

STRATEGIC PLANNING OF SERVICES MARKETINGManjeet Singh*

ABSTRACT

Market is an art and the market manager being head of the marketing is responsible for increasing the sale of the organization, the marketing is a mixer of intergradient's who blends various activities in such a manner that the goals of the organization are activities in such a manner that the goals of the organization are achieved the strategy which he takes care is about utilization of available resources in such a way that optimum results are achieved .Services Market is much more Complex than marketing of goods due to the fundamental difference in the end product and its simultaneous production and consumption process the service marketing need new tools, strategies and organizational structure to carry out the process of marketing of services effectively.

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INTRODUCTION

The activities in services marketing are different, and often do not fit in conventional marketing mix classification, through marketing concepts and tools used by goods marketers hold good in services with some change in focus and importance.

The growth in the application of marketing to the field of services has made the traditional four Ps of the marketing mix as incomplete. Several researchers have suggested that a marketing mix is needed for services. MC Cathy's four Ps for product marketing the services marketing framework refer to activities that are essential to meet the challenges posed by intangible nature of the services.

Seven P's of services marking mix:-

Product:- Services core, levels additional services, branding

Prices:- Prices discount terms of payments

Place:- Location, channels of distribution, coverage

Promotion:- Advertising, Promotion and publicity

People:- Customer-Provider relationship, training, culture, skills, attitudes.

Physical evidence:- Ambience, appearance, equipment, machines, buildings, physical facilities machines, building , physical facilities

Process:- Activity sequence, quality management, customer participation, delivery process.

SERVICE PRODUCT

The term "Product" is frequently used in a broad sense to describe either a manufactured goods or services. Thus goods and services are two types of product. A service product denotes an activity or activities that a service provider offers to perform, which results in satisfaction of a need or want of predetermined customers. This offer can be subdivided into categories from pure services to pure good. As far as services are concerned they are offered to a variety of customer at several levels as individual service products.

Planning is the offer of products and services, a good marketing manager device a strategy where by the offers are viewed at various level to achieve unmatched product differentiation and superlative customer services. Generally four levels of products are identified. These are as:-

(A) **The core or generic product:-** It is the basic service product, Although the term 'generics' is the most usual descriptive term', the generic products have also been described as brand free and unbranded products. The concept originated in France in 1976. A typical example would be a hotel room for a night.

(B) **The expected product:-**It is the minimum set of benefits expected by a customer from a services product. It consists of the generic produced and the minimal purchase conditions which had to be met. Thus, a customer having a transaction with a bank will expect, in addition to the services, a correct transaction recording, timely service and minimum courtesy.

(C) **The augmented product:-** There are offerings in a addition to what the customer expect from a product. The augmented product is described as the complete bundle of attributes perceived by or offered to an individual buyer incorporating.

1. The properties of the core product,
2. The specific properties differentiating the offering of one supplier by contrast with another;
3. The attendant elements of customers services, which when added to there and differentiated product influence the customer's tastes and preferences. Due to these added features consumers preferences .Due to these added features consumers prefer many products that are indistinguishable physically. For example, a marketer who many not have the most technologically advanced core product, will differentiate by adding value in the form of core excellent customer service to the core product for reliability and responsiveness.

(D) **The potential product:-** it consists of potentially feasible added features and benefits as hold and attract customers. It may or may not be of utility to customers but when a product exceeds the expected benefits, it comes as a pleasant surprises to the customer which leads to his loyalty.

Evidently , a service product is a complex set of value satisfactions and value is assessed by the buyers in relationship to the benefits they receive. It has to the recognized that customers differ and that their requirements for different attributes vary in different market segment.

Branding:- The product levels offer opportunities to provide added value to the customers .It may be through the creation of strong brand names with premium prices for them. Thus branding has an important Product or service development.

The next strategy is to consider, new product development in a comparatively new for researchers. Services product with new features and different quality levels or alternative service itself could be developed.

The development of a product is seem as a sequential process containing many phases and sit many employ different technologies. The most widely accepted sequence was proposed by Book-Alleri and Hamilton Inc. it contains six distinct phases:-

(A) Exploration	(B)Screening	(C)Business analysis
(D) Development	(E)Testing and	(F)Commercialization

Christopher Lovelock has also suggested six categories of services innovation, which are:-

- (A) Major innovation
- (B) Startup business
- (C) New products for the market currently served
- (D) Product line customers
- (E) Product improvements and
- (F) Stay Changes

The product development materials are of great value when regarded as a framework or structure to guide one's approach. At the same time, it should be remembered that no single or simple process model can be used for all the complication and problems likely to be encountered by the marketer who sets out to manage new products development . Further such models are not appropriate to most radical innovations or when the technology influence is dominant.

Diversification:- It is the fourth basis strategy proposed by Igor Ansoff. It is more miser and typically adapted by matured service industries as their growth can not be achieved by any other way. The process involves introduction of new products into existing or new markets. These products may or may not be related to the company's present products. Diversification may be the result of a deliberate attempt by management to hedge against the company's future being tied to closely to a small number of products or markets. It may be accomplished by new investment or through mergers and acquisition . Kotler speaks almost considering these types of diversification.

These are:-

- (A) Concentric diversification strategy
- (B) Horizontal diversification strategy and
- (C) Conglomerate diversification strategy

Service Price:-

Pricing plays an important role in the marketing of services. Pricing decision have a significant role in the determination of the value for the customer and in building the image for the services .Thus price influences the perception of the quality. It also has an impact on all parts of the marketing channels . To gain competitive advantages, services firms have to use pricing more strategically. It is also a fact that pricing has received less attention in services firms. Pricing decisions are not approached in a sophisticated manner in service marketing. Even in developed economics like USA, service marketing and the pricing of services in particular, are relatively neglected aspects of management studies. Very few

marketers utilize pricing as a purposive marketing tool. Kotler identifies some of the most common mistakes involved in pricing.

Strategies of Pricing of services:-

Pricing Strategies:- Two broad strategic approaches to prices were in women. They are (i)skimming and (II) Penetration .Skimming strategy is based on the perceived need of the users which tend to affect their sensitivity to the prices . When they are insensitive to the prices, it could be exploited by setting a very high price to skim the cream off the market. Whereas a penetration strategy assumes that by producing a product similar to that of a competitor and then under pricing it, some or all of his market share can be taken away.

Pricing Objectives:-

The pricing methods being adopted should consider the pricing objective of the service firm. The most typical pricing objectives that a company could have are:-

- a) Pricing should be able to ensure a desired return on investment.
- b) Profit maximization by stabilization of pricing margin
- c) Pricing to realize the target market share; and
- d) Pricing to meet the challenge of competition

Pricing Methods:- After considering the demand, cost , competitors and all the other relevant factors in the light of the pricing objectives, the service marketer should consider the method by which the prices are fixed . There are different methods and some of them are:-

- (a) **Cost-plus pricing:-** It includes all methods of setting with exclusive reference to cost , addition an amount of money to an estimated product cost a selling price. This money, which is added to cost; is considered as the profit.
- (b) **Competitive Pricing:-** Pricing based on market conditions where firm complete with one another by understanding others prices, rather than other forms of competition such as product quality , product differentiation and advertising.
- (c) **Competitive party pricing:-** Here the basis for pricing is the one that is followed by the competitor or market leader;
- (d) **Loss leading pricing:-** The price of a product or service is deliberately cut to a point below its cost with a view to attract additional customers. It is usually applied on a short-term basis to extinguish position in the market;
- (e) **Rate of return pricing:-** It is also referred to as target return pricing . The price are set to achieve a given rate of return on investments and assets.

(f) **Value issued pricing:-** It is market driven prices that reinforces the positioning of the service and the benefits the customers receivers from the service in value based pricing, prices are based on the values given to the services by given consumer segment

(g) **Relationship pricing:-** It is considered that the relationship pricing is the appropriate from of pricing where there is an ongoing contact between the customers and the service provider. Relationship pricing follows the market criminal approach of value based pricing but takes the lifetime value of the customer into account.

(h) **Prestige Pricing:-** This approach considers pricing as an indicator of quality . In these cases sellers will be able to ask prestige price for products which have descriptive bound names and reputation.

Place, Location in Services Marketing:-

Service locations play an important role in the marketing of services. In order to make the products available to the customer, the service marketer has to work with distributor channels. Location and channel decision are essential to consider how and at which place the services can be delivered to the customer. These become more relevant to service as these cannot be stored and mostly are produced and consumed at the same point. The environments in which the delivery of service takes place and the manner of its delivery are important attributes of the service when its values is perceived.

PLACE OR LOCATION

Service location is an importer consideration in place strategy . A service firm should strategically decide where its operations and staff are to be located because if they are not conveniently located the customers may turn to rival services. Depending upon the nature of service, the customer may go the service firm, or the service firm may go to the customer or as a third alternative, both may transact business at arm's length. In the second type of interaction, site location has lesser importance and in third type of interaction location , to a larger extent , is irrelevant.

One of the serious difficulties faces by a service marketer in service location is regarding the market requirement and the trends relating to the competition with in the sector of service activity . Complementary services, innovations and the obligations faced by service provide care also important. In location selection, the choice of appropriate state, regions with in it and the community with in the region, state or city are important consideration. Likewise, in the selection the specific property on which the service is proposed to be established has to be considered. Some of the critical factors affecting the location decision are as :-

- (a) Convenience perceived
- (b) Operating cost
- (c) Comparative proximity with that of the competitors
- (d) Complementary and supporting systems;
- (e) Geographic and environmental factors
- (f) Business climate in the particular location
- (g) Availability of communication networks and
- (h) Transport facilities

Channels in Service Marketing:-

Service marketer just like the product marketers are bound to face distribution and channel problems. These too have to make their services available to target customer, because without service availability its marketing cannot take place. A channel, according to the American Marketing Association, is the structure of their company organization units and extra company agents and dealers – wholesale and retail- through, which a commodity, product or service is marketed. It includes all the stages through the process, three participants, viz. the service provider, intermediaries and customers are involved. The principal function of a distribution channels is to provide a link between the production and consumption by filling away the gaps and discontinuities existing between them. A channel may be simple when there is a single, direct transaction between producers and consumers. When there is a concentrated production and the consumers are widely diffused, different channels develop and coexist with a variety of intermediaries like agents, brokers, distributors, wholesalers, retailers, etc. In a situation where the service providers themselves act as service delivery channels, selection of any intermediate and appropriate delivery channel becomes “very important. For example if a franchised delivery system is selected, then the choice of the franchisee becomes quite significant to ensure the quality of the services.

Direct marketing:-

The inseparability of production and consumption and permissibility of services do not permit the use intermediates. Most services therefore tend to rely on direct market

Promotion:-

Promotion is a set of activities designed to increase purchase by consumers and is the means through which the service provider communicates with his target markets. The promotion of services cover a number of areas of promotional tools which forms the communications mix or promotions mix. The usage of promotion tools are not uniform in all the industries.

According to Kotler , “The rated importance of promotional tools varies between consumer and industrial market. Consumer goods companies rate advertising, sales promotion, personal selling and public relations in that order. Industrial goods companies rate personal selling, sales promotion, advertising and public relations in that order.”

The use of promotional tools sector is a comparatively of recent origin. Now, the fiercely competitive environment has made the service marketers use promotional tools actively. But promotional exercise, as it is done in consumer goods companies, is not the same for services industry. A communicate the target markets by promotion the various elements of the communication mix must be integrated with in the promotion and communication program. This process involves many tasks among which the following are considered important.

- a). Identification of target audience
- b). Determination of promotion objectives,
- c). Selection of communication mix

Advertising:- Previously advertising had limited potential in services. In recent times, advertising of services, especially financially services and telecommunications has shown tremendous growth and advertising expenditure in these services have grown dramatically.

There are several important issues in advertising .The most important are selection of media , determination of advertising goals and methods for determining the advertising budget.

Media includes radio , television , cinema, newspapers and periodicals , direct mail and outdoor advertising. In selecting the media , the characteristic of the medium , atmosphere of the medium and the comparative cost’ are important factors.

Advertising goals are important to all advertising campaigns . These should be sound and complete and a measurement of effectiveness of an advertising campaign is impossible unless satisfactory objectives have first been specified. The advertising objectives as they are generally referred, should be explicit, commonly agreed, unequivocal , true calibrated and testable.

Advertising activities generally should be integrated with other elements of the communication mix. They should create a positive image to support the activities of the service company’s sales personnel so as to increase their prospects for sales to the customers.

Personal Selling:- Personal selling involves oral presentation in a conversation with the purchasers for the purpose of making a sale .Its main objectives is to provide specific inputs which cannot be achieved by advertising and non personal selling at the individual levels. It may be in the form of sales calls by a field representative , a sales assistant , etc. Personal

selling creates product awareness, arouses interest, develops product preferences and is useful in negotiating prices and other terms and in providing post-transactional reinforcement .It is a complementary activity to advertising as most advertising is generalized and cannot answer all the customer's information requirements.

George, Kelly and Marshall suggest seven guidelines for selling services. They are

- a). Orchestration of the service purchase encounter,
- b). Facilitation of a quality assessment by the customer,
- c). Making the service tangible
- d). Emphasis on organizations image,
- e). Use of references from external sources,
- f). Recognition of importance of customer contact personnel, and
- g). Recognition of customer involvement during the service design process.

PROMOTION(SALES)

Sales promotion includes any marketing activity designed to sell a product or service. It engages many marketing tactics like price deals , bonus offers, additional services and gifts. It aims to induce the prospect to overcome the last hesitation in buying.

Traditionally, sale promotion was used mainly in consumers good market. During the last decade many service firms,' especially financial services, have adopted sales promotion programmers.

Public Relations:- Public relations, as well elements in the marketing mix of services marketing, is concerned with the crucial corporate tasks such as

- a) Building and maintaining image;
- b) Handling problems and issues smoothly;
- c) Reinforcing positioning
- d) Influencing the public to a position favorable to the marketer, and
- e) Preparing the public to a position favorable while launching mew services.

A Public relations programme uses many tools. They include journals and other publication, media coverage with press conferences and speeches, sponsored visits and activities and interest group meetings.

Word of Mouth:-

Due to the risk involved in the purchase of services as services are intangible, non-standardized and the are usually sold without guarantee consumers in the services of a lawyer, Doctor, Plumber , Mechanic or an estate Agent. Thus mode of communication reduces the perceived risk inherent in the purchase of service. It highlights the importance of

the people factor in services promotion. Words of mouth is considered to be more effective than advertisement. Customer utilizing this service talks to other potential customers about their experience. Such endorsement has more reliability and has a wider impact than advertisement or other mass or personal communications mix elements.

Direct Marketing:-

It is a form of marketing by which an organization seeks to generate a direct and measurable response to advertising which offers goods and services or information about them." The common criteria in all direct marketing are direct response and hence immediately measurable results.

Direct marketing techniques include:-

a) Direct Mail	b) Direct response advertising
c) Mail order	d) Direct selling
e) Telemarketing and	f) Digital Marketing

Direct marketing is recognized as a low cost and effective method for communicating with corporate customers due to increase cost in direct sales force. Development in electronic media, telecommunications, internet etc. provide great opportunities for developing integrated programmes for direct marketing activities. Consequently, many service firms have begun to take advantage to the benefits of a coordinated direct marketing programme.

Franchising in Services Marketing:- Franchising is gradually emerging as one of the important mode in service distribution. Franchising is a contractual arrangement between the manufacturer and an independent organization (Franchisee) in which the latter is given a number of rights including right to use name, know how, techniques, products, trade marks logos, equipment etc. to carry on the business. A variety of services have been distributed through including fast food restaurants such as Yimpis, Nirulas, MC Donalds, KFC etc. Beauty and health centers such as personal points, VLCC etc. Computer school such as NIIT, SAP, Aptech etc."

In this system the franchiser charges the franchisee, the one time licensing fee apart from royalty on sales, fee for equipment etc. A contract or franchisee agreement is signed between the two parties specifying different terms and conditions of franchisee operation.

People in Services:-

The success of a marketing programme, for any product or services, depends very much on the selection, training, motivation and management of people who need to be purposefully managed to extract the best performance out of them. In service marketing it is all the more important as the people working in service companies and the customers come into contact

with each other in the course of necessary competencies to service. Even though a service firm possesses all necessary competencies to produce the right kind of service, in the absence of appropriate interpersonal experience, there will be a negative perception of the quality of service. So, the personnel in service business have to be given great attention.

Until recently, employees of an organization were not viewed as an element of the marketing mix. Because of this service, firms were unable to provide satisfactory customer service. It led to uncaring salesman, rude, discourteous, unwelcoming and indifferent persons being employed in service companies. Kotler says that "If the service personnel are cold or rude, they can undermine all the marketing work done to attract customers. If they are friendly and warm, they increase customer satisfaction and loyalty" So the importance of people within the marketing of services has gained much interest in internal marketing. It recognizes the importance of attracting, motivating training and retraining quality employees. If an employer is perceived to be good then talented people will be attracted to work with him in turn will be attract customers.

People as an element of marketing mix, play different roles affecting the marketing task and the customer contact. People in service may be categorized according to the degree of customer contact and the extent to which they participate in marketing activities.

People are an important part of the differentiation in a service organization and thereby create an added value to the customer. So, it is necessary to view people as a separate element of marketing mix and with proper care their contribution could be maximized.

Physical Evidence in Service:-

As the customers judge the quality of service through physical evidence, it becomes crucial for winning the service customer. The service provider should consciously make efforts to manage the physical evidence associated with his services.

In case of tangible product packaging has great potential. But in services such type of marketing tools are not possible. Being intangible, the service has to be tranquilized as far as possible, Physical entities can be employed to describe the service product and its distinguishing qualities. At physical evidence tend to impress the customers, the service marketer has to manage the physical evidence in a manner that reinforces the proposed position and image of his organization.

The marketing potential of physical evidence is still not fully appreciated by service marketers. The service providers advertising, service facilities, environment etc, are tangible and must reflect and reinforce his image.

Type of Physical evidence:- This may be either Dominate or peripheral . Those which constitute a dominate part of service facilities constitute dominate evidence. For example, sleek aircrafts with comfortable interiors in airline services, a well equip led office of a consultancy firm etc, reflect the dominate parts of the service facilities offered by them; peripheral physical evidence are scarcely visible when compared to dominant physical evidence. Irrespective of this they have an impact upon the customer's perceptions about the service.

These include materials like hotel stationary, and match boxes, etc. Providing during air travel. The peripheral evidence may trivial and are likely to be ignored, but often these constitute the real source of competitive differentiation. Both these evidence have to be co-ordinate to achieve a harmonious and uniform service image. For example, in an airlines service dominate physical evidence like the plane, its interior floors etc.

Should be coordinated with their food and beverages, cutlery; logo etc. to create the desired impact upon the customer projecting an image of excellence in service and concern for the client's comfort.

Service Environment

The environment in the surrounding of which services are performed is also important because it tends to influence the customer with silent messages. For example, the interior design of an office should show prosperity, modernity and reflect efficiency and reliability. As the environment has tremendous potential to communicate about the nature and quality of service being provided the service environment should be designed carefully.

Process in Services:-

There are problems in creating a differential advantage or competitive edge in services marketing. This is due to the characteristics of services, the intangibility of the product and extended marketing mix .Services production and delivery involves the process of operation. They directly affect customer perception and are important marketing elements. The process by which the service is created and delivered to the customer is critical to the service operations as customer often perceive the service delivery system as part of the service itself. Process includes all working activities. Identification of process management as a separate activity is a must for service quality maintenance. Its importance in service businesses is due to the inseparability of production and consumption. The customers don't only think about the service product alone, they attach importance to the manner in which it is delivered. Under these circumstances, a poorly designed service process would lead to poor service quality.

Processes are considered as vital structural elements which can be engineered in delivering a desired strategic positioning. They can be analyzed according to their complexity and divergence. Processes can be changed to reinforce the positioning or establish a new positioning. A clear understanding of the configuration processes in terms of the complexity and divergence, are important factors for improving service systems.

Interaction of Marketing Mix Elements:-

These seven elements of the service marketing mix interact with each other in a morally supportive manner to obtain the best possible match between the internal and external environment of the organization. Three degrees of interaction between these marketing mix elements have been observed. These are (a) consistency , (b) integration and (c) leverage. At the same time –each marketing mix element has an impact on the selected market segments which ensure that there is convergence between the marketing mix and the company’s strategic capabilities . This helps in emphasizing its strengths

And minimizing the impact of its weaknesses. This would also help in recognition of competitors’ capabilities, which involves evading their strengths and capitalizing on their, weaknesses. So, even effective marketing plan outing the marketing mix strategy has to be developed and implemented.

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