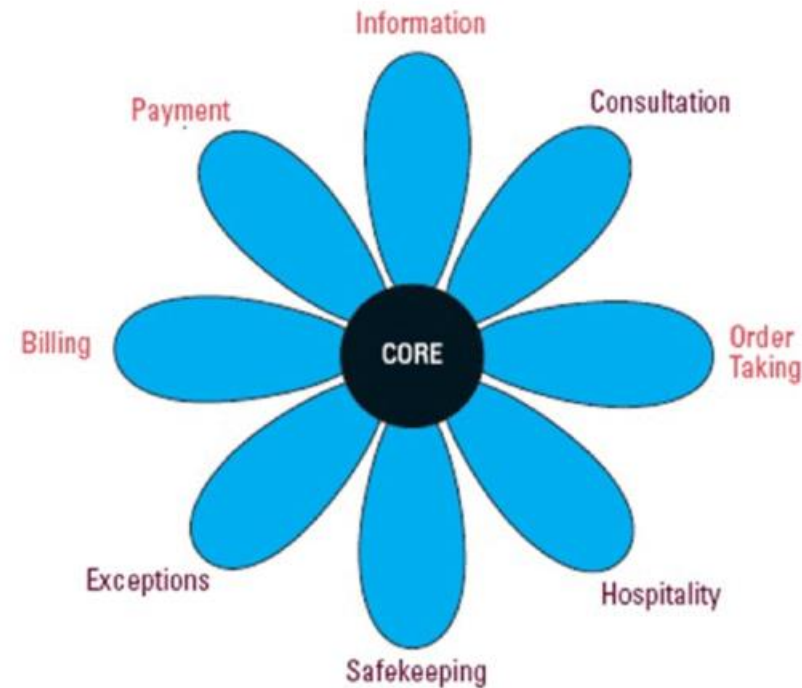


THE FLOWER OF SERVICE

This model explains that there are two types of service:

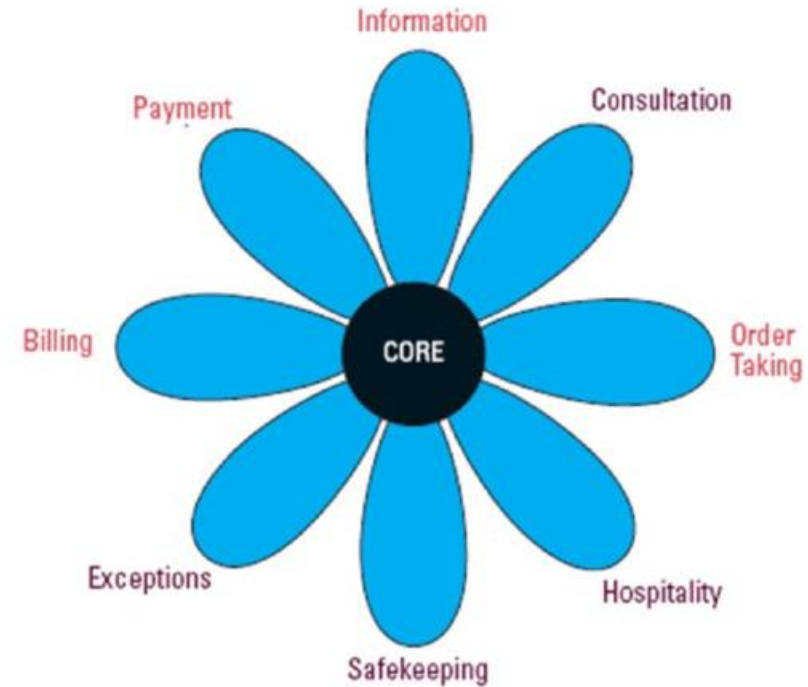
- Facilitating service
- Supplementary service

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?



MARKETING AND SALES

SALES

THE SALES SCHOOL VERSUS THE COMMUNICATIONS SCHOOL

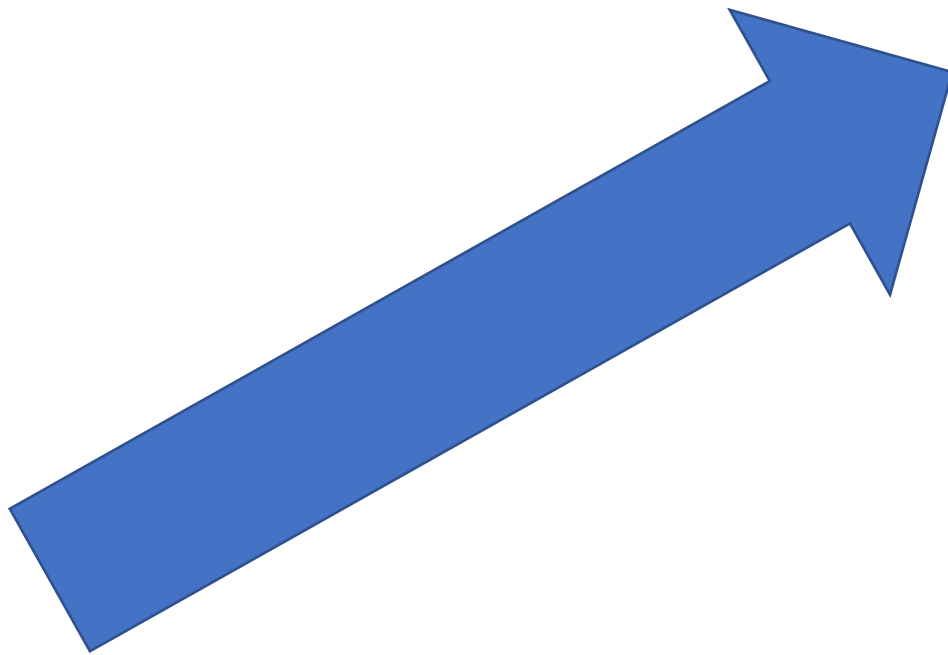


A HIERARCHY OF COMMUNICATIONS

Colley (1961)

Stage	Explanation
Awareness	Awareness of the existence of a product or brand is necessary before any purchase will be made.
Comprehension	Audiences need information and knowledge about the product and its specific attributes. Often the audiences need to be educated and shown either how to use the product or how changes (in attributes) might affect their use of the product.
Conviction	By encouraging beliefs that a product is superior to others in a category or can confer particular rewards through use, audiences can be convinced to trial the product at the next purchase opportunity.
Action	Potential buyers need help and encouragement to transfer thoughts into behaviour. Providing call-free numbers, website addresses, reply cards, coupons and salespeople helps people act upon their convictions.

AN AWARENESS GRID



		Involvement	
		High	Low
Awareness	High	Sustain current levels of awareness (deploy other elements of the promotional mix)	Refine awareness (inputs through the introduction of knowledge components)
	Low	Build awareness quickly	Create association of awareness of product with product class need

Communication schools

- What is adequate levels of awareness and comprehensions

• ???



SALES VOLUMES VARY FOR A WIDE VARIETY OF REASONS:

- COMPETITORS CHANGE THEIR PRICES
- BUYERS' NEEDS CHANGE
- CHANGE IN LEGISLATION MAY FAVOUR THE STRATEGIES OF PARTICULAR ORGANISATIONS
- GENERAL ECONOMIC CONDITIONS CHANGE
- TECHNOLOGICAL ADVANCES FACILITATE IMPROVED PRODUCTION PROCESSES
- ECONOMIES OF SCALE AND FOR SOME ORGANISATIONS, THE OPPORTUNITY TO REDUCE COSTS
- THE ENTRY AND EXIT OF DIFFERENT COMPETITORS



ROLE OF OBJECTIVES

- Provide direction
 - Variety of actions can be made in a consistent way
 - Set out the time period
 - Communicate the values and scope to all participants
 - A way to measure the success of the activity
- Institute of Practitioners in Advertising consists of data concerning over 900 successful campaigns, recorded since 1980.
 - Campaigns that **set clear objectives are more successful than those that do not**

(Binet and Field, 2007)

GOALS GALORE

- The Shangri-La Hotels and Resorts campaign, 'its in our nature', set a goal of achieving an extra US\$90 million in room revenues, and this meant that it had to sell 10 more rooms per hotel per night.
- Visit Scotland attempted to inspire tourists to visit the country during winter. The campaign was designed to appeal to all of these senses, reversing preconceptions of dreariness and presenting Scotland as a romantic and exciting destination, with an emphasis on luxury.
- Minute Maid Pulpy is the biggest juice brand in China, but the challenge was to convert brand 'triers' into brand 'lovers' and to grow sales.
- China's shower gel market segment has 11 brands and 93 variants. Unilever's Dove had been dormant for five years. Its campaign aim was to challenge market leader Olay and grow market share from 2% to 3.4%. This meant persuading 4 million Chinese women to buy Dove Bodywash.

COMMUNICATION GOALS/OBJECTIVES

- **Corporate objectives**

- These are derived from the business plan. They refer to the mission and the business area that the organisation believes it should be in.

- **Marketing objectives**

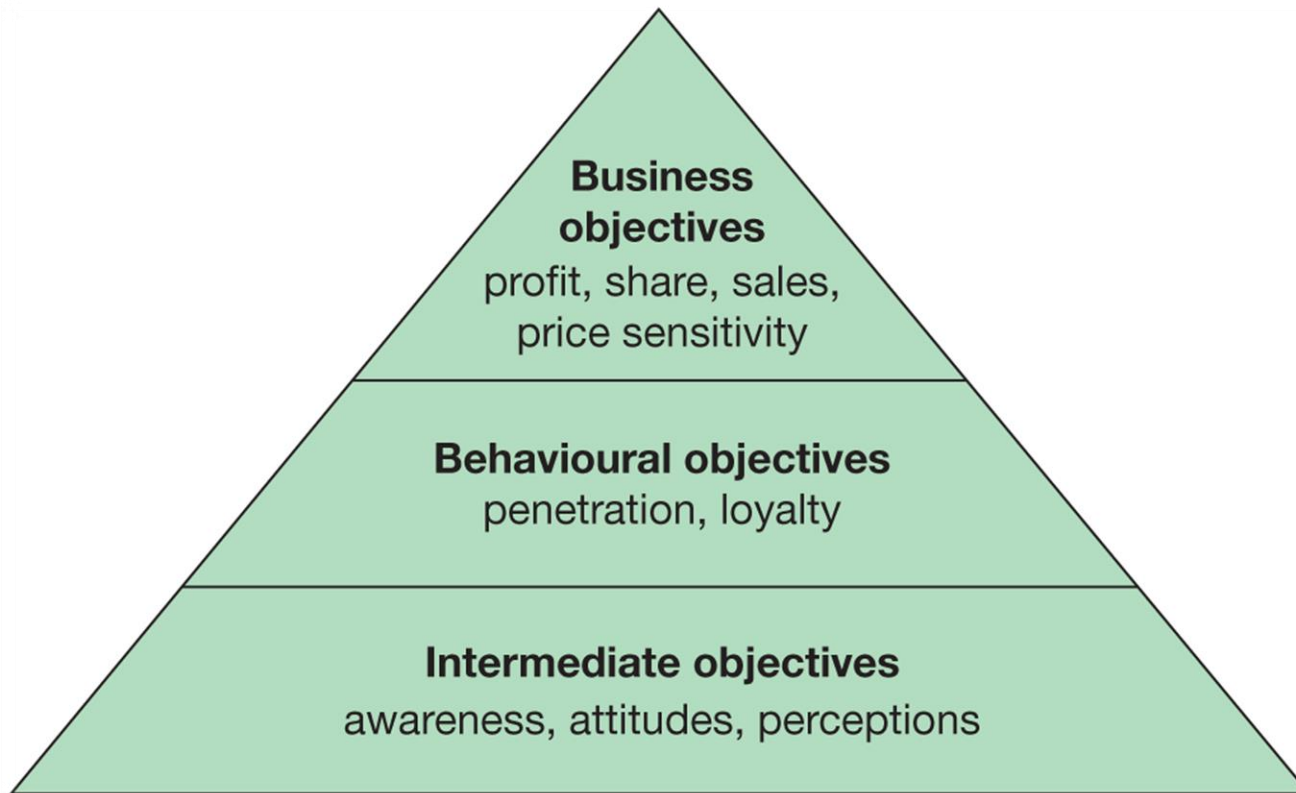
- These are derived from the marketing plan and are output-orientated. MARKET SHARE, SALES REVENUES, VOLUMES, ROI and profitability indicators.

- **Marketing communications**

- Awareness levels, perceptions, comprehension/knowledge, attitudes towards and overall degree of preference for the brand.



A HIERARCHY OF CAMPAIGN GOALS



Discussion:

1. What are your thoughts in relation to your placement?
2. New guests?
3. Current guests (loyalty)?
4. Any other thoughts?

SMART GOALS ARE...

SPECIFIC: Specific goals answer the following questions:

- Who: Who is involved?
- What: What do I want to accomplish?
- Where: Identify a location.
- When: Establish a time frame.
- Which: Identify requirements/constraints.
- Why: Specific reasons, purpose or benefits of accomplishing the goal.

MEASURABLE: Can ask questions such as:

- How much?
- How many?
- How will I know when it is accomplished?

ATTAINABLE: The goal is “do-able”:

- It is action-oriented
- It is “within reach”
- **REALISTIC/RELEVANT:** The goal must be an objective toward which you are both willing and able to work.
- Again, it must be “do-able”
- People must believe it can be accomplished
- Address the marketing objectives
- **TIMELY:** You should establish a timeframe:
- The timeframe *must* be realistic
- Everyone needs to know the timeframe...make it public

SMART

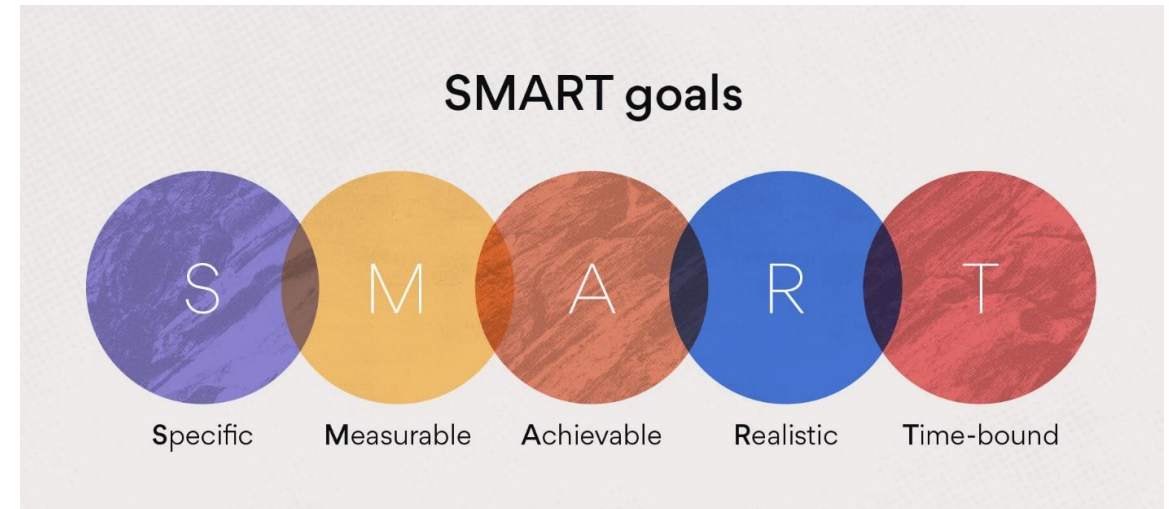
- Specific – What is the actual variable that is to be influenced in the campaign? Is it awareness, perception, attitudes or some other element that is to be influenced? Whatever the variable, it must be clearly defined and must enable precise outcomes to be determined.
- Measurable – Set a measure of activity against which performance can be assessed. For example, this may be a percentage level of desired prompted awareness in the target audience.
- Achievable – Objectives need to be attainable, otherwise those responsible for their achievement will lack motivation and a desire to succeed.
- Realistic – The actions must be founded in reality and be relevant to the brand and the context in which they are set.
- Targeted and timed – Which target audience is the campaign targeted at, how precisely is the audience defined and over what period are the results to be generated?

OBJECTIVES

- Specific - What are you going to do? (be specific, not vague)
 - Measurable - What will be achieved? (quantitative metric)
 - Attainable - This is 'Do-able' because?
 - Realistic - What is the likely outcome?
 - Timely - What is the deadline?
- **S** = "Manage a promotional campaign targeting (customer segment/profile) addressing the concerns raised from examining customer feedback and reviews."
 - **M** = "I will attract 100 customers and 1,000 online customer interactions over a 2 month campaign."
 - **A** = "100 new customers, 1,000 interactions over 2 months."
 - **R** = "This will elevate customers concerns, raise brand awareness and attract a realistic return."
 - **T** = "By When?"

CRAFT A PERSONAL SMART GOAL

Think of a skill or ability you would like to develop and set a SMART target in 10 minutes!



COMPANY INTERNAL ANALYSIS

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?

Strengths
Weaknesses
Opportunities
Threats



SWOT (Micro analysis)

What a Company does especially well.

This could be something intangible,
such as **the 'BRAND'**.

It could also be your people and your
highly skilled and knowledgeable staff.

YOUR Customer Service.

Your LOCATION.

Strong leadership, or a great team!

Think of your placement and tell me something 'specific'
that you feel they do better than anyone else and how you
can prove it (evidence)? (10 mins)



WEAKNESSES

For the same brand, what are their weakness (these can be hard to find as companies don't like to advertise their weaknesses. A good place to look, is on reviews sites, such as Tripadvisor, Amazon product reviews, You tube/social media etc. (10 mins)



- Once you've figured out your strengths, it's time to be critical and review your weaknesses.
- What's holding your business or project back? Shortage of skilled people and financial or budgetary limitations?
- What does the company LACK?
- Things your competitors do better than you?
- Resource limitations
- Unclear unique selling position.

OPPORTUNITIES

For the same brand, find an opportunity (again a good place to look is on reviews sites! Often a weakness and opportunity can be the same thing! Find a link which you think shows an opportunity (not the same link as your weakness) and let's discuss (with a short explanation of what the link says and to explain what the opportunity is). (10 mins)



Marketing team - **That's an opportunity.**

Is your company developing an innovative new idea that will open up NEW markets or demographics? **That's another opportunity.**

Press/**MEDIA coverage** of your company.

FEW competitors in your area.

A SWOT analysis covers everything you could do to grow as a company or advance your organization's mission.

THREATS

- The final element of a SWOT analysis are Threats – everything that poses a RISK to either the company or its likelihood of success or growth.
- This could include things like emerging competitors, changes in regulatory law, financial risks, and virtually everything else that could potentially jeopardize the future of your company or project.
- NEGATIVE Press.
- New or strengthening rivals/competition.
- Changing CUSTOMER attitudes towards the company.
- Geopolitical events, Ukraine, economy, strikes, NHS, food banks etc.



DIRECT MARKETING

- A strategy used to create a personal and intermediary-free dialogue with customers. This should be a measurable activity and it is very often media-based, used with a view to creating and sustaining a mutually rewarding relationship.



DIRECT RESPONSE MEDIA

- Direct Mail
- Telemarketing
- Carelines
- Inserts
- Print
- Door-to-door
- Radio and television
- Interactive Media



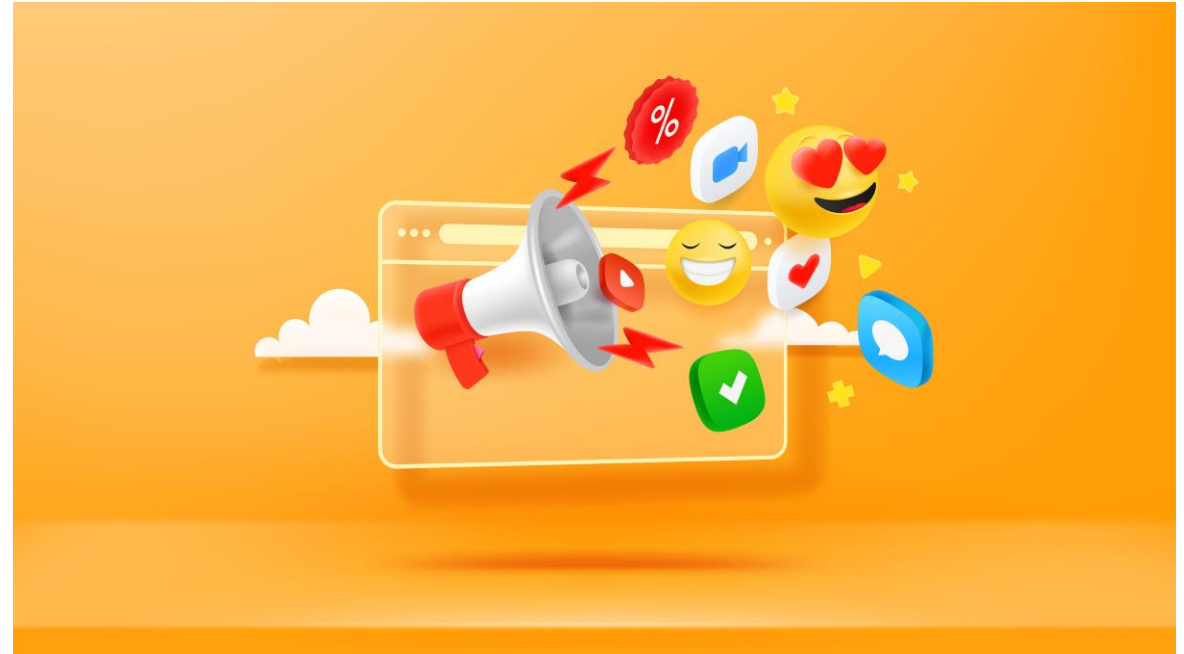
METHODS OF DIRECT MARKETING: EXERCISE

Which ones have you responded to in the past?

Which ones are most likely to influence your purchase decisions?

Which ones are the least likely?

Explain for each method your personal responses over the last year?



PERSONAL SELLING

- Involves a face-to-face dialogue between two persons or by one person and a group. Message flexibility is an important attribute, as is the immediate feedback that often flows from use of this promotional tool.

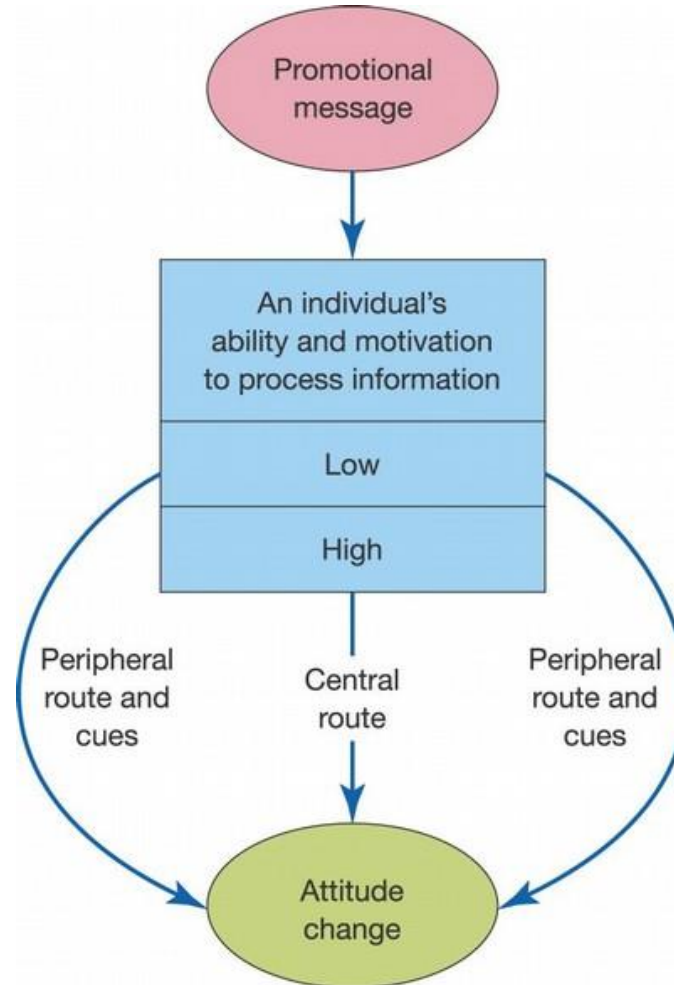


WHEN PERSONAL SELLING SHOULD BE A MAJOR PART OF THE COMMUNICATIONS MIX...

- Complexity
- Buyer Significance
- Communications effectiveness

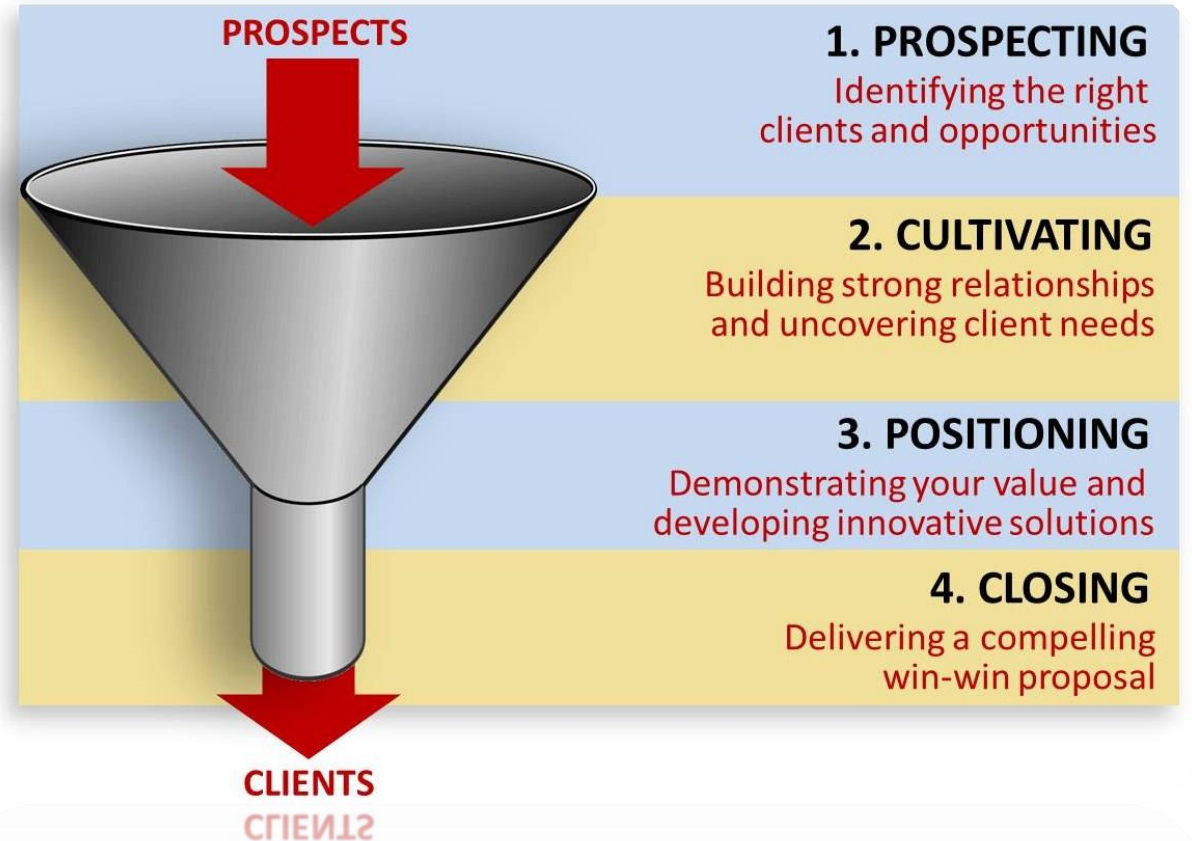


THE ELABORATION LIKELIHOOD MODEL



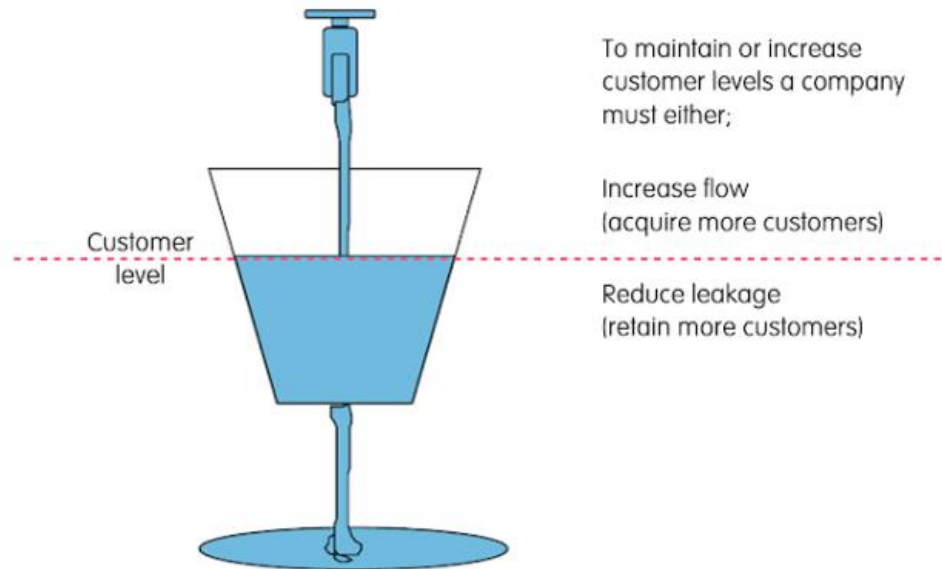
- (Aaker et al, 1992)

SALES FUNNEL



LEAKY BUCKET

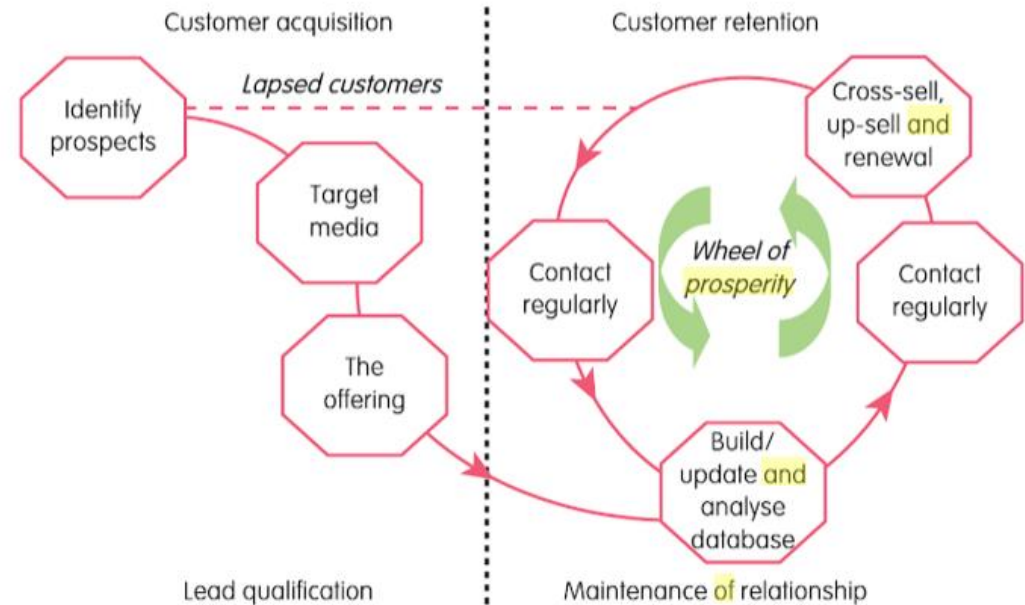
FIGURE 13.2 Leaky bucket metaphor



WHEEL OF PROSPERITY



FIGURE 13.3 Wheel of prosperity



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