

SERVICE MARKET SEGMENTATION

MARKET SEGMENTATION IS DEFINED AS THE PROCESS OF DIVIDING A MARKET INTO DISTINCT SUB-SETS OF CONSUMERS DISTINGUISHED FROM ONE ANOTHER, WITH COMMON NEEDS OR CHARACTERISTICS & SELECTING ONE OR MORE SEGMENTS TO TARGET, WITH A DISTINCT MARKETING MIX

SERVICE MARKET SEGMENTATION

- **UNDIFFERENTIATED MARKETING APPROACH**
- **DIFFERENTIATED MARKETING APPROACH**
- **CONCENTRATED MARKETING APPROACH**

BENEFITS OF MARKET SEGMENTATION

- **PROPER CHOICE OF TARGET MARKET**
- **HELPS DISTINGUISH ONE CUSTOMER FROM THE OTHER**
- **EFFECTIVE TAPPING OF MARKET**
- **HELPS CRYSTALLISE THE NEED OF TARGET AUDIENCE**
- **BECOMES PRODUCTIVE AND PROFITABLE**
- **BRINGS BENEFITS TO CUSTOMER AS WELL**
- **WHEN SEGMENTATION ATTAINS HIGH SOPHISTICATION,
CUSTOMERS AND COMPANIES STAY TOGETHER**

BASES OF MARKET SEGMENTATION

GEOGRAPHIC

DEMOGRAPHIC

PSYCOGRAPHIC

BEHAVIORISTIC

PURCHASE OCCASION

USAGE RATE

TARGETING

ONCE THE FIRM HAS IDENTIFIED ITS MARKET SEGMENT OPPORTUNITY IT HAS TO DECIDE HOW MANY AND WHICH ONE TO TARGET. THE FIRM MUST LOOK AT THE FOLLOWING FACTORS:

- **SEGMENT SIZE AND GROWTH POTENTIAL**
- **SEGMENT OVERALL ATTRACTIVENESS AND PROFITABILITY**
- **COMPANY OBJECTIVES AND RESOURCES**

POSITIONING

POSITIONING IS THE 3RD LOGICAL STEP AFTER MARKET SEGMENTATION AND MARKET TARGETING. POSITIONING IS DEFINED AS *THE PROCESS OF ESTABLISHING AND MAINTAINING A DISTINCTIVE PLACE IN THE MARKET FOR AN ORGANISATION AND/OR ITS PRODUCT OR SERVICE OFFERINGS.*

Positioning for
Share-Of-Mind



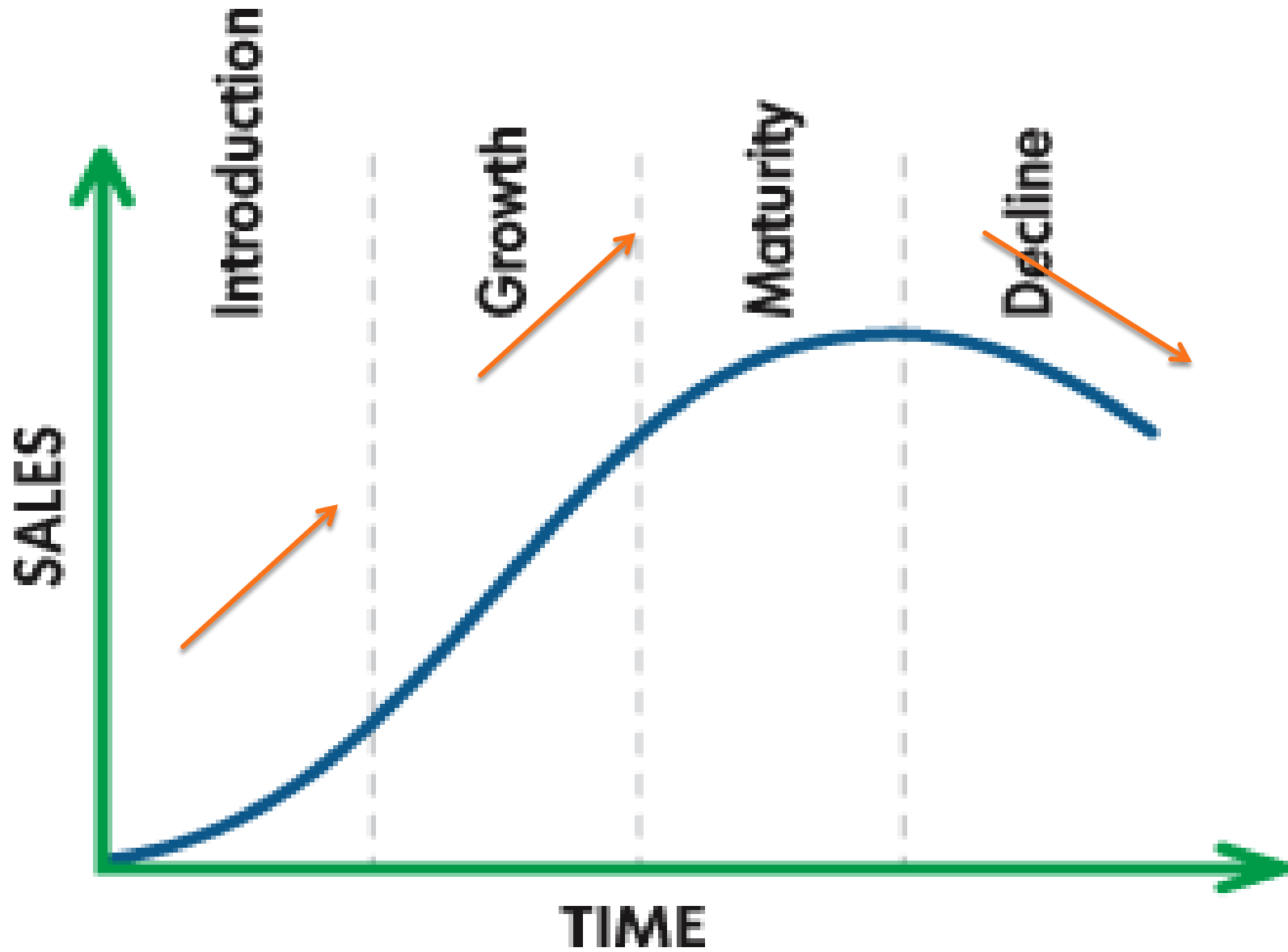
POSITIONING STRATEGIES

**PRODUCT/SERVICE
DIFFERENTIATOR**

LOW COST LEADER

NICHE MARKET PLAYER

Product Life Cycle Curve



DIFFERENTIATION

DIFFERENTIATION IS DEFINED AS, “CREATION OF A DIFFERENT ADVANTAGE OR A COMPETITIVE EDGE, THAT WILL ENABLE THE FIRM TO SERVE THE TARGET MARKET MORE EFFECTIVELY THAN THE COMPETITOR”

PROMOTION AND COMMUNICATION IN SERVICES

THE FOUR MAIN
TOOLS OF
PROMOTION ARE

ADVERTISING

SALES
PROMOTION

PUBLIC RELATION

PERSONAL
SELLING

SERVICE ENVIRONMENT

SERVICE ENVIRONMENT IS THE ENVIRONMENT IN WHICH THE SERVICE IS DELIVERED AND WHERE THE FIRM AND CUSTOMER INTERACT.

MAIN DIMENSIONS IN SERVICESCAPE MODEL

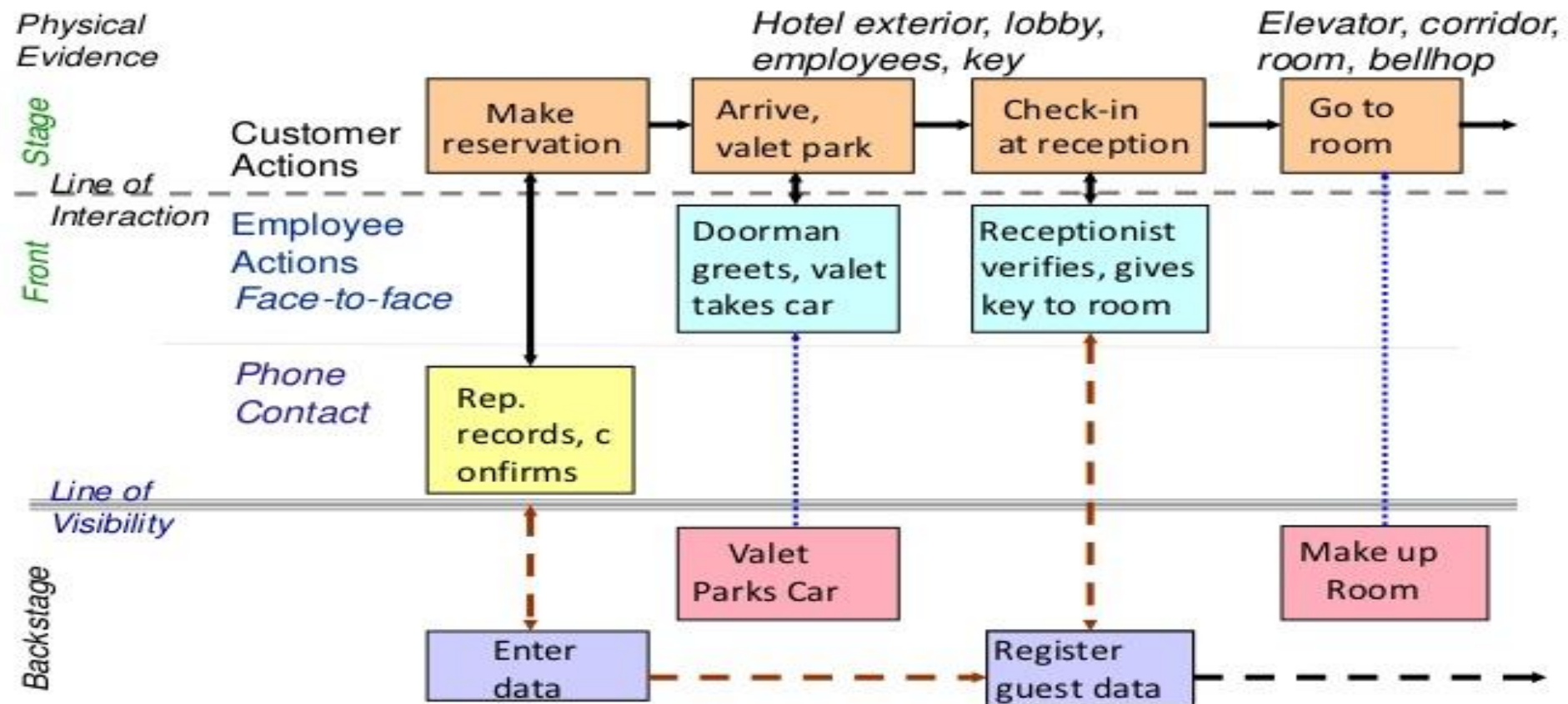
AMBIENT CONDITIONS

**SPATIAL LAYOUT AND
FUNCTIONALITY**

**SIGNS, SYMBOLS AND
ARTIFACTS**

DESIGNING AND MANAGING SERVICE PROCESSES

Simplified Example: Blueprinting a Hotel Visit (extract only)



BLUEPRINTING – SERVICE DESIGNING

- IDENTIFY KEY ACTIVITIES IN CREATING AND DELIVERING SERVICES
- DISTINGUISH BETWEEN FRONT STAGE AND BACK STAGE
- CHART ACTIVITIES IN SEQUENCE
- SHOW HOW INTERACTION BETWEEN CUSTOMER AND EMPLOYEES ARE SUPPORTED BY BACKSTAGE ACTIVITIES AND SYSTEMS
- ESTABLISH SERVICE STANDARDS FOR EACH STEP
- IDENTIFY POTENTIAL FAIL POINTS
- FOCUS INITIALLY ON “ *BIG PICTURE*”

IMPROVING RELIABILITY OF PROCESS BY FAILURE PROOFING

- **TREATMENT ERRORS**
 - HUMAN FAILURE DURING CONTACT WITH CUSTOMERS
- **TANGIBLE ERRORS**
 - INCORRECTLY
 - IN WRONG ORDER
 - TOO SLOWLY

PROCESS REDESIGN

- **ELIMINATE NON VALUE ADDING STEPS**
- **SHIFT TO SELF SERVICE**
- **DELIVER DIRECT SERVICE**
- **BUNDLE SERVICE**
- **REDESIGN PHYSICAL ASPECTS OF SERVICE PROCESSES**

WHO IS A JAYCUSTOMER

“A CUSTOMER WHO BEHAVES IN A THOUGHTLESS OR ABUSIVE FASHION CAUSING PROBLEMS FOR THE FIRM ITSELF, EMPLOYEES OR OTHER CUSTOMERS”

WHY DO JAYCUSTOMER MATTER

- **CAN DISRUPT PROCESSES**
- **AFFECT SERVICE QUALITY**
- **MAY SPOIL EXPERIENCE OF OTHER CUSTOMERS**

TYPES OF *JAYCUSTOMER*

- **THE THIEF**
- **THE RULE BREAKER**
- **THE BELLIGERENT**
- **THE FAMILY FEUDERS**
- **THE VANDAL**
- **THE DEADBEAT**



HOW TO MANAGE PEOPLE FOR SERVICE ADVANTAGE

- **SELECT AND HIRE THE RIGHT PEOPLE**
- **TRAIN THE SERVICE EMPLOYEES**
- **CREATE EMPLOYEE INVOLVEMENT**
- **BUILD HIGH PERFORMANCE SERVICE DELIVERY TEAMS**
- **FACILITATE COMMUNICATION AMONG TEAM MEMBERS**
- **MOTIVATE AND ENERGIZE THE FRONTLINE**

SERVICE QUALITY AND PRODUCTIVITY

SERVICE QUALITY

ACCORDING TO AMERICAN SOCIETY OF QUALITY CONTROL,
“QUALITY OF SERVICE IS THE TOTALITY OF FEATURES AND
CHARACTERISTICS OF A PRODUCT OR SERVICE THAT BEAR ON ITS
ABILITY TO SATISFY A GIVEN NEED

DIFFERENT PERSPECTIVE OF SERVICE QUALITY

- **TRANSCENDENT QUALITY:** Excellence. Recognised through experience
- **PRODUCT BASED:** Quality is precise and measurable
- **USER BASED:** Quality lies in the eyes of the beholder
- **MANUFACTURING BASED:** Quality is in conformance to the firm's developed specifications
- **VALUE BASED:** Quality is a trade off between price and value.

PRODUCTIVITY

PRODUCTIVITY MEANS AMOUNT OF OUTPUT PRODUCED RELATIVE TO AMOUNT OF INPUTS. IMPROVEMENT IN PRODUCTIVITY MEANS AN IMPROVEMENT IN THE RATIO OF OUTPUTS TO INPUTS

PRODUCTIVITY IMPROVEMENT STRATEGIES

- ✓ CAREFUL CONTROLS OF COSTS AT EVERY STEP IN PROCESS
- ✓ EFFORTS TO REDUCE WASTEFUL USE OF MATERIALS OR LABOUR
- ✓ REPLACING WORKERS BY AUTOMATED MACHINES
- ✓ INSTALLING EXPERT SYSTEMS THAT ALLOW PARAPROFESSIONALS TO TAKE ON WORK PREVIOUSLY PERFORMED BY PROFESSIONALS WHO EARN HIGHER SALARIES

CUSTOMER RELATIONSHIP MANAGEMENT

CRM IS A WIDELY IMPLEMENTED STRATEGY FOR MANAGING A COMPANY'S INTERACTIONS WITH CUSTOMERS , CLIENTS AND SALES PROSPECTS. IT INVOLVES USING TECHNOLOGY TO ORGANISE, AUTOMATE AND SYNCHRONISE BUSINESS PROCESSES.

- IT INCREASES COMPANY'S ABILITY TO RETAIN AND ACQUIRE CUSTOMERS
- MAXIMISE CUSTOMER LIFE CYCLE
- PERSONALISE AND IMPROVE CUSTOMER SERVICE WITHOUT INCREASING COST OF SERVICE.

CUSTOMER LOYALTY: MEANING TECHNIQUES/STRATEGIES

