Chapter 7: Promoting Services and Educating Customers
Overview of Chapter 7

- Role of Marketing Communications
- Challenges of Services Communications
- Marketing Communications Planning
- The Marketing Communications Mix
- Role of Corporate Design
- Integrating Marketing Communications
Role of Marketing Communications
Specific Roles of Marketing Communications

- Position and differentiate service
- Help customer evaluate offerings and highlight differences that matter
- Promote contribution of personnel and backstage operations
- Add value through communication content
- Facilitate customer involvement in production
- Stimulate or dampen demand to match capacity
Help Customers to Evaluate Service Offerings

- Customers may have difficulty distinguishing one firm from another
  - Provide tangible clues related to service performance

- Some performance attributes lend themselves better to advertising than others
  - e.g., Airlines

- Firm’s expertise is hidden in low-contact services
  - Need to illustrate equipment, procedures, employee activities that take place backstage
Promote Contributions of Service Personnel

- Frontline personnel are central to service delivery in high-contact services
  - Make the service more tangible and personalized

- Show customers work performed behind the scenes to ensure good delivery
  - To enhance trust, highlight expertise and commitment of employees
  - Advertisements must be realistic
  - Messages help set customers’ expectations
  - Service personnel should be informed about the content of new advertising campaigns or brochures before launch
Facilitate Customer Involvement in Production

- Customers are actively involved in service production; they need training to perform well

- Show service delivery in action

- Television and videos engage viewer
  - e.g., Dentists showing patients videos of surgical procedures before surgery

- Streaming videos on web and podcasts are new channels to reach active customers
Stimulate or Dampen Demand to Match Capacity

- Live service performances are time-specific and can’t be stored for resale at a later date
  - Advertising and sales promotions can change timing of customer use

- Examples of demand management strategies:
  - Reducing usage during peak demand periods
  - Stimulating demand during off-peak period
Challenges of Services Communications
Overcoming Problems of Intangibility

- Intangibility creates 4 problems:
  - Generality
    - *Items that comprise a class of objects, persons, or events*
  - Abstractness
    - *No one-to-one correspondence with physical objects*
  - Non-searchability
    - *Cannot be searched or inspected before purchase*
  - Mental impalpability
    - *Customers find it hard to grasp benefits of complex, multi-dimensional new offerings*
Overcoming Problems of Intangibility

- To overcome intangibility
  - Use tangible cues in advertising
  - Use metaphors

- Tangible metaphors help to communicate benefits of service offerings, e.g.,
  - Allstate – “You’re in good hands”
  - Prudential Insurance – uses Rock of Gibraltar as symbol of corporate strength

- Metaphors communicate value propositions more dramatically and emphasize key points of difference
# Advertising Strategies for Overcoming Intangibility

<table>
<thead>
<tr>
<th>Intangibility Problem</th>
<th>Advertising Strategy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporeal Existence</td>
<td>Physical Representation</td>
<td>Show Physical Components of Service</td>
</tr>
<tr>
<td>Generality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• For objective claims</td>
<td>System documentation</td>
<td>Objectively document physical system capacity</td>
</tr>
<tr>
<td></td>
<td>Performance documentation</td>
<td>Document and cite past performance statistics</td>
</tr>
<tr>
<td>• For subjective claims</td>
<td>Service performance episode</td>
<td>Present an actual service delivery incident</td>
</tr>
<tr>
<td>Non-searchability</td>
<td>Consumption documentation</td>
<td>Obtain and present customer testimonials</td>
</tr>
<tr>
<td></td>
<td>Reputation documentation</td>
<td>Cite independently audited performance</td>
</tr>
<tr>
<td>Abstractness</td>
<td>Service consumption episode</td>
<td>Capture and display typical customers benefiting from the service</td>
</tr>
<tr>
<td>Impalpability</td>
<td>Service process episode</td>
<td>Present a vivid documentary on the step-by-step service process</td>
</tr>
<tr>
<td></td>
<td>Case history episode</td>
<td>Present an actual case history of what the firm did for a specific</td>
</tr>
<tr>
<td></td>
<td>Service consumption episode</td>
<td>An articulate narration or depiction of a customer’s subjective</td>
</tr>
</tbody>
</table>

*Source: Banawari Mittal and Julie Baker, Advertising strategies for hospitality services. Cornell Hotel and Restaurant Administration Quarterly, 43 (April 2002): 53. Copyright Cornell University. All rights reserved. Used by permission.*
Marketing Communications Planning
Checklist: The “5 Ws” Model

- **Who** is our target audience?
- **What** do we need to communicate and achieve?
- **How** should we communicate this?
- **Where** should we communicate this?
- **When** do communications need to take place?
Target Audience: 3 Broad Categories

- **Prospects**
  - Employ traditional communication mix because prospects are not known in advance

- **Users**
  - More cost effective channels utilized

- **Employees**
  - Secondary audience for communication campaigns
  - Shape behavior
  - Part of internal marketing campaign using company-specific channels
Educational and Promotional Objectives in Service Settings

- Create memorable images of specific companies and their brands
- Build **awareness** and interest for unfamiliar service
- Compare service favorably with competitors’ offerings
- Build preference by communicating strengths and benefits
- Reposition service relative to competition
- Reduce uncertainty or perceived risk by providing useful info and advice
Educational and Promotional Objectives in Service Settings

- Provide reassurance (e.g., promote service guarantees)
- Encourage trial by offering promotional incentives
- Familiarize customers with service processes before use
- Teach customers how to use a service to best advantage
- Stimulate demand in off-peak, discourage during peak
- Recognize and reward valued customers and employees
Educational and Promotional Objectives in Service Settings

- Create memorable images of specific companies and their brands
- Build awareness and interest for unfamiliar service
- Compare service favorably with competitors’ offerings
- Build preference by communicating strengths and benefits
- Reposition service relative to competition
- Reduce uncertainty or perceived risk by providing useful info and advice
- Provide reassurance (e.g., promote service guarantees)
- Encourage trial by offering promotional incentives
- Familiarize customers with service processes before use
- Teach customers how to use a service to best advantage
- Stimulate demand in off-peak, discourage during peak
- Recognize and reward valued customers and employees
The Marketing Communications Mix
Marketing Communications Mix for Services

- Personal Communications
  - Selling
  - Customer Service
  - Training
  - Telemarketing
  - Word of mouth
- Advertising
  - Broadcast
  - Print
  - Internet
  - Outdoor
  - Direct Mail
- Sales Promotion
  - Sampling
  - Coupon
  - Sign-up rebates
  - Gifts
  - Prize promotions
- Publicity & Public Relations
  - Press releases/ads
  - Press conferences
  - Special events
  - Sponsorship
  - Trade shows, Exhibitions
- Instructional Materials
  - Web sites
  - Manuals
  - Brochures
  - Software CD-ROM
  - Video-audiocassettes
  - Voice mail
- Corporate Design
  - Signage
  - Interior Decor
  - Vehicles
  - Equipment
  - Stationery
  - Uniforms

Key: * Denotes communications originating from outside the organization.
Sources of Messages Received by Target Audience

## Traditional Marketing Channels

<table>
<thead>
<tr>
<th>Channel</th>
<th>Aim</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advertising</strong>: Done via media channels</td>
<td>Build awareness, inform, persuade, and remind</td>
<td>Needs to be unique as less than half of all ads generate a positive ROI</td>
</tr>
<tr>
<td><strong>Public relations</strong>: Efforts to stimulate positive interest through third parties</td>
<td>Builds reputation and credibility to secure an image conducive to conduct business</td>
<td>Form relationships with its employees, customers, and the community</td>
</tr>
<tr>
<td><strong>Direct Marketing</strong> such as mail, e-mail &amp; text messages</td>
<td>Send personalized messages to highly targeted micro-segments; use permission marketing where customers “raise their hands” and agree to learn more about a company and its products</td>
<td>Advance in on-demand technologies (e.g., spam filters, cookie busters, pop-up blockers) empower consumers to decide how and when they prefer to be reached, and by whom</td>
</tr>
</tbody>
</table>
## Traditional Marketing Channels

<table>
<thead>
<tr>
<th>Channel</th>
<th>Aim</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Promotion:</strong></td>
<td>Generate attention and speed up introduction and acceptance of new services</td>
<td>Motivating customers to use a service sooner, in greater volume, or more frequently especially during periods when demand would be weak</td>
</tr>
<tr>
<td>Communication attached to an incentive that is specific to a period of time, price, or customer group</td>
<td>Generate attention and speed up introduction and acceptance of new services</td>
<td>Motivating customers to use a service sooner, in greater volume, or more frequently especially during periods when demand would be weak</td>
</tr>
<tr>
<td><strong>Personal Selling:</strong></td>
<td>Educate customers and promote preferences for particular brand or product</td>
<td>Relationship marketing strategies based on account management programs incur high staffing costs; telemarketing is a lower cost alternative</td>
</tr>
<tr>
<td>Common in b2b and infrequently purchased services</td>
<td>Educate customers and promote preferences for particular brand or product</td>
<td>Relationship marketing strategies based on account management programs incur high staffing costs; telemarketing is a lower cost alternative</td>
</tr>
<tr>
<td><strong>Trade Shows</strong></td>
<td>Stimulate extensive media coverage with many prospective buyers</td>
<td>Opportunity to learn about latest offerings from wide array of suppliers</td>
</tr>
</tbody>
</table>
Internet Marketing Offers Powerful Opportunities

● Supplement traditional marketing channels at a reasonable cost

● Part of an integrated, well-designed communications strategy

● Can market through the company’s own website or through online advertising
Website Design Considerations

- Used for a variety of communication tasks
  - Promoting consumer awareness and interest
  - Providing information and consultation
  - Facilitating 2-way communication
  - Stimulating product trial
  - Enabling customers to place orders

- Design should address attributes that affect website “stickiness”
  - High in quality content
  - Ease of use
  - Quick to download
  - Frequency of update

- Memorable Web address helps attract visitors to the site
Banner Advertising: Placing advertising banners and buttons on portals such as Yahoo and other firms’ websites to draw online traffic to own site

- Easy for advertisers to measure how many visits to its own website are generated by click-throughs

- Limitations
  - Obtaining many exposures does not necessarily lead to increase in awareness, preference, or sales
  - Fraudulent click-throughs designed to boost apparent effectiveness
Effective Advertising on Internet: Search Engine Advertising

Search Engine Advertising (Reverse broadcast network): search engines let advertisers know exactly what consumer wants through their keyword search

- Target relevant messages directly to desired consumers

- Advertising options:
  - Pay for targeted placement of ads to relevant keyword searches
  - Sponsor a short text message with a click-through link
  - Buy top rankings in the display of search results

- E.g., Google – The New Online Marketing Powerhouse via Adsense and Adwords
Messages Transmitted through Service Delivery Channels

- **Service outlets**
  - Messages reach customers through the service delivery environment
  - Servicescape: Physical design

- **Front-line employees**
  - Shape customer’s perceptions
  - Delivers supplementary services
  - Cross-selling of additional services

- **Self-service delivery points**
  - ATM, vending machines and websites
  - Require clear signage and instructions on how to use the service

- **Customer training**
  - Familiarize customers with service product and teach them how to use it to their best advantage
Messages Originating from Outside the Organization

- **Word of Mouth (WOM)**
  - Recommendations from other customers viewed as more credible

- **Strategies to stimulate positive WOM:**
  - Creating exciting promotions that get people talking about firm’s great service
  - Offering promotions that encourage customers to persuade others
  - Developing referral incentive schemes
  - Referencing other purchasers and knowledgeable individuals
  - Presenting and publicizing testimonials
Messages Originating from Outside the Organization

- Blogs – A new type of online WOM
- Twitter

- Media Coverage
  - Compares, contrasts service offerings from competing organizations
  - Advice on “best buys”
Ethical Issues in Communication

- Poor internal communications between operations and marketing personnel concerning level of service performance
- Deliberately exaggerated promises to secure sales
- Deceptive promotions
- Unwanted intrusion by aggressive marketers into people’s personal lives
Role of Corporate Design
Strategies for Corporate Design

- Many service firms employ a unified and distinctive visual appearance for all tangible elements
  - e.g., Logos, uniforms, physical facilities

- Provide a recognizable theme linking all the firm’s operations use of physical evidence
  - e.g., BP’s bright green and yellow service stations

- Use of trademarked symbol as primary logo, with name secondary
  - McDonald’s “Golden Arches”
Strategies for Corporate Design

- International companies need to select designs carefully to avoid conveying a culturally inappropriate message.

- Easily recognizable corporate symbols important for international marketers in markets where:
  - Local language is not written in Roman Script
  - Significant portion of population is illiterate
FedEx: Use of Company Name In Corporate Design

- Created “FedEx Family of companies” consisting of subbrands for different services; carried its positive FedEx Express image to other, often low cost services.
  - FedEx Express
  - FedEx Ground
  - FedEx Home Delivery
  - FedEx Freight
  - FedEx Custom Critical
  - FedEx Supply Chain Services
  - FedEx Kinko’s

- Each subbrand has different color scheme for second word to create differentiation for subbrands, e.g.,
  - Express is red/orange
  - Ground is green
Developing An Integrated Marketing Communications Strategy

- IMC ties together and reinforces all communications to deliver a strong brand identity.

- Communications in different media should form part of a single, overall message about the service firm.
Summary

- Marketing communications adds value through its content.
- Overcome problems of intangibility – use metaphors to communicate value proposition.
- Communication planning involves knowing (5Ws).
- Marketing communications originate from within the organization through production and marketing channels.
Summary

- **Service delivery channels include**
  - Service outlets
  - Front-line employees
  - Self-service delivery points

- **Marketing communications originating from outside organization include**
  - Word of mouth
  - Blogs
  - Twitter
  - Media coverage

- **Corporate design strategies are part and parcel of communication mix**