

BAFS

Course Title: Marketing Strategies for Goods & Services
(Business Management Module)

Professional Development Programme on Enriching
Knowledge of the Business, Accounting and Financial Studies
(BAFS) Curriculum <Elective Part>

Intended Learning Outcomes

Upon completion of this course, teacher participants should be able to:

- + differentiate various ***segmentation methods***;
- + identify ***market niche*** and develop the strategy of ***positioning***;
- + apply appropriate ***marketing mix strategies*** to different stages of ***product life cycle***;
- + apply ***marketing mix strategies for services***;
- + recognize the *importance of Customer Relationship Management (CRM) to the marketing process.*

Corresponding Syllabuses in HKDSE Exam

- ✚ Explain different types of market segmentation methods;
- ✚ Explain the factors affecting the determination of target market: market niche and positioning;
- ✚ Apply various marketing mix strategies to different stages of the product life cycle;
- ✚ Explain the characteristics of services and their effect on marketing mix design;
- ✚ Explain the importance of Customer Relationship Management (CRM) to the marketing process.

10 mins	<i>Opening Remarks</i>
30 mins	<i>Segmentation methods</i>
25 mins	<i>Market niche & positioning</i>
25 mins	<i>Product life cycle</i>
10 mins	<i>Break</i>
25 mins	<i>Marketing mix strategies for services</i>
25 mins	<i>Importance of CRM to marketing process</i>
30 mins	<i>Integrative Exercises</i>

Each of the 5 topics will cover:

- ✓ Definition
- ✓ Explanation with examples
- ✓ Case analysis & application
- ✓ Test Yourself

Where applicable, will also cover:

- ✓ Advanced topics
- ✓ Challenge Corner
- ✓ Video clippings

Think, Pair and Share

- ✍ Write down what you think.
- ✍ Turn to your neighbor, compare and share.
- ✍ How are your ideas similar?
- ✍ How are they different?

Elements of a Marketing Plan

1)	<i>Executive summary</i>
2)	<i>Current marketing situation</i>
	<div>The Product The Company Customer Analysis Current Competitive Analysis Current Marketing Mix</div> <div><i>a) Product life cycle</i> <i>b) Services firm</i> <i>c) Customer Relationship Mgt</i></div>
3)	<i>SWOT analysis</i>
4)	<i>Company mission</i>
5)	<i>Marketing objectives</i>
6)	<i>Marketing strategies</i>
7)	<i>Marketing segmentation & positioning</i>
8)	<i>Marketing programmes (marketing mix)</i>
9)	<i>Marketing budget</i>
10)	<i>Control</i>
11)	<i>Conclusion</i>

1

Market Segmentation Methods

Why market segmentation is Important?

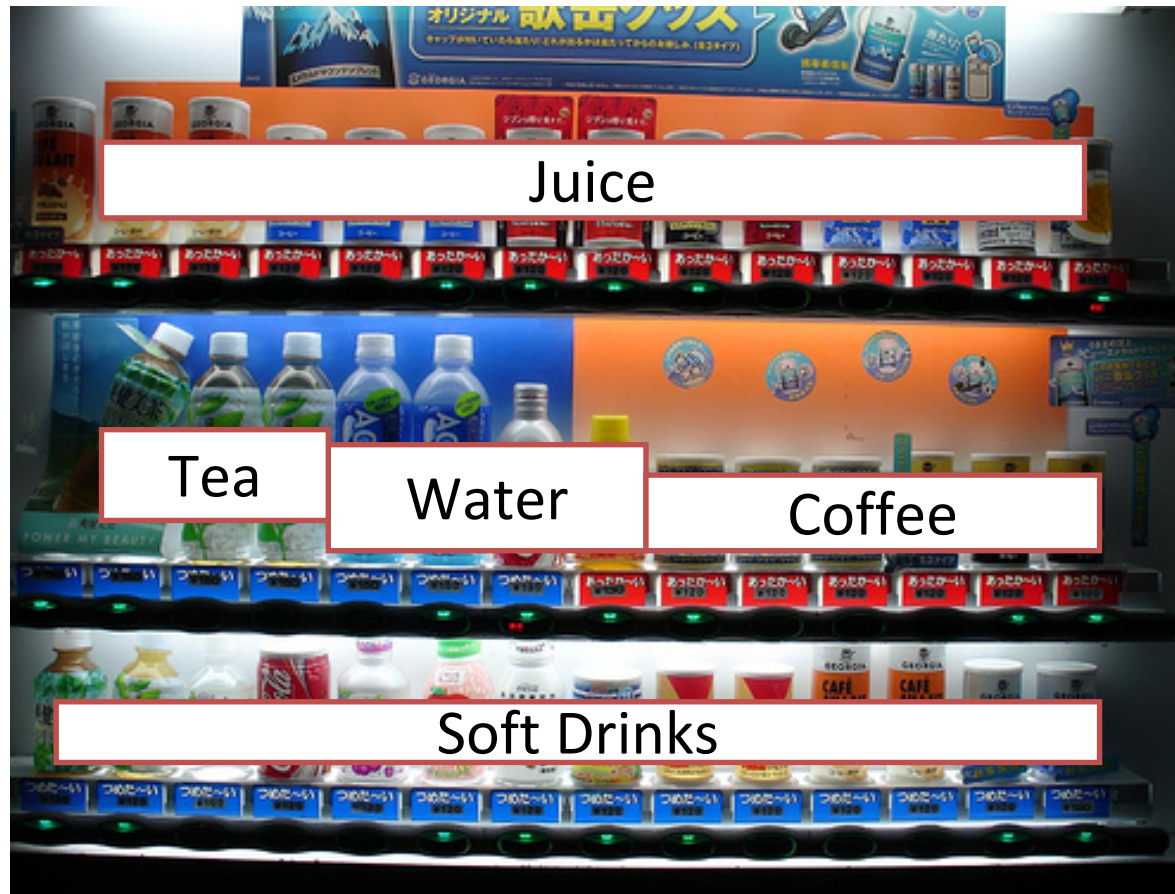
When consumers feel thirsty ~~~

Could you think of any product which can satisfy the demand of ALL potential customers who feel thirsty?



Why market segmentation is Important?

Customers with different characteristics
have different needs and wants



Why Segmentation is Important?

Segmentation



Divide the market up
into sections based on
customer characteristics

Target marketing



Tailor the products →
meet the needs & wants
of identified customers
→ market share

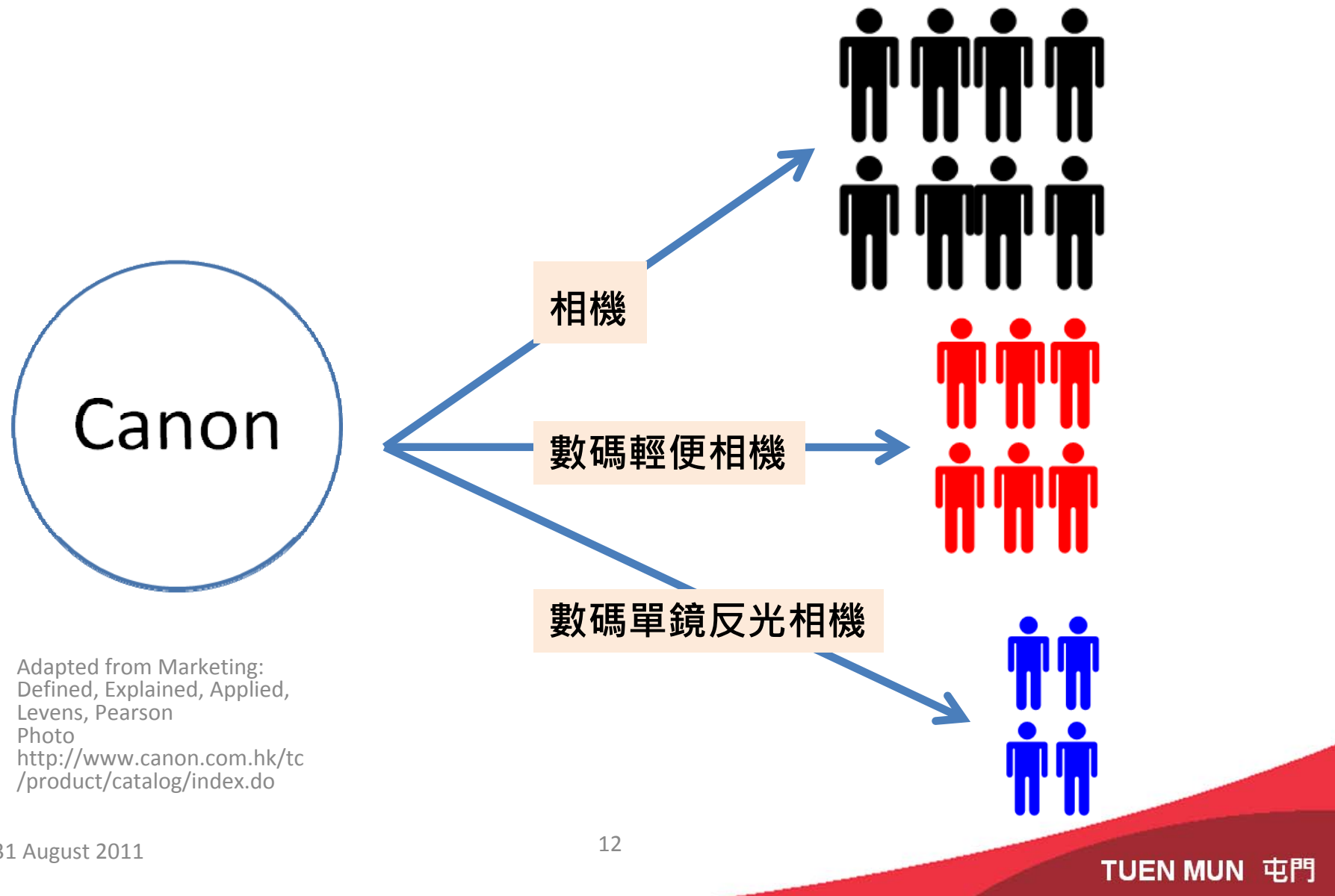
Customer-Driven Marketing Strategy

Market segment

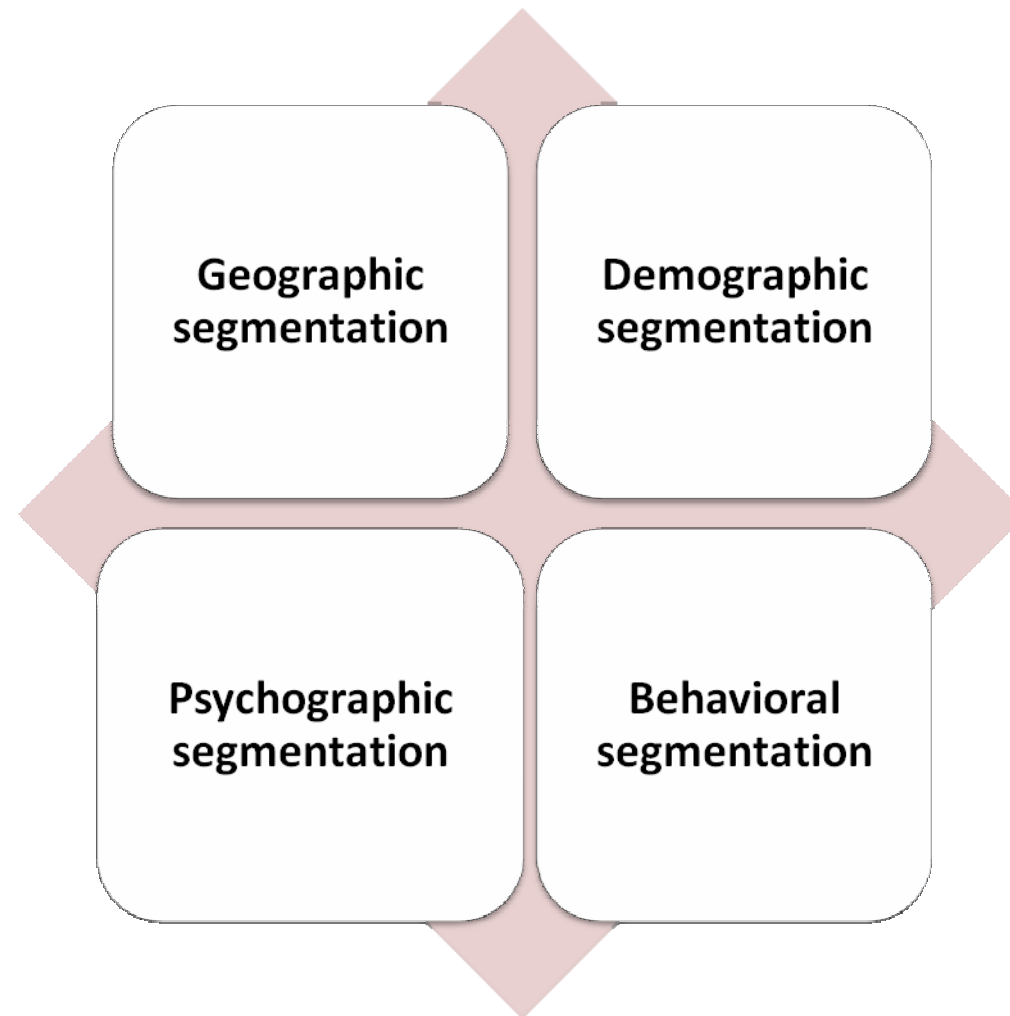
is a group of consumers who respond in a similar way to a given set of marketing efforts.

Market segmentation

is the division of a market into distinct groups of buyers who have distinct needs, characteristics, or buying behavior and who require separate products or marketing mixes.



Segmenting Consumer Markets



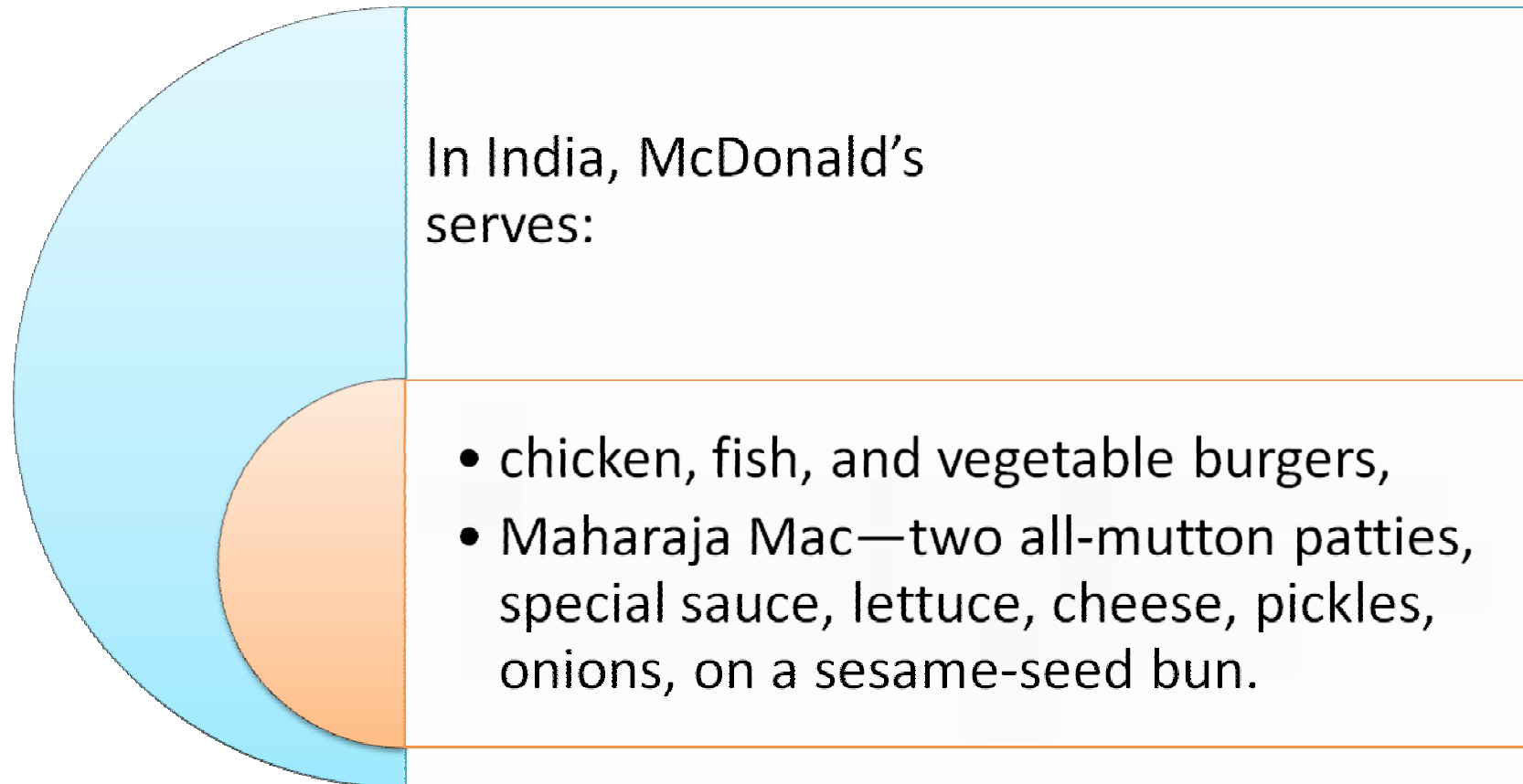
① Geographic Segmentation

World region	North America, Western Europe, Middle East, Pacific Rim, China, India, Canada, Brazil
Country region	Pacific, Mountain, West North Central, West South Central, East North Central, East South Central, South Atlantic, Middle Atlantic, New England
City or metro size	Under 5,000; 5,000-20,000; 20,000-50,000; 50,000-100,000; 100,000-250,000; 250,000-500,000; 500,000-1,000,000; 1,000,000-4,000,000; over 4,000,000
Density	Urban, suburban, rural
Climate	Northern, southern



Resolution 3000 x 2500 px - free download - www.psdgraphics.com

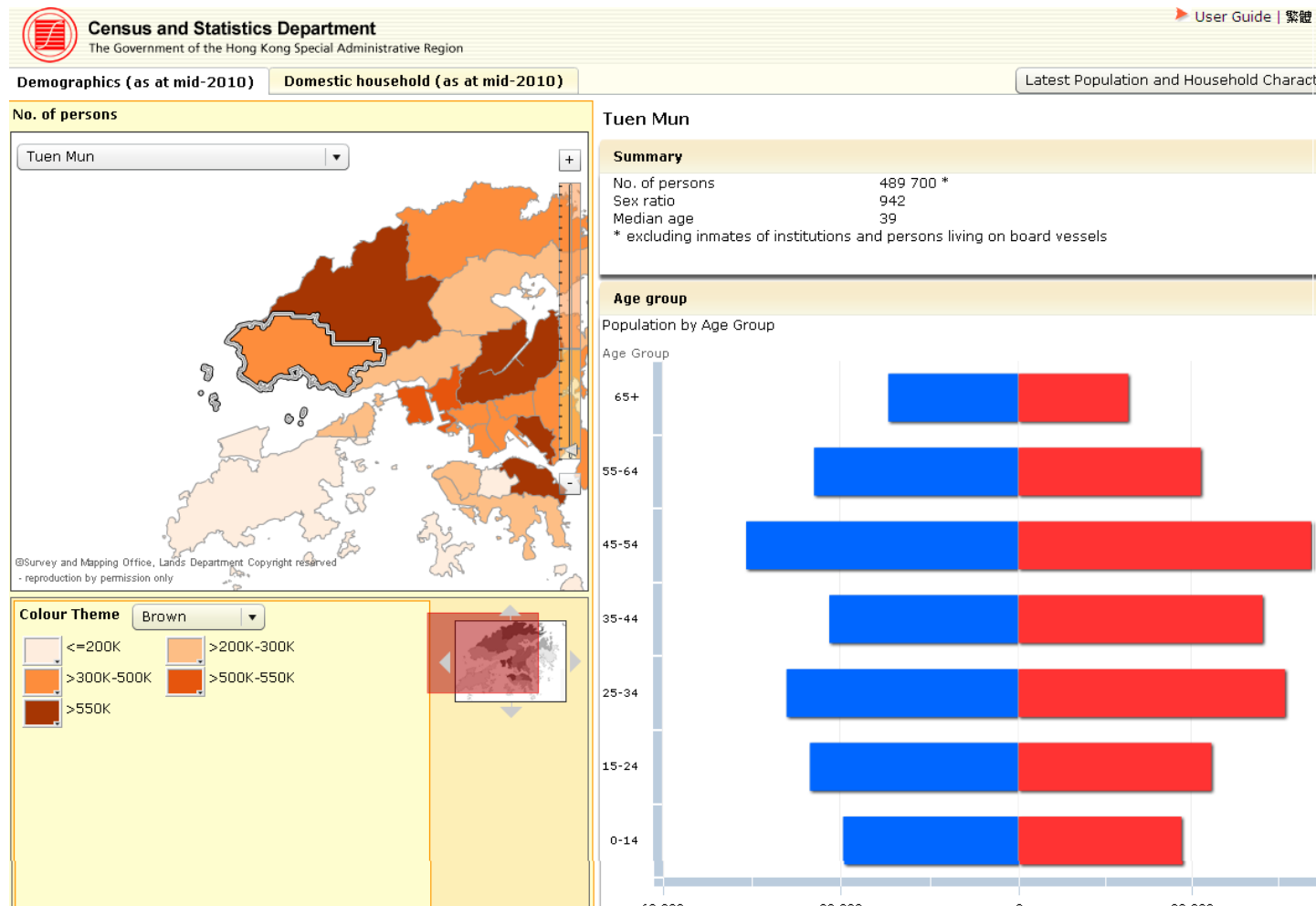
Products Localization & Marketing Mix Adaptation



② Demographic Segmentation

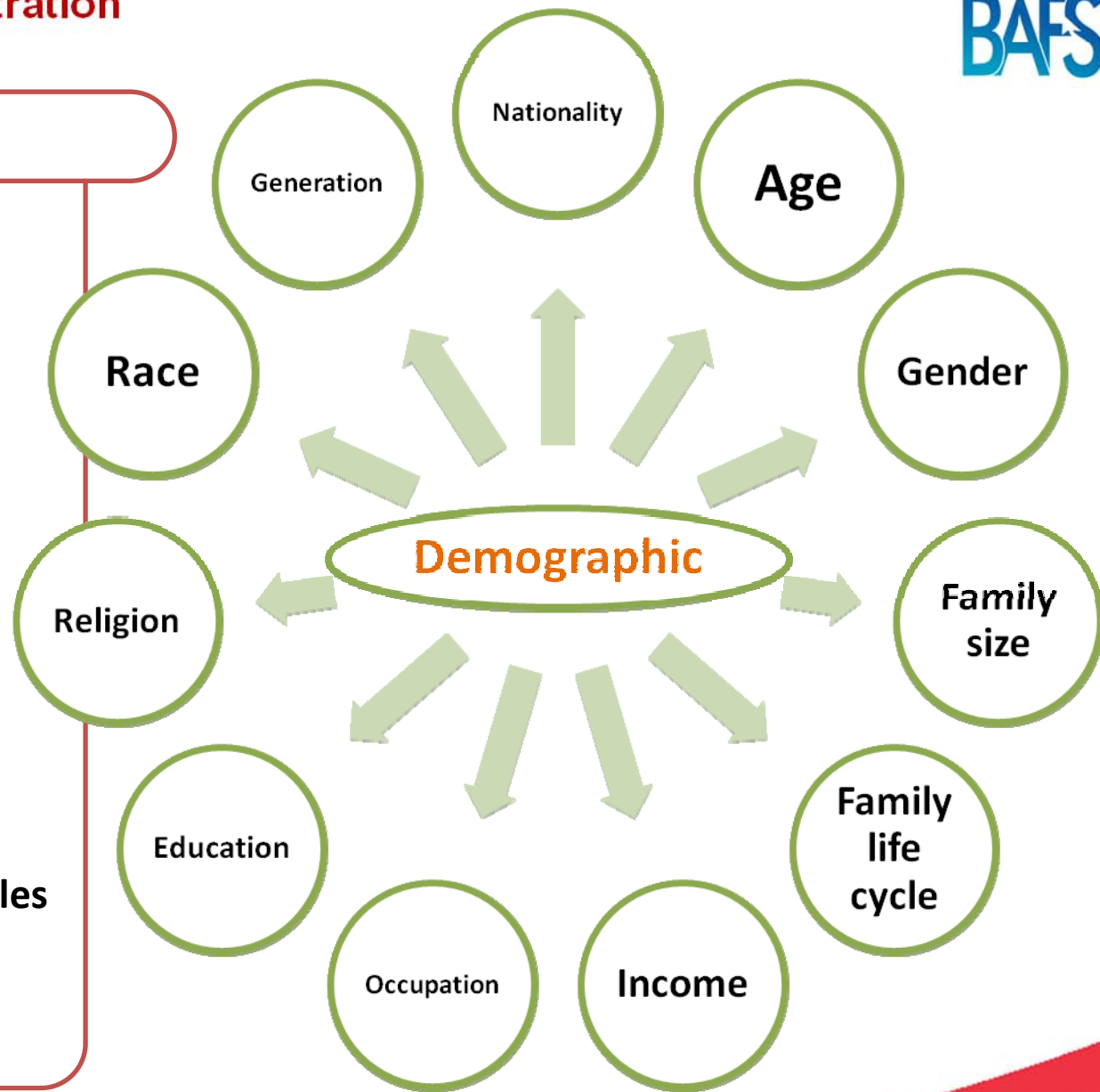
Age	Under 6, 6-11, 12-19, 20-34, 35-49, 50-64, 65+
Gender	Male, female
Family size	1-2, 3-4, 5+
Family life cycle	Young, single; married, no children; married with children; single parents; unmarried couples; older, married, no children under 18; older, single; other
Income	Under \$20,000; \$20,000-\$30,000; \$30,000-\$50,000; \$50,000-\$100,000; \$100,000-\$250,000; \$250,000 and over
Occupation	Professional and technical; managers, officials, and proprietors; clerical; sales; craftspeople; supervisors; farmers; retired; students; homemakers; unemployed
Education	Primary school or less; some high school; high school graduate; some college; college graduate
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Race	Asian, Hispanic, Black, White
Generation	Baby boomer, Generation X, Millennial
Nationality	North American, South American, British, French, German, Russian, Japanese

- This is a complete source of information with household demographics:
- http://www.censtatd.gov.hk/hong_kong_statistics/statistics_on_map/index.jsp



Most popular
segmentation method
because

- ① consumer needs & wants often vary closely with demographic reason
- ② It is easier to measure than other types of variables



Characteristics Affecting Consumer Behavior

Personal Factors

- Age and life-cycle stage
- Example

➤ Youth	= younger than 18
➤ Getting started	= 18–35
➤ Builders	= 35–50
➤ Accumulators	= 50–60
➤ Preservers	= over 60



Life Cycle Stage

Photo by
Marketing Management
Kotler and Keller, Pearson

Principles of Marketing
Kotler, Pearson

Characteristics Affecting Consumer Behavior

Personal Factors

Occupation affects the goods and services bought by consumers

Economic situation includes trends in:



Demographic Targeting by Age

Example:

Pay Less for
Adults

VS

Example:

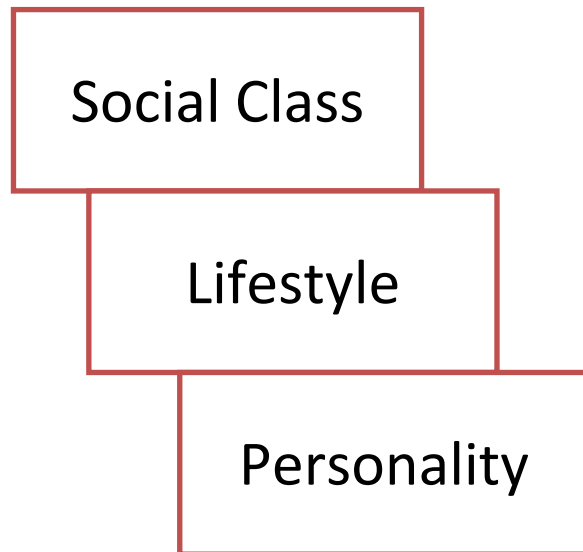
Packaging
for Kids

Segmenting Consumer Markets

③ Psychographic Segmentation

Social class	Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers
Lifestyle	Achievers, strivers, survivors
Personality	Compulsive, outgoing, authoritarian, ambitious

Psychographic



Reason:
People in the
SAME
demographic
group can have
DIFFERENT
psychographic
makeup

Psychographic Targeting by Social Class

TIME TO THINK 😊

What are the popular brands of private car for
(1) middle class, (2) upper middles?

Examples:

Mitsubishi

Honda

VS

Examples:

Mercedes Benz

Ferrari

Characteristics Affecting Consumer Behavior

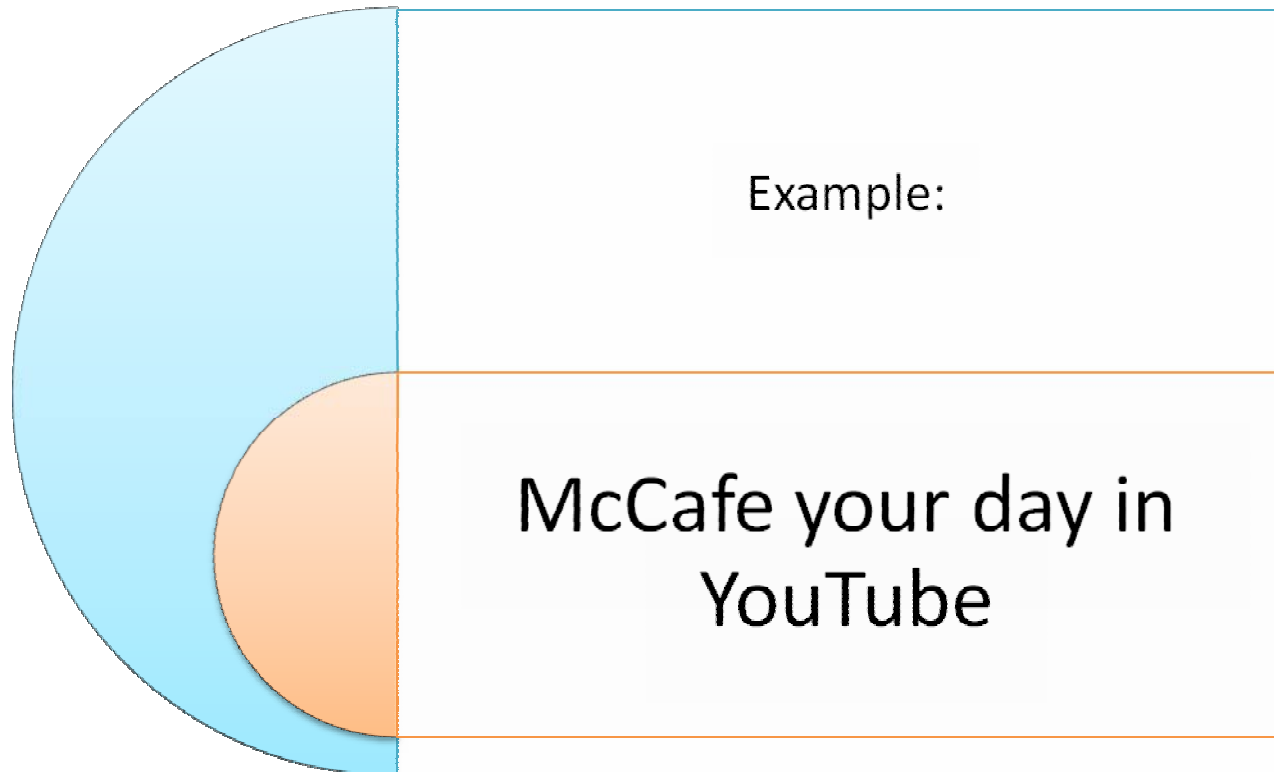
Social Factors

Social classes are society's divisions whose members share similar values, interests, and behaviors

- Measured by a combination of occupation, income, education, wealth, and other variables
- Social roles and status are the groups, clubs, and organizations that a person belongs

Psychographic Targeting by Lifestyles

- The goods that customers buy express their lifestyles



Characteristics Affecting Consumer Behavior

Personal Factors

Lifestyle is a person's pattern of living

- Measures a consumer's AIOs (activities, interests, opinions) to capture information about a person's pattern of acting and interacting in the environment

Characteristics Affecting Consumer Behavior

Personal Factors

Personality and Self-Concept

- Personality refers to the unique psychological characteristics that lead to consistent responses to the consumer's environment

④ Behavioral Segmentation

Occasions	Regular occasion, special occasion, holiday, seasonal
Benefits	Quality, service, economy, convenience, speed
User status	Nonuser, ex-user, potential user, first-time user, regular user
User rates	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness stage	Unaware, aware, informed, interested, desirous, intending to buy
Attitude toward product	Enthusiastic, positive, indifferent, negative, hostile

Behavioral Targeting by Occasion

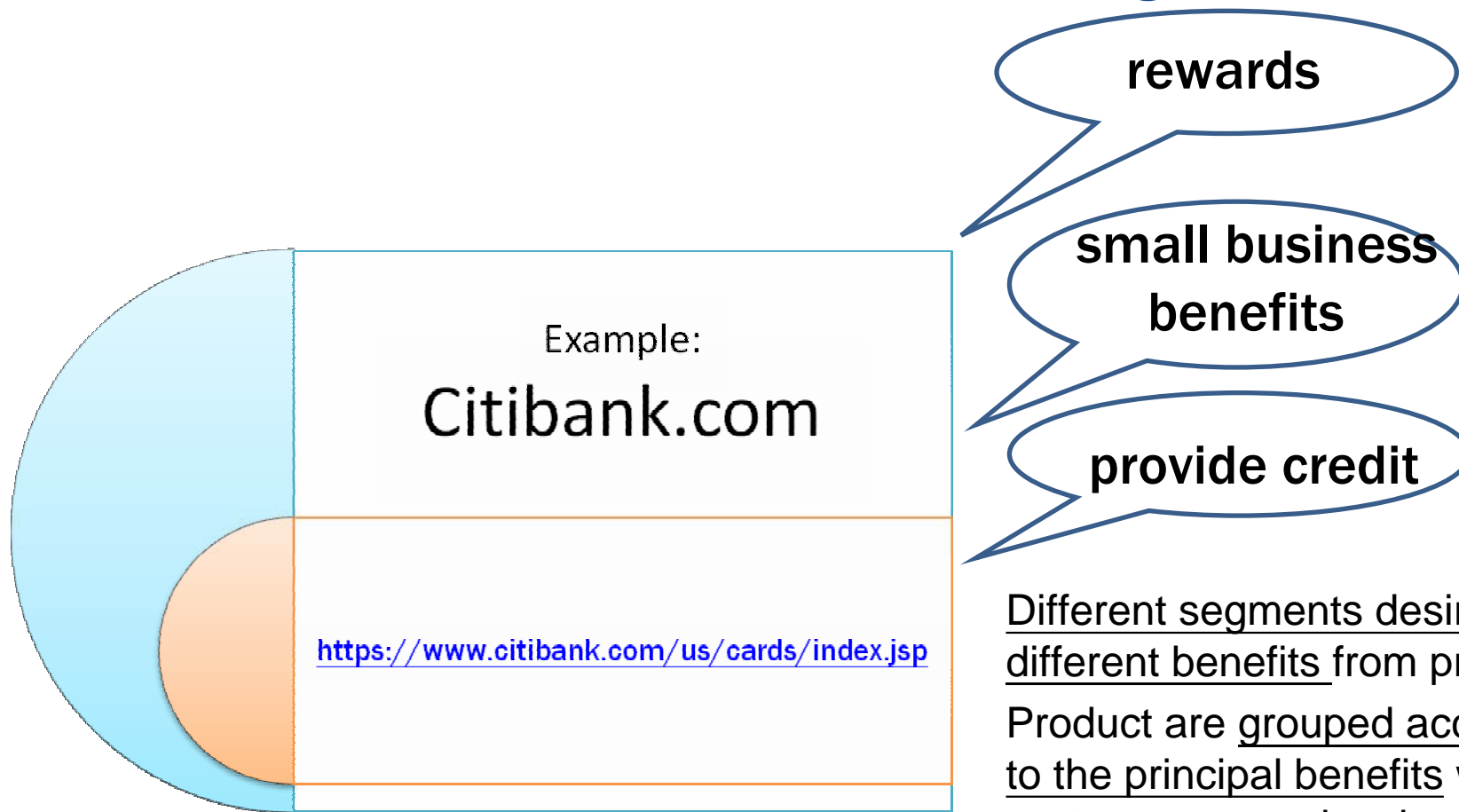
TIME TO THINK 😊

What are the popular chocolates for
The Valentine's Day?

Examples:

Ferrero Rocher; Lindt
in heart-shaped boxes

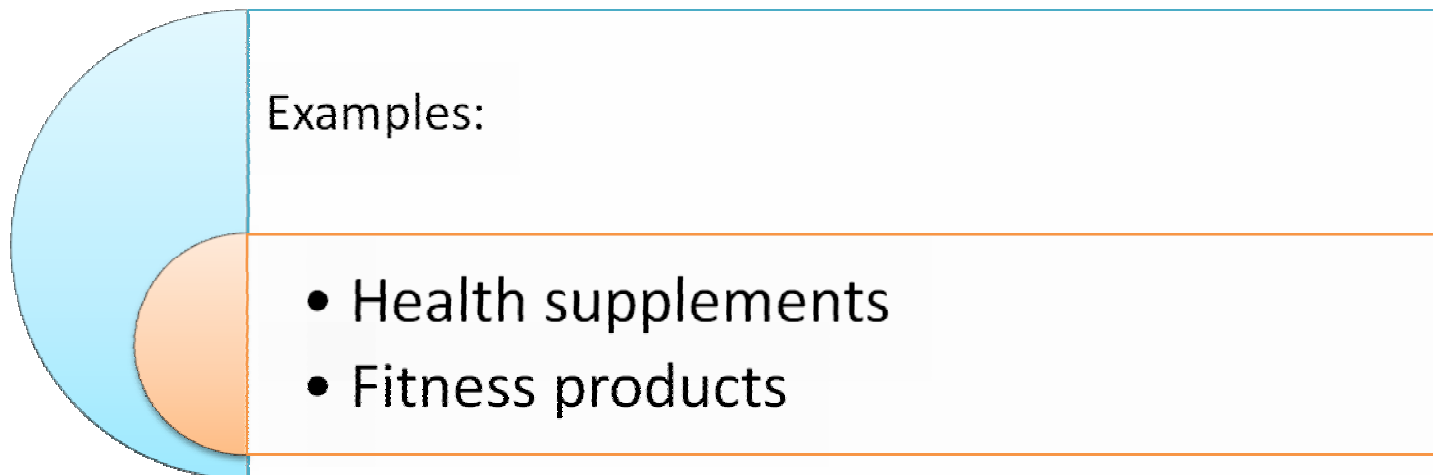
Behavioral Targeting by Benefit Sought



Different segments desire different benefits from products.
Product are grouped according to the principal benefits which customers perceive that their purchases will bring them value, convenience etc.

Behavioral Targeting by Attitude toward Product

- Marketers try to spot cultural shift so that they can discover new wants and desires, and then develop new products to meet the new wants and desires.
- An example is the shift toward health and fitness, which creates a huge industry.



Recommendations

- ① Best to use multiple approaches in order to identify smaller, better-defined target groups.
- ② Start with a single base and then expand to other bases.

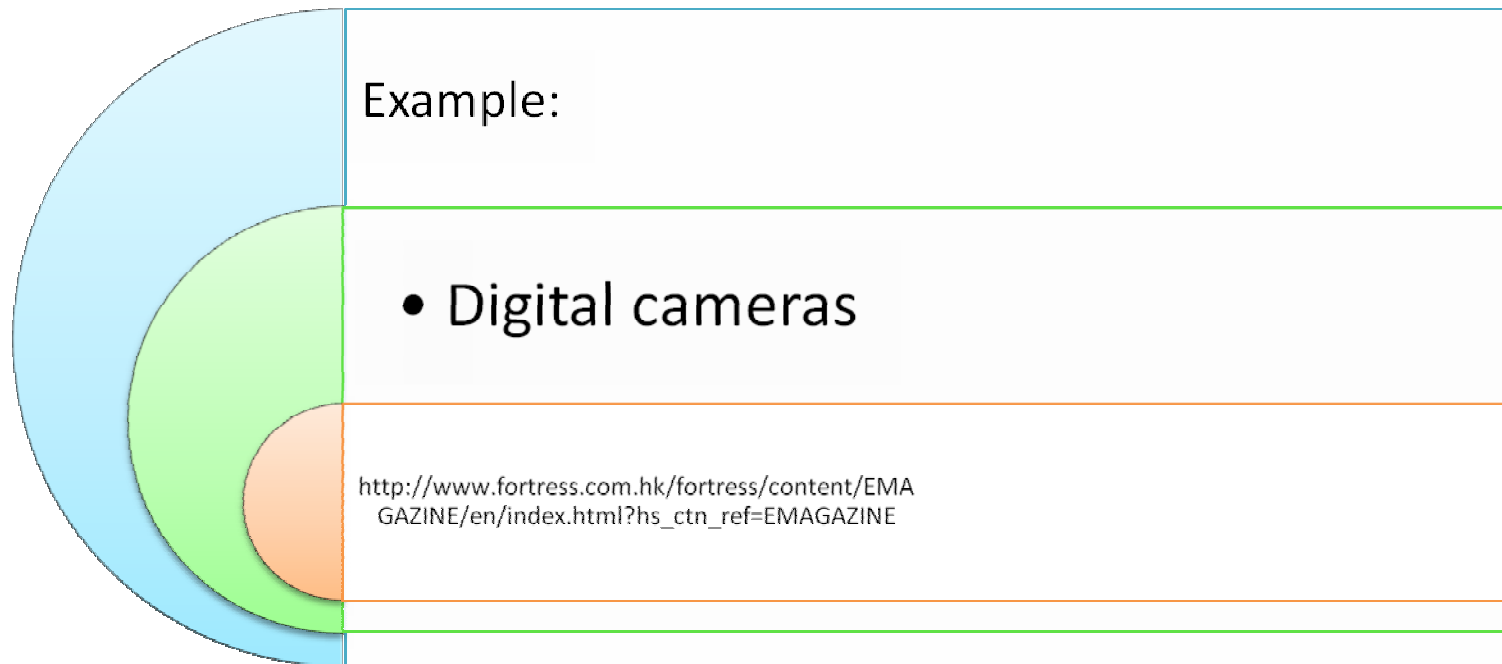
Using Multiple Segmentation Base

Age + Lifecycle Stage



Using Multiple Segmentation Base

Gender and Income



Challenge Corner

Many firms make an effort to identify smaller, better-defined target groups to ensure productive results by using _____.

a) loyalty segmentation

b) multiple segmentation bases

c) targeting

d) mass marketing

Case Study & Test Yourself - Market Segmentation



**Apply market
segmentation methods
to Starbucks' consumer market**

Market Segmentation of the Consumer Market for Starbucks

Initial Findings

- *The typical customer was wealthier, generally achievers, and more professional than the average.*
- *The customer was far more likely to be female than male, and between the ages of 24 and 44.*

Suggested Answers: Market Segmentation of the Consumer Market for Starbucks

Demographics segmentation

- *more likely to be female*
- *between the ages of 24 and 44*

Psychographic & Behavioral segmentation

- *wealthier,*
- *generally achievers, and*
- *more professional than the average*

Market Segmentation of the Consumer Market for Starbucks

Further Findings

- *Had a very strong loyalty status, a passionate attitude toward the brand, and very heavy usage rates.*
- *Starbucks customers visit for the quality of the coffee to be sure.*
- *But more importantly, they visit for the benefit of hanging out in a place rich with ambience.*
- *They enjoy using the Starbucks locations as a meeting place with friends or as a place to read a book.*

Suggested Answers: Market Segmentation of the Consumer Market for Starbucks

Social class, segmentation

- *wealthier,*
- *more professional than the average*

Lifestyle segmentation

- Generally achievers

Personality segmentation

- *passionate attitude toward the brand*

Psychographic segmentation

Suggested Answers: Market Segmentation of the Consumer Market for Starbucks

Loyalty Status Segmentation

- *had a very strong loyalty status*

User Rates Segmentation

- *very heavy usage rates*

Most appropriate factor as the center of Starbucks's segmentation strategy was that of "benefits."

Behavioral segmentation

2

Marketing Niche & Positioning

In concept,
marketing boils
down to 2
questions:

- (1) Which customers will we serve?
- (2) How will we serve them?

The **goal** is to create more value for the customers we serve than competitors do.

Designing a customer-driven marketing strategy involves:

- ▶ Segmentation
- ▶ Targeting
- ▶ Differentiation
- ▶ Positioning



Source: Marketing: An Introduction, Armstrong & Kotler

Major Steps

Market positioning

It's your company's **niche** in the marketplace
Design marketing strategies to profitably
serve selected market segments **better than
their competitors do**

Market targeting 鎖定目標市場

Choose the **most appropriate segments**

Market segmentation

Companies cannot satisfy all consumers in a given market,
they must **divide up** the total market

Customer-Centered Marketing Strategy

Target marketing is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.



Photo by
Marketing Management
Kotler and Keller, Pearson

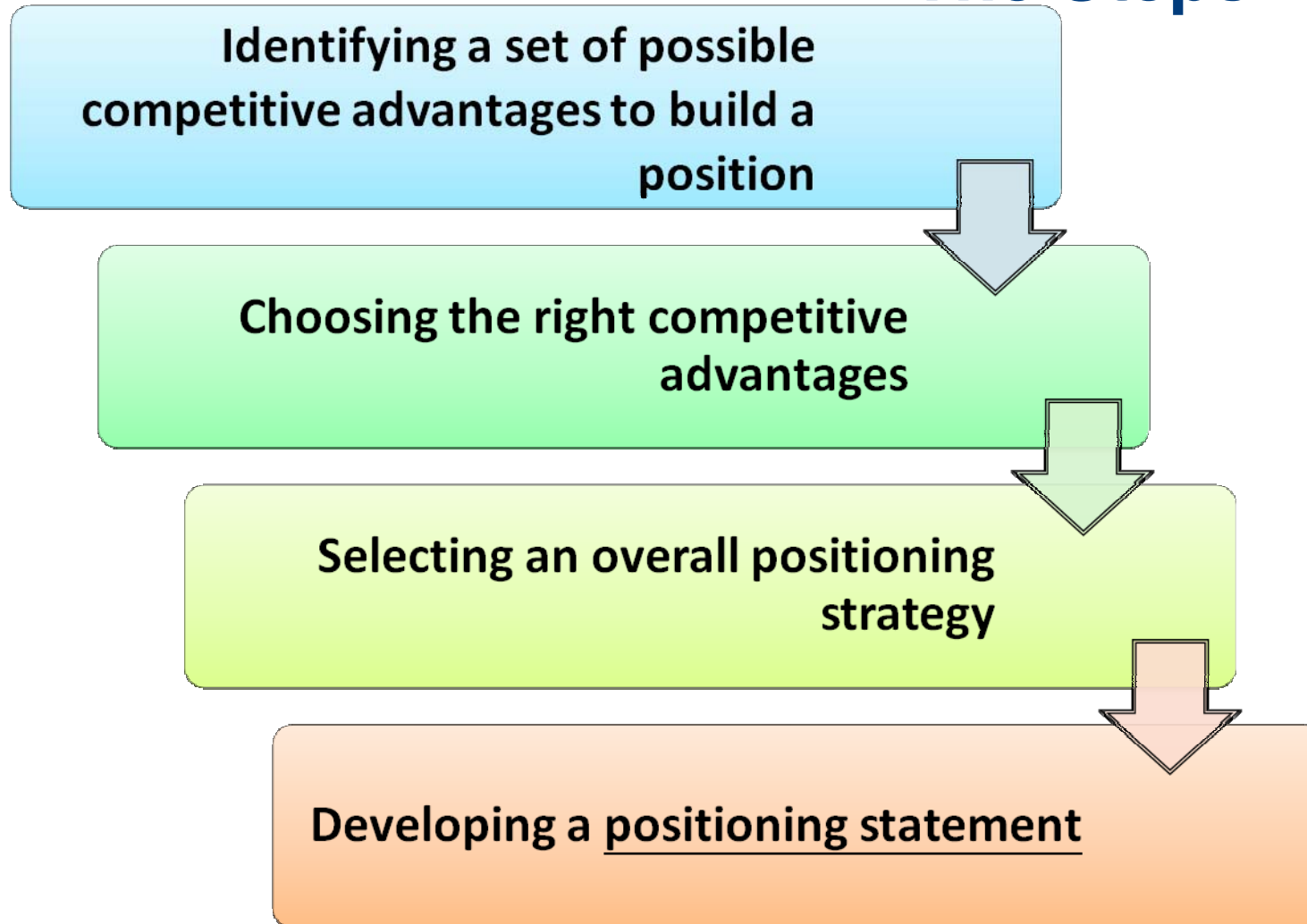
Market positioning is the arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of the target consumer.

Four Principles of Positioning Strategy

- ① A company cannot do all things to all people – must focus its efforts
- ② Must establish position for firm or product in minds of customers
- ③ Position should be distinctive, providing one simple, consistent message
- ④ Position must set firm/product apart from competitors

Adapted from
Services Marketing
Lovelock & Wirtz, Pearson

- The Steps



Target
market

Competitive
advantage

*"To busy, mobile professionals who need to always be in the loop, BlackBerry is a **wireless connectivity solution** that gives you an easier, more reliable way to stay connected to data, people, and resources while on the go."*

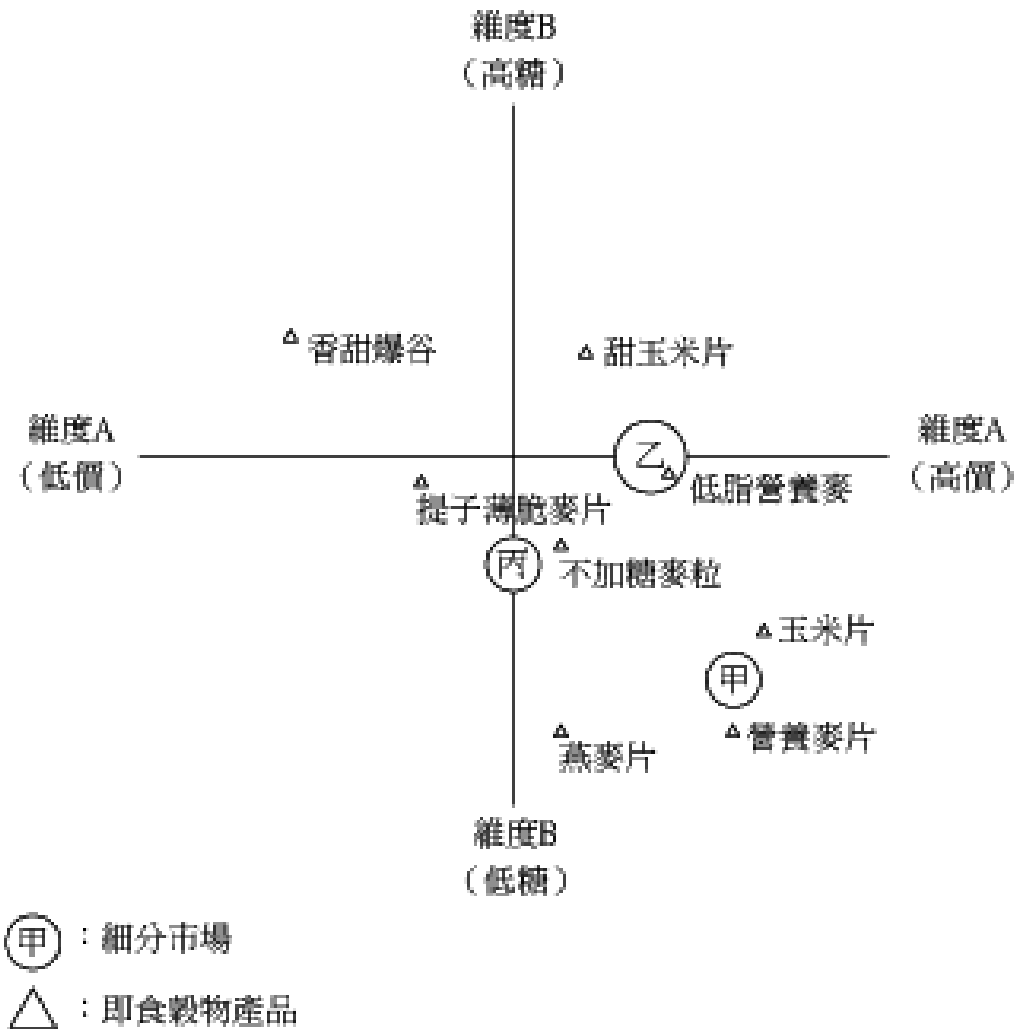
agnes b. examples of positioning statements

Using Positioning Maps to Plot Competitive Strategy

- Great tool to visualize competitive positioning.
- Useful way to represent consumer perceptions of alternative products graphically.
- Information about a product can be obtained from market data, derived from ratings by representative consumers, or both.

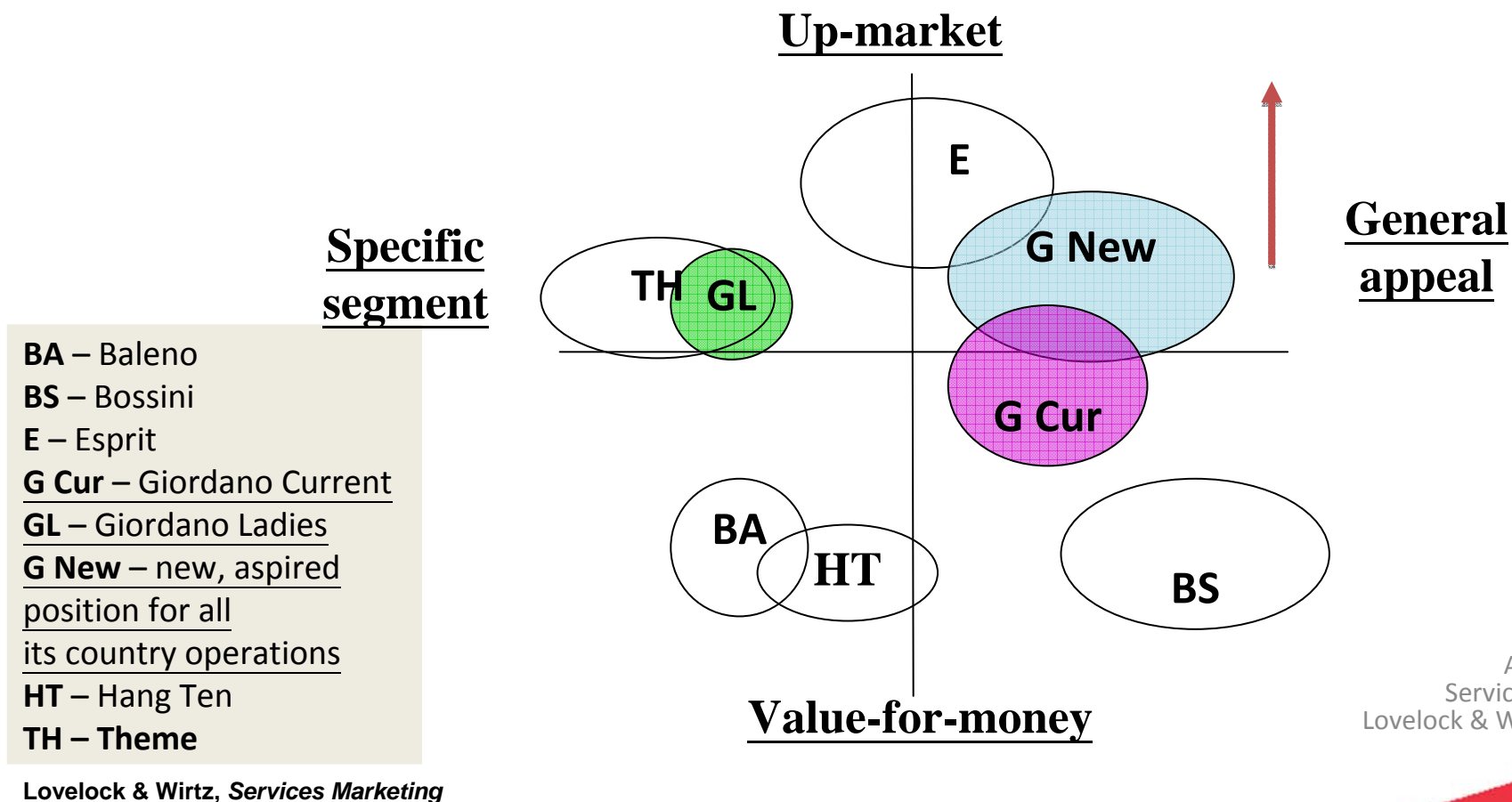
Adapted from
Services Marketing
Lovelock & Wirtz, Pearson

Positioning and Segmentation of Instant Cereal Breakfast



Source: ouhk.edu.hk

Giordano slowly moves its positioning upward to meet the rising affluence, hence the resulting desire for high-end apparel of its core target segment



Adapted from
Services Marketing
Lovelock & Wirtz, Pearson

Choosing a Positioning Strategy by Differentiation

Identifying a set of possible competitive advantages to build a position by providing superior value from:

Product differentiation (eg, durability, reliability, consistency, uniqueness)

Service differentiation (eg, speed, convenience, careful delivery)

Channel differentiation (eg, convenient location, intensive channel)

People differentiation (eg, convey benefits & positioning)

Image differentiation (eg, hiring, training, better people than competitors)

Choosing a Positioning Strategy by Differentiation

Product differentiation (eg, **FANCL**無添加)

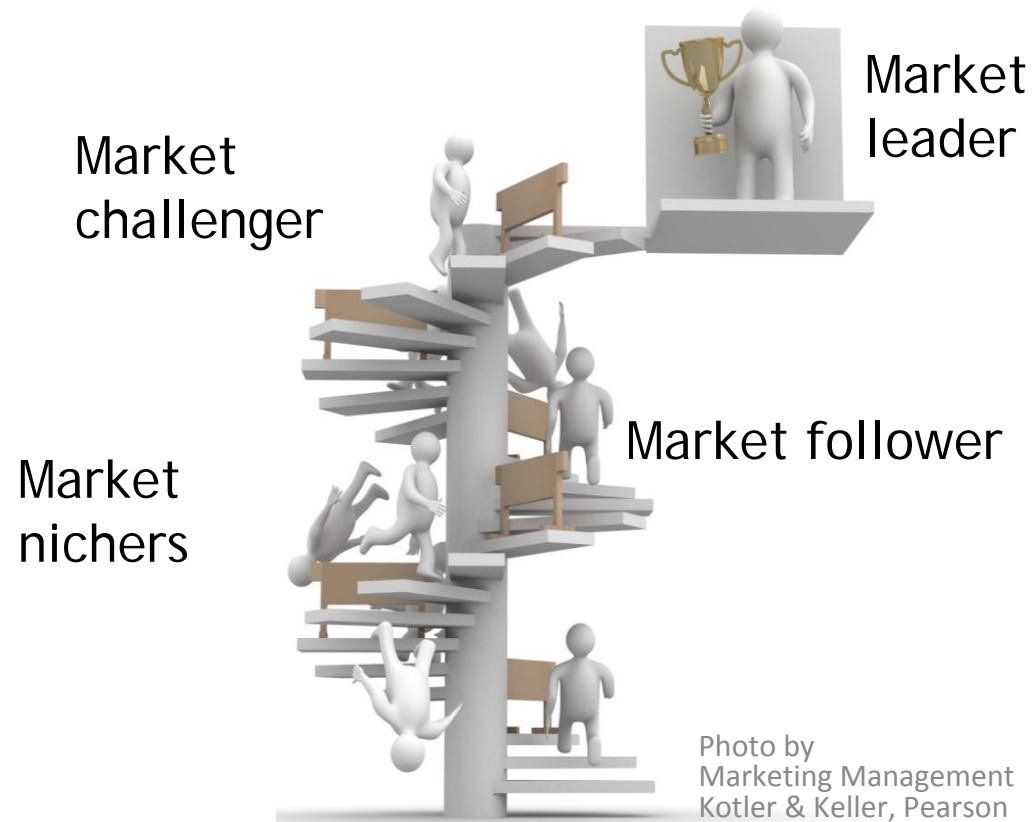
Service differentiation (eg, **McDonald's**)

Channel differentiation (eg, **7-ELEVEN**)

People differentiation (eg, **Cathay Pacific**)

Image differentiation (eg, **LOUIS VUITTON**)

Competitive Positions



Market nichers are firms that serve small market segments not being pursued by other firms.

Market Nicher Strategies

Ideal market niche is big enough to be profitable with high growth potential and has little interest from competitors.

Key to market niching is specialization

- Market
- Customer
- Product
- Marketing mix



Photo by
Marketing Management
Kotler and Keller, Pearson

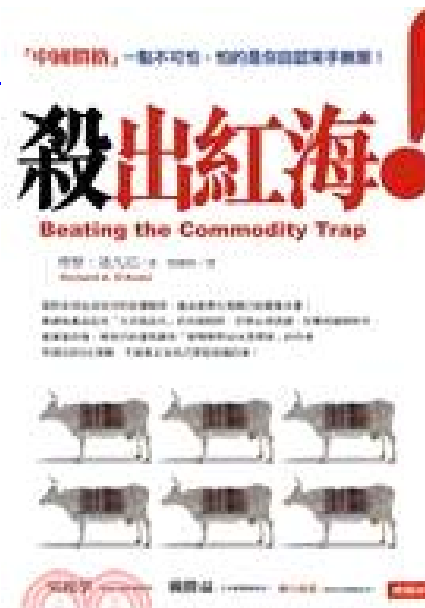
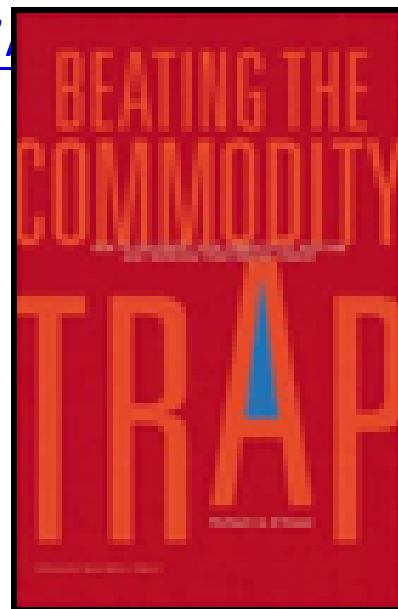
Market Nicher Strategies LOUIS VUITTON

- 1837年，一個從鄉間來到巴黎的16歲少年～Louis Vuitton，便是這個名牌傳奇的開場人。
- 以旅行箱起家的LOUIS VUITTON，因其超卓的技藝與獨創布料，打下了「滴水不漏」的名號，成為當時貴族們旅行愛用的高級品牌。
- 1896年，Louis Vuitton的兒子George Vuitton，設計了以LV縮寫與四瓣花組合成的「Monogram」圖紋，更將LOUIS VUITTON的聲勢推向高潮，成為我們所熟知的經典名牌。

Market Nicher Strategies

Beating the Commodity Trap, How to Maximize Your Competitive Position and Increase Your Pricing Power

by [Richard A. D'Amico](#) Business



Market Nicher Strategies - Commoditization

- Over time, a company's product or service becomes indistinguishable from others in the market, and consumers buy on price alone—so a once-unique product becomes a commodity.

WHY DIFFERENTIATION IS NOT ENOUGH

- Differentiation can be a powerful way to change positioning. But it is only part of the solution.
- **The answers lie with anticipation.**

Market Nicher Strategies - Commoditization

Price ↓ Benefits to customers ↓	Low-end firms enter with low-cost/low-benefit offerings that attract the mass market.	as <u>Zara</u> did to high-end fashion companies in Europe
Price ↓ ↑ Benefits to customers ↓ ↑	Companies develop new combinations of price paired with several unique benefits that attack part of an incumbents' market	as <u>3D-GOLD</u> did to Tse Sui Luen & Chow Seng Seng
Price ↓ Benefits to customers ↑	Players offer more benefits for the same or lower price, squeezing everyone's margins	as <u>Apple</u> did with its series of iPods

Market Nicher Strategies

南韓地鐵月台變身虛擬超市

這個構思來自南韓第二大的連鎖超市集團，
他們一直想挑戰一哥，不過分店數目始終不
及對手多，所以他們想了個辦法，不開設新
店一樣可以增加生意額。

集團以首爾一個地鐵站做試點，將月台廣告
位變成超市貨架一樣，但每件貨品下都印了
對應的QR條碼。只要用手機拍下條碼，就
可以將貨品加入你在網上的購物籃，選好貨
物就可經手機付款，超市收到訂單後，就會
將貨物即日送到客戶住所。

有線寬頻 i-cable.com

Challenge Corner

The marketing approach that is most effective today for a small business is _____.

- a) individualized (one-to-one) marketing
- b) differentiated segmentation
- c) undifferentiated marketing
- d) niche marketing

Case Study & Test Yourself - Marketing Niche & Positioning



**Apply the targeting & positioning
for the niche marketer – Cable TV**

Suggested Answers Positioning for the niche market – Cable TV

Targeting

- Identified a substantial segment of customers that the market leader do not focus to serve.

Positioning

- The best way to compete against a mega-competitor is to not compete against it.
- The key is positioning away from the strengths of the competition.
- Positioned itself as the alternative to such.

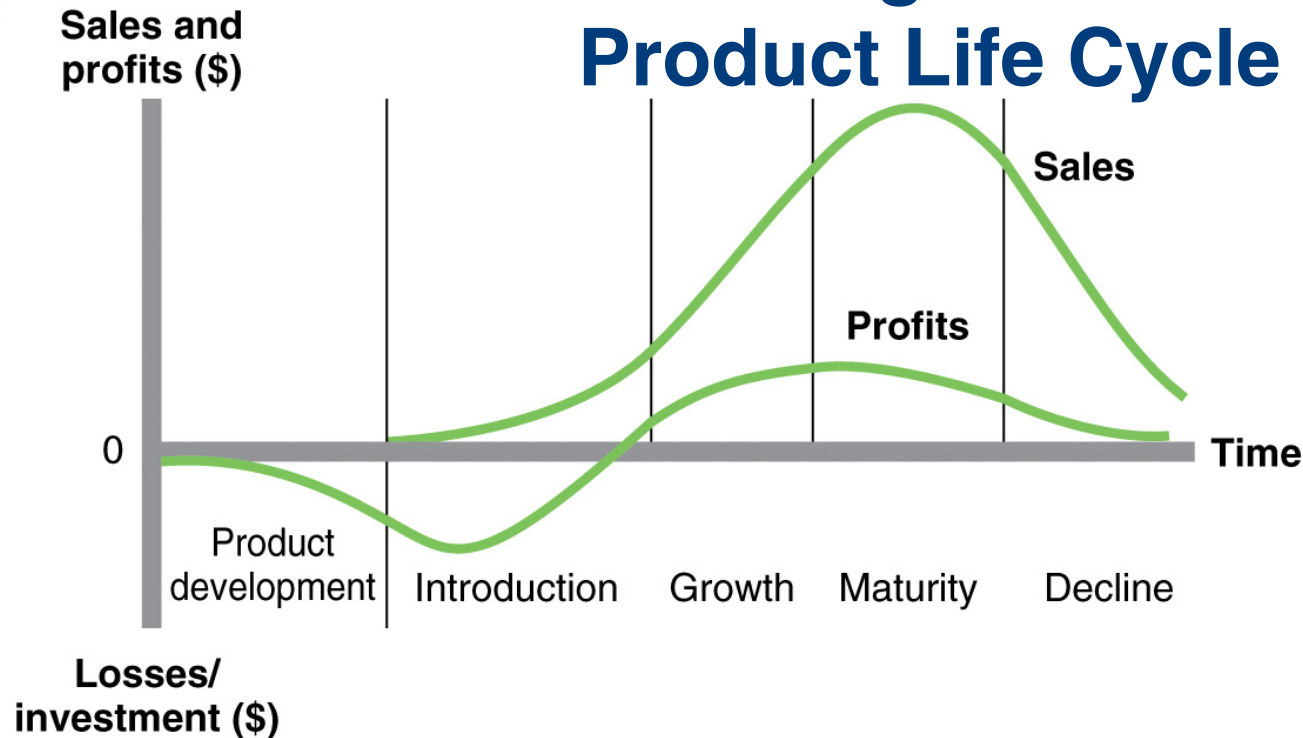
Niche Marketing

- More variety of choices of channels.
- More flexible scheduling of programmes.
- Live broadcast of football matches.



Application of Marketing Mix Strategies to Different Stages of Product Life Cycle

Stages in Product Life Cycle

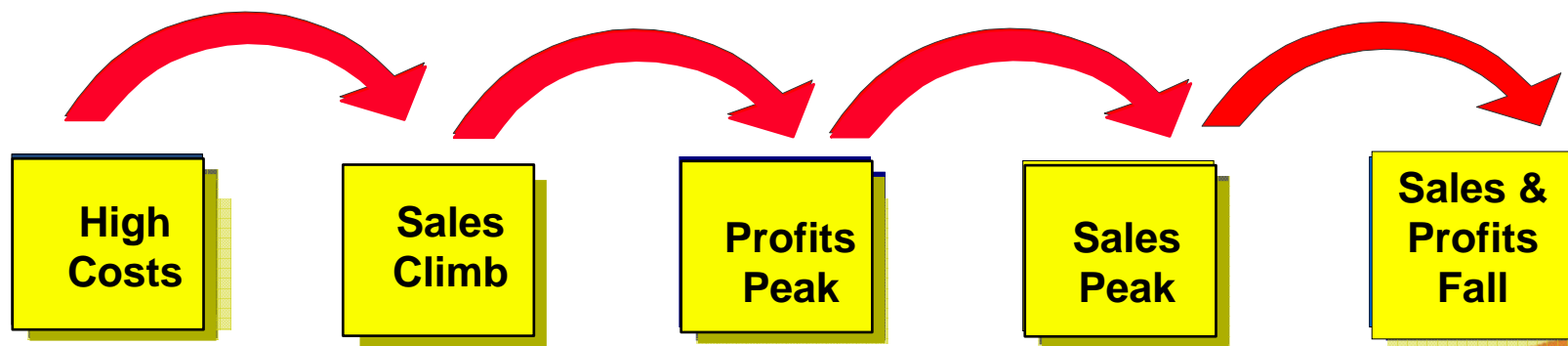


Usually each product has its life cycle, although its exact shape and length is not known in advance.

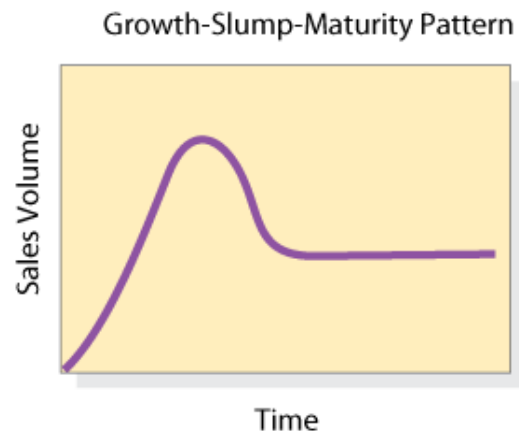
The PLC is the course that a product's *sales and profits* takes over its lifetime.

Stages in the Product Life Cycle

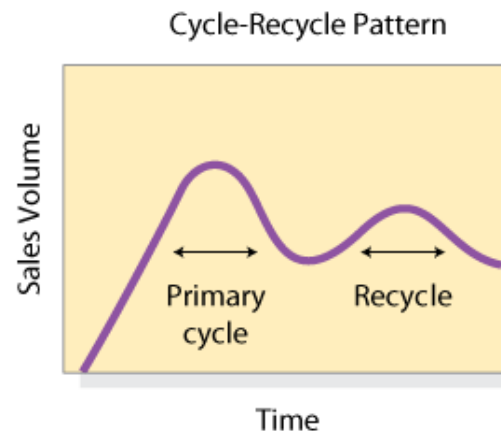
- ① Product development
- ② Introduction, *example: iPad2*
- ③ Growth, *example: high-definition TVs*
- ④ Maturity, *example: DVD players*
- ⑤ Decline, *example: video tapes*



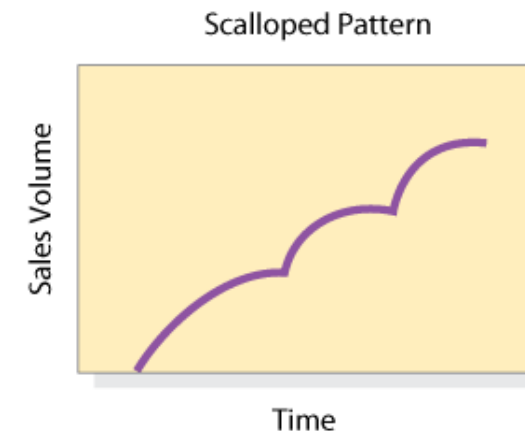
Common Product Life-Cycle Patterns



Example:
small
kitchen
appliances

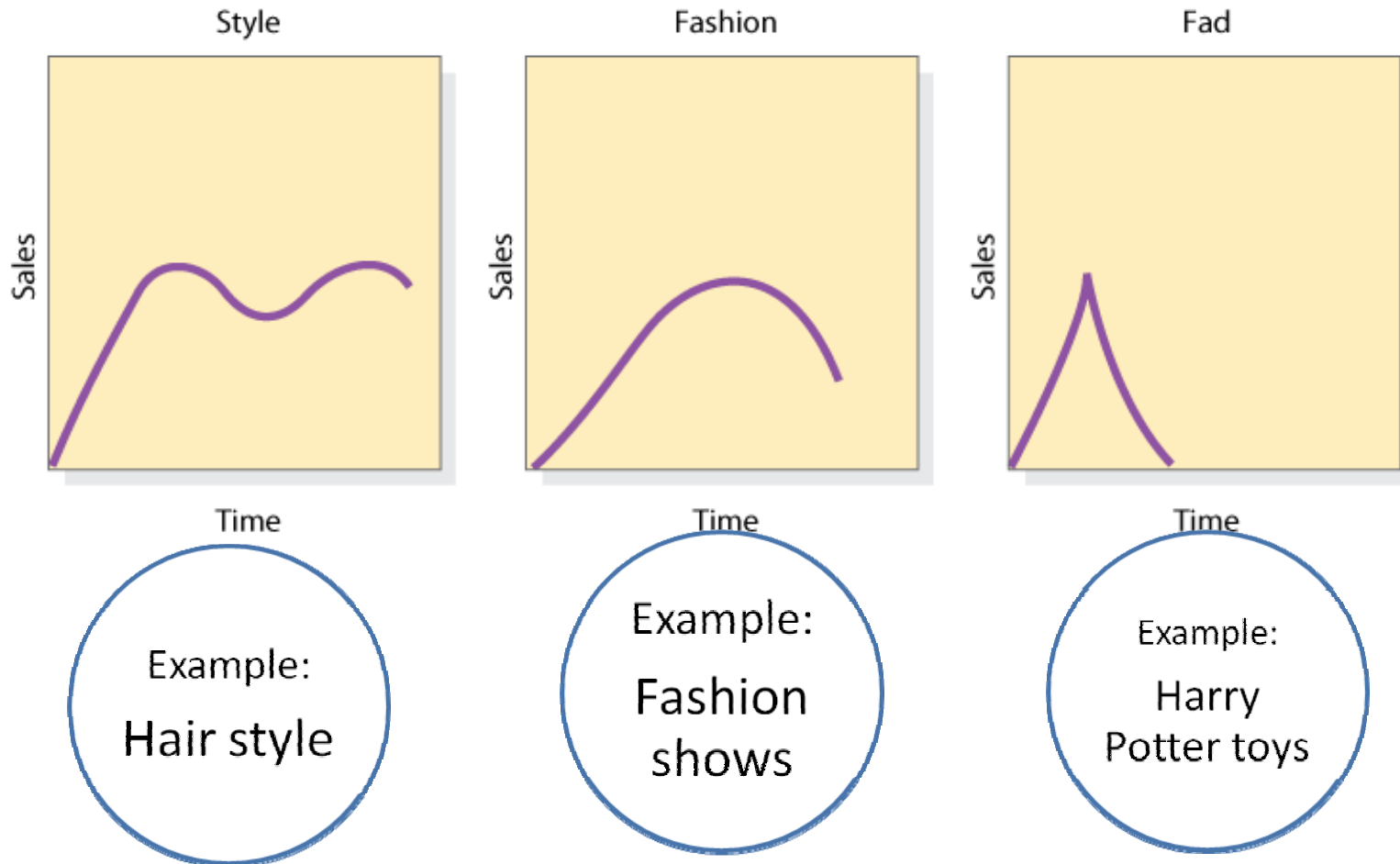


Example:
new
drugs



Example:
Nylon

Style, Fashion, and Fad Life Cycles



Question: Is PLC applicable to all products?

NO ~ NO ~ ☺

**Some well-managed brands,
such as Kodak, Coca Cola, Polo
Ralph Lauren, has lived for
more than 100 years.**

Marketing Strategies in the Product Life Cycle

The Marketing Mix

Product

Place

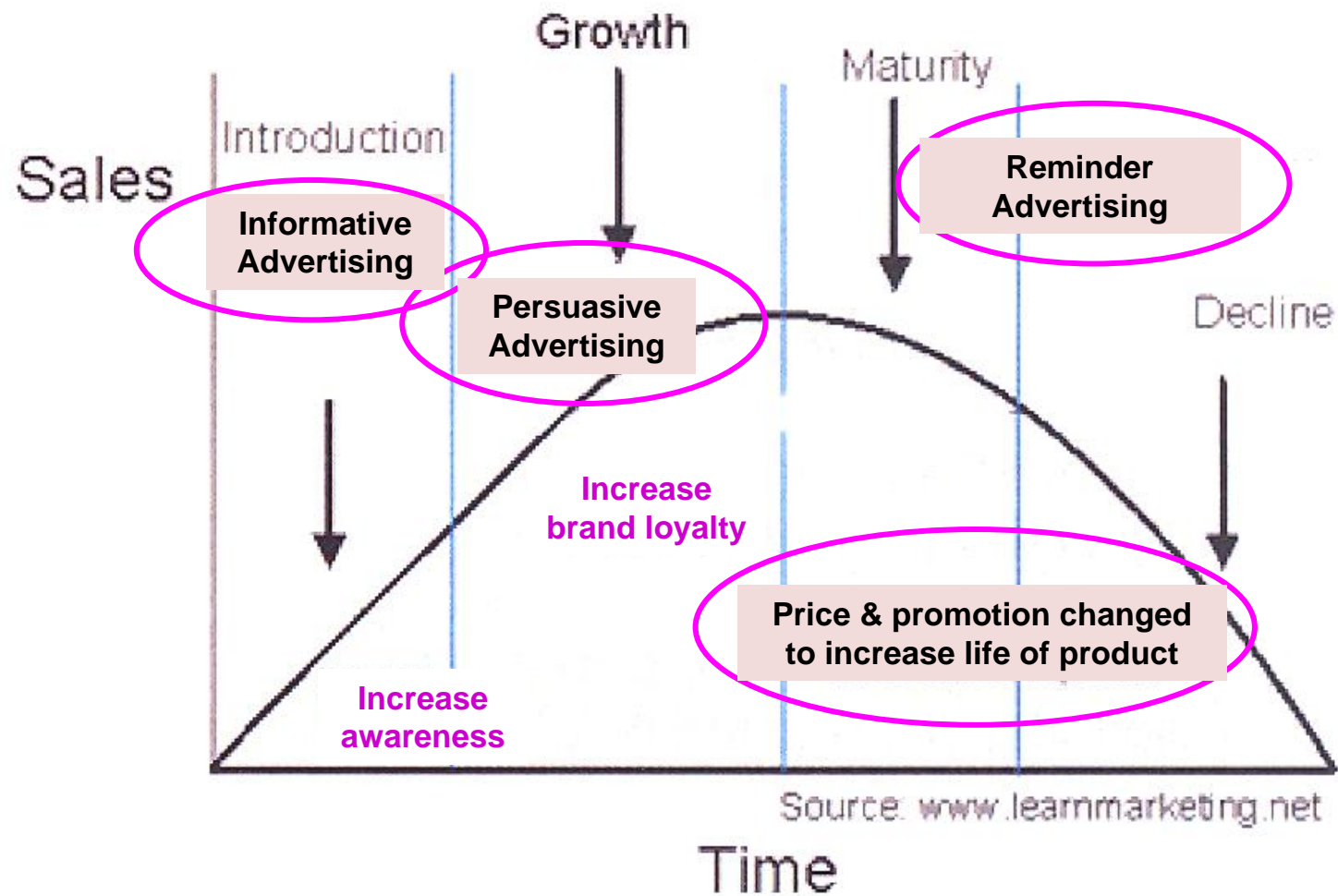
Price

Promotion

Developing an Integrated Marketing Mix

Marketing mix is the set of controllable tactical marketing tools—product, price, place, and promotion—that the firm blends to produce the response it wants in the target market.

Promotion through PLC



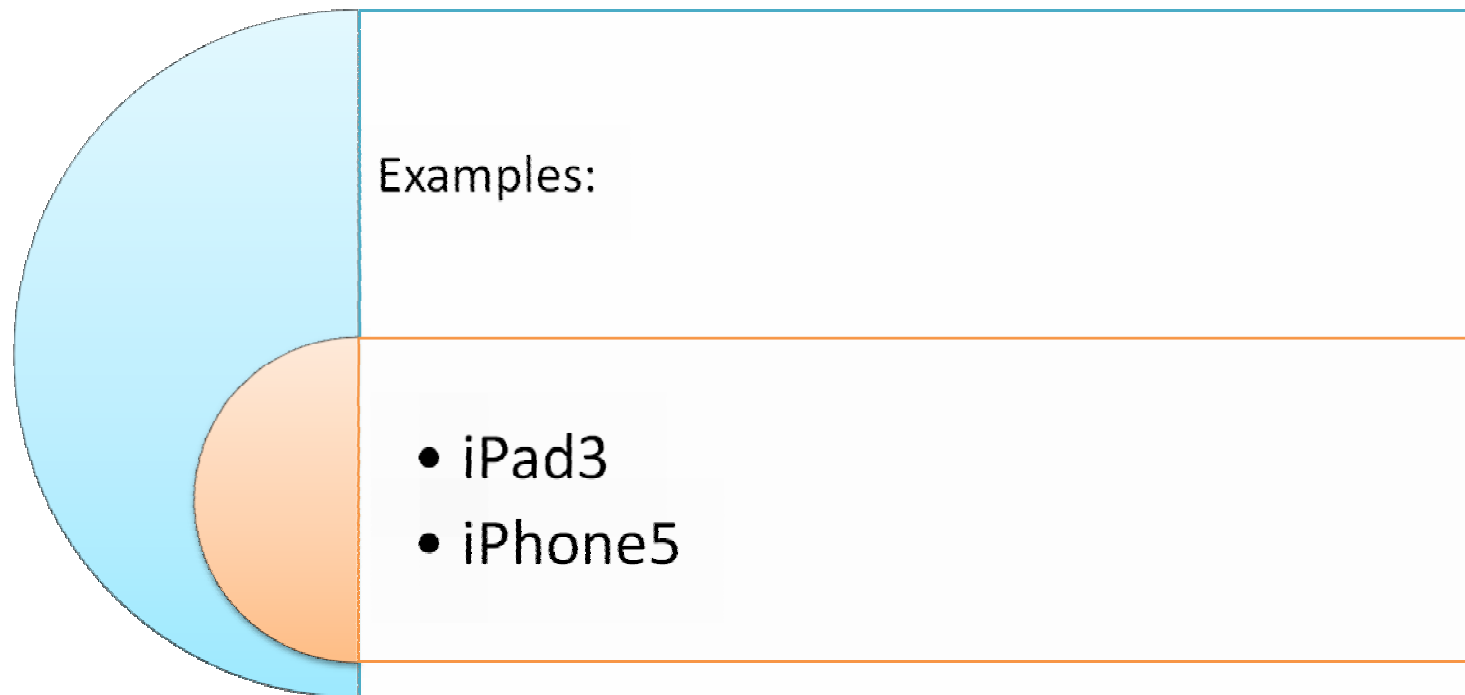
Product Life Cycle Stage

Product Development Stage

- It begins when the company finds and develops new-product ideas.
- Sales are zero in this stage and the company's investment costs are high.

Product Life Cycle Stage

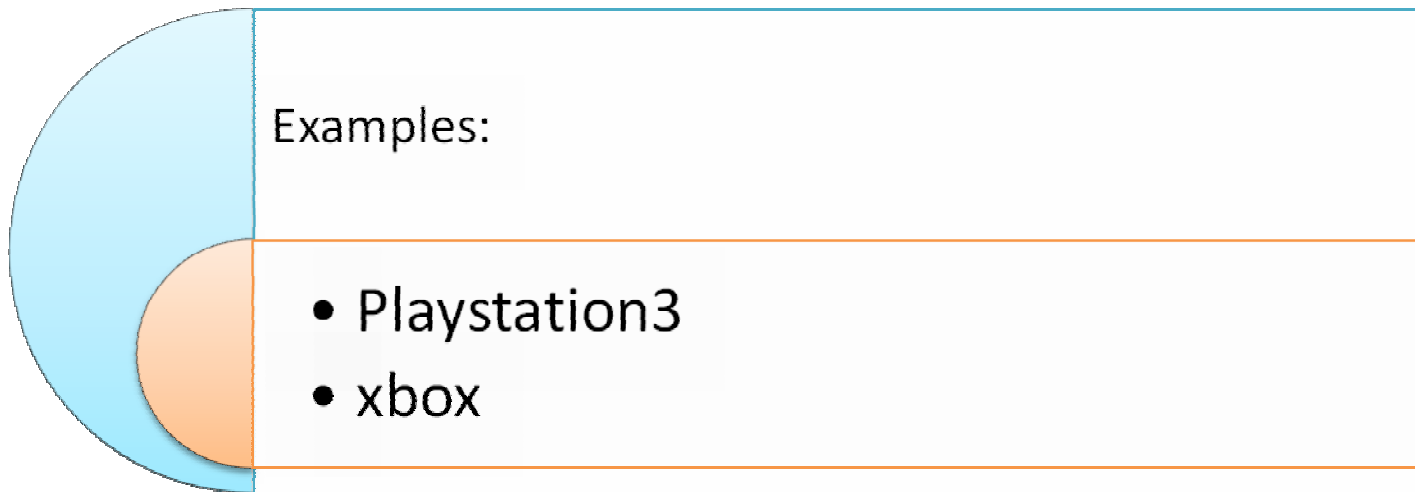
Product Development Stage



Product Development stage

- New product development is **risky**.
- To create successful new products, a company **must understand** its consumers, markets, and competitors and develop products that deliver superior value to customers.

Introduction stage介紹期



Characteristics	Introduction Stage
Sales	Low sales
Costs	High cost per customer
Profits	Negative
Customers	Innovators
Competitors	Few

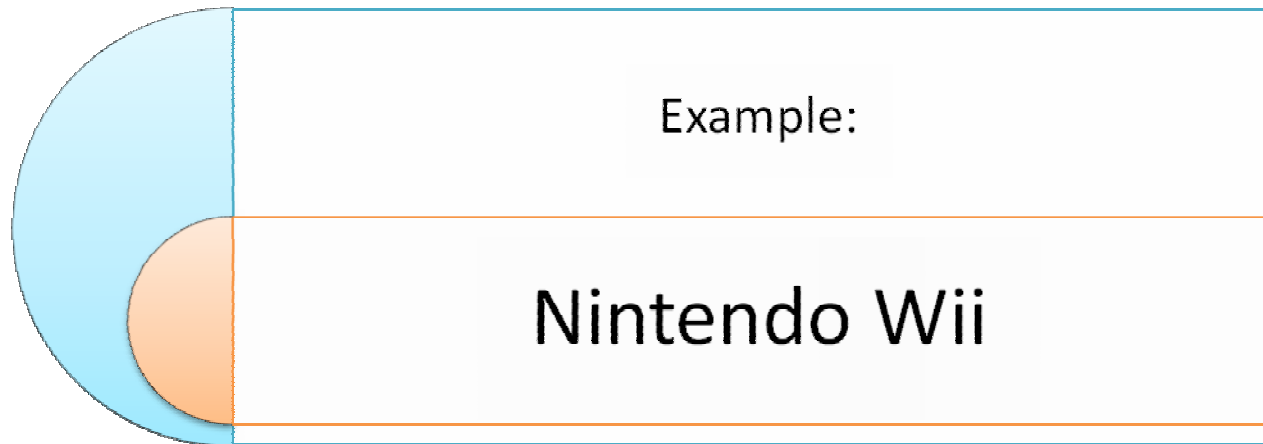
Introduction stage

Marketing Objectives	
	Create product awareness and trial
Strategies	
Product	Initially offer a basic product
Price	Skimming and penetration pricing
Place	Build selective distribution
Promotion - Advertising	Build product awareness among early adopters and dealers
Promotion - Sales Promotion	Use heavy sales promotion to attract trial

Adapted from Marketing Management
Kotler and Keller, Pearson

Product Life Cycle Stage

Growth Stage



Characteristics	Growth Stage
Sales	Rapid rising sales
Costs	Average cost per customer
Profits	Rising profits
Customers	Early adopters
Competitors	Growing number

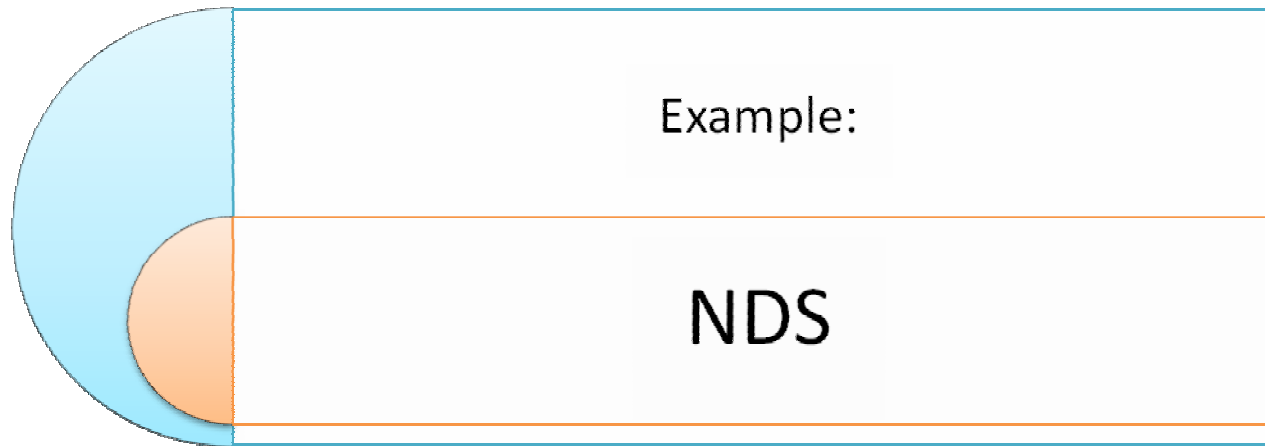
Growth Stage

Marketing Objectives	
Maximize market share	
Strategies	
Product	Offer product features, service, warranty
Price	Competitive pricing to penetrate market
Place	Build intensive distribution
Promotion - Advertising	Build awareness and interest in the mass market
Promotion - Sales Promotion	Reduce to take advantage of heavy consumer demand

Adapted from Marketing Management, Kotler and Keller, Pearson

Product Life Cycle Stage

Maturity Stage



Characteristics	Maturity Stage
Sales	Peak sales
Costs	Low cost per customer
Profits	High profits
Customers	Middle majority
Competitors	Stable number beginning to decline

Marketing Strategies at Different Stages of the PLC

Maturity Stage

Marketing Objectives	
	Maximize profit while defending market
Strategies	
Product	Diversify brand and models
Price	Pricing to match or beat competitors
Place	Build more intensive distribution
Promotion – Advertising	Stress brand differences and benefits
Promotion – Sales Promotion	Increase to encourage brand switching

Adapted from Marketing Management, Kotler and Keller, Pearson

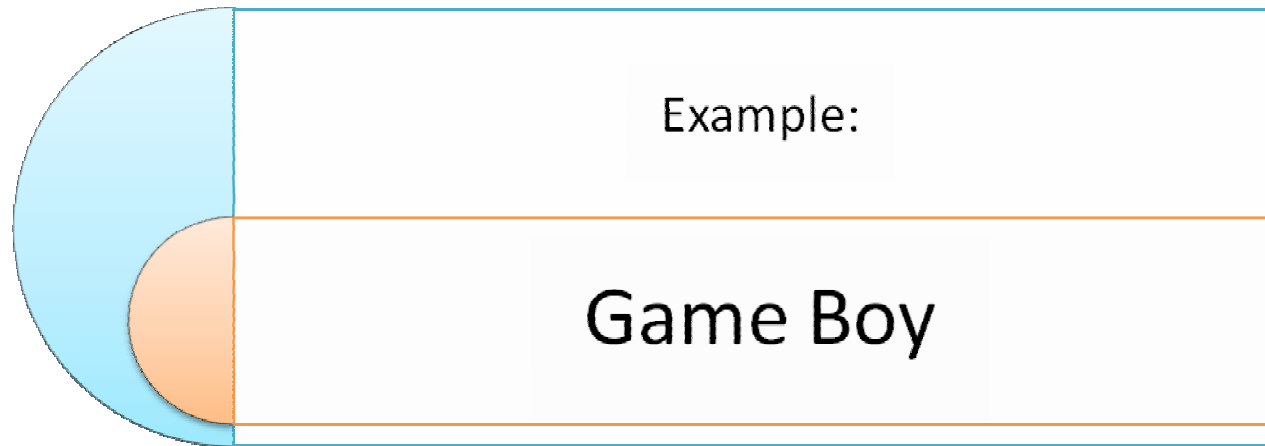
PLC Marketing Strategies

Maturity Stage Modifying Strategies

- ① Market modifying
- ② Product modifying
- ③ Marketing mix modifying

Product Life Cycle Stage

Decline stage



Characteristics	Decline Stage
Sales	Declining sales
Costs	Low cost per customer
Profits	Declining profits
Customers	Laggards
Competitors	Declining number

Decline stage

Strategies	
Product	Phase out weak items
Price	Cut price
Place	Go selective: phase out unprofitable outlets
Promotion – Advertising	Reduce to level needed to retain hard-core loyals
Promotion – Sales Promotion	Reduce to minimal level

Adapted from
Marketing
Management,
Kotler and Keller,
Pearson

PLC Marketing Strategies

Decline stage

Companies need to **pay more attention to aging products.**

Marketers have 3 options:

- ① **to maintain a brand without change**
 - in the hope that competitors will leave the industry
- ② **to harvest the product**
 - Reducing various costs and hoping that sales hold up
- ③ **to drop the product from the line**

Challenge Corner

Internet-enabled mobile phones are currently experiencing rapid market acceptance and increasing profits. Which stage of the product life-cycle does this represent?

a) Introduction

b) Growth

c) Maturity

d) Decline

Product Life Cycle of Mobile Phone

- Product development: 70s
- Introduction: 80s
- Growth: 90s
- Maturity: 2000's 2010's
- Decline: Future

Case Study & Test Yourself - PLC



**Apply the product life cycle
to
Nintendo Wii**

Adapted from
Marketing Management
Kotler and Keller, Pearson

Suggested Answers

PLC of Nintendo Wii

Feature

- *Wii is a generational product,*
- *ie, while one version of the product may come out and run its life cycle, an updated version of the product is released to start that life cycle all over again.*

PLC stage

- *In 2011, the product is in the growth stage.*
- *A significant period of time has passed and the initial introduction is over.*

Suggested Answers PLC of Nintendo Wii

- Sales during introductory stage usually start off slow.
- This was not the case with the Wii.
- Sales were strong from the beginning.
- Probably the introductory phase was very brief.

Sales

- The growth phase is characterized by growing sales.
- Both early adopters 早期採用者 & early majority are buying.
- Costs fall and profits rise.

Profit

Suggested Answers

The “Right” Marketing Mix Strategies

Product

- *Wasted no time in coming out with additional games, accessories.*
- Nintendo’s download channel

Price

- *Competitors with initial prices significantly higher.*
- *Priced for penetration to begin with.*
- *With strong sales, Nintendo will not have to reduce price until the competition drops prices.*

Suggested Answers

The “Right” Marketing Mix Strategies

- *following an intensive distribution strategy.*

Distribution

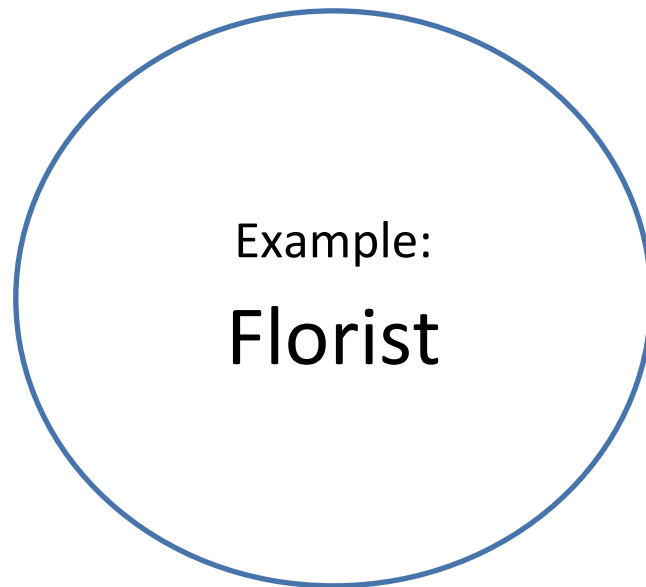
- *As in the video clipping.*

Promotion

4

Application of Marketing Mix Strategies For Services

Marketing Mix Design for Products VS Marketing Mix Design for Services

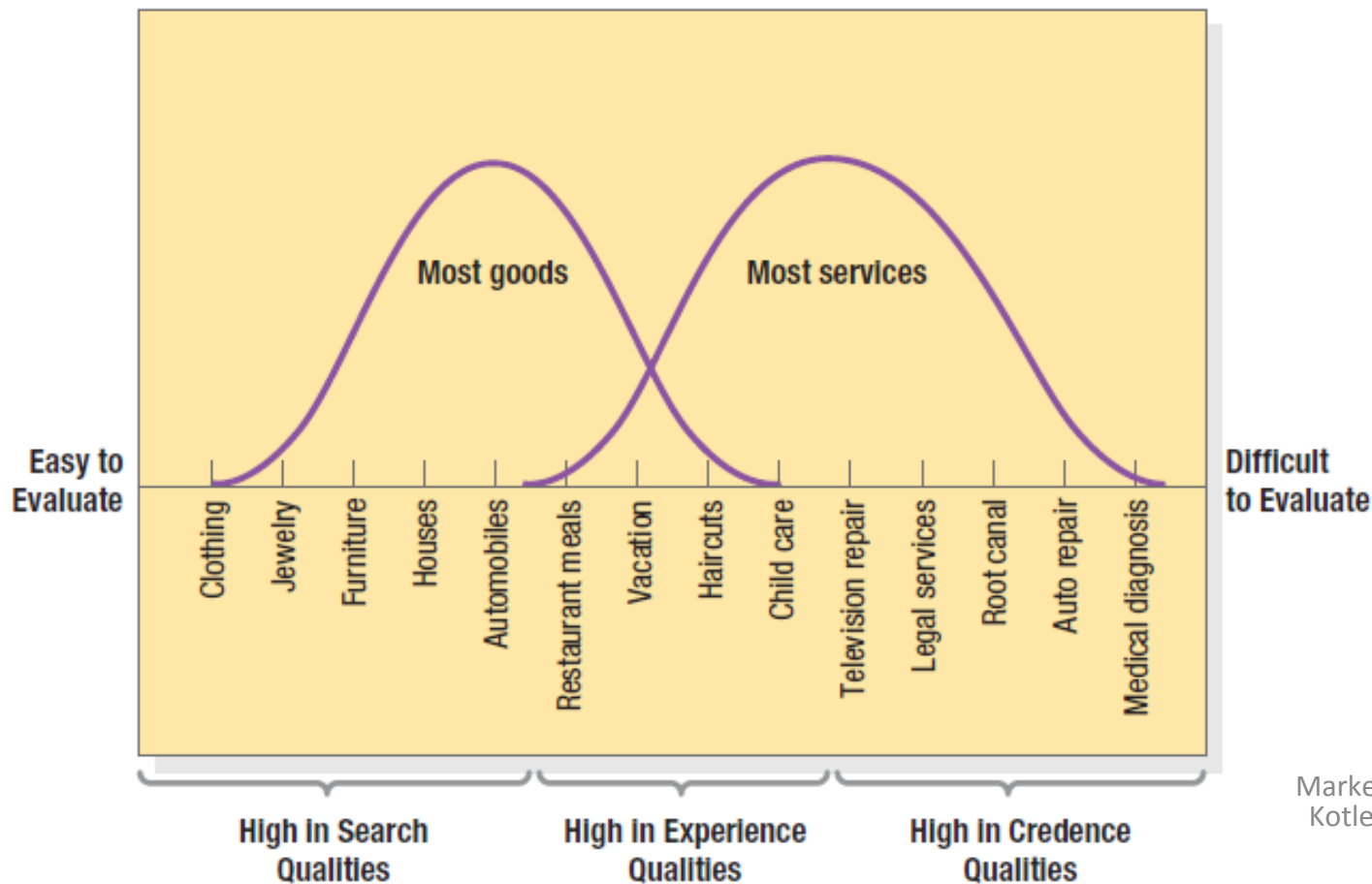


VS



Distinction between goods and services is not always clear-cut as many services also have tangible aspects to them.

The Tangibility Continuum & Continuum of Evaluation for Various Products/Services



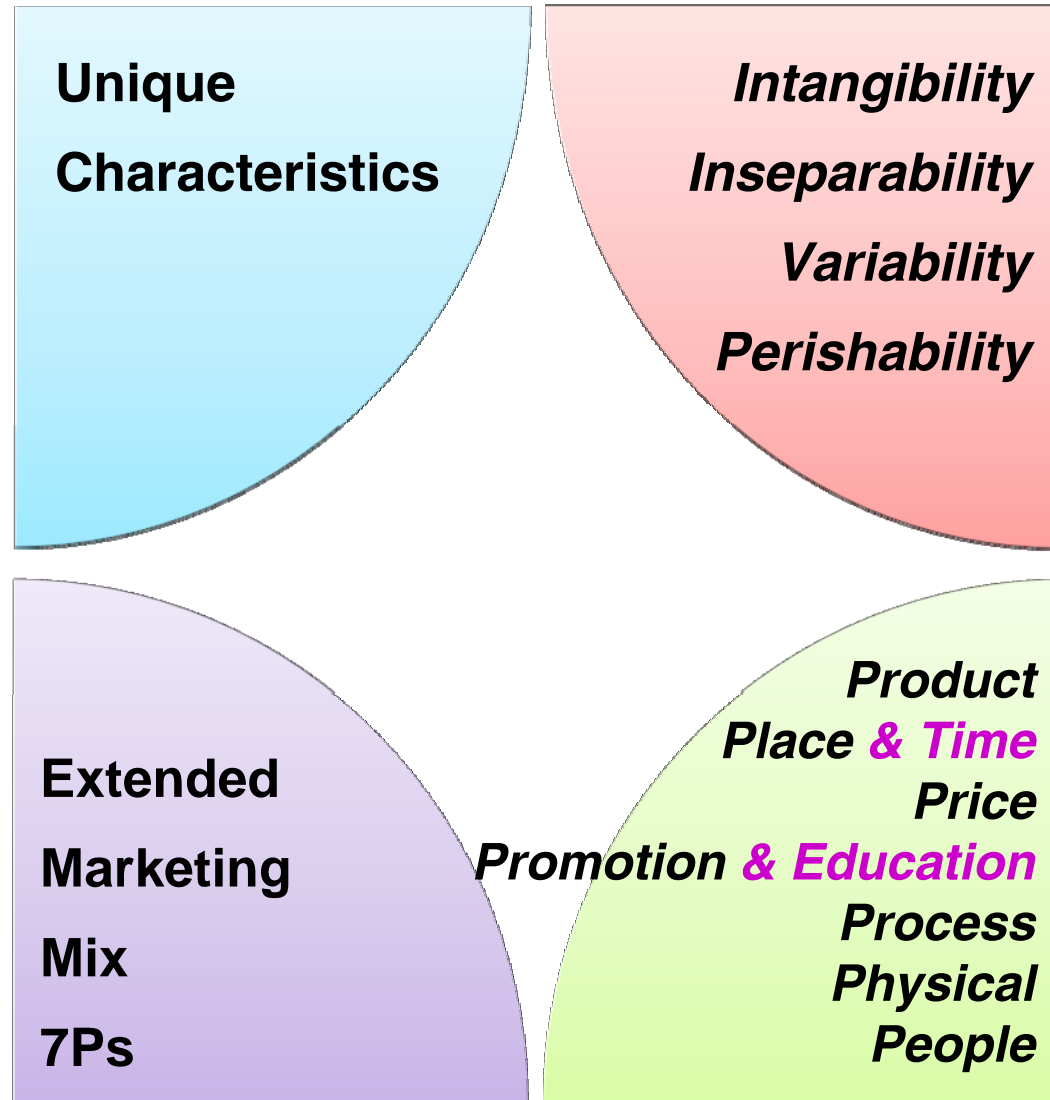
Framework for
Marketing Management,
Kotler & Keller, Pearson

Service Products vs Customer Service

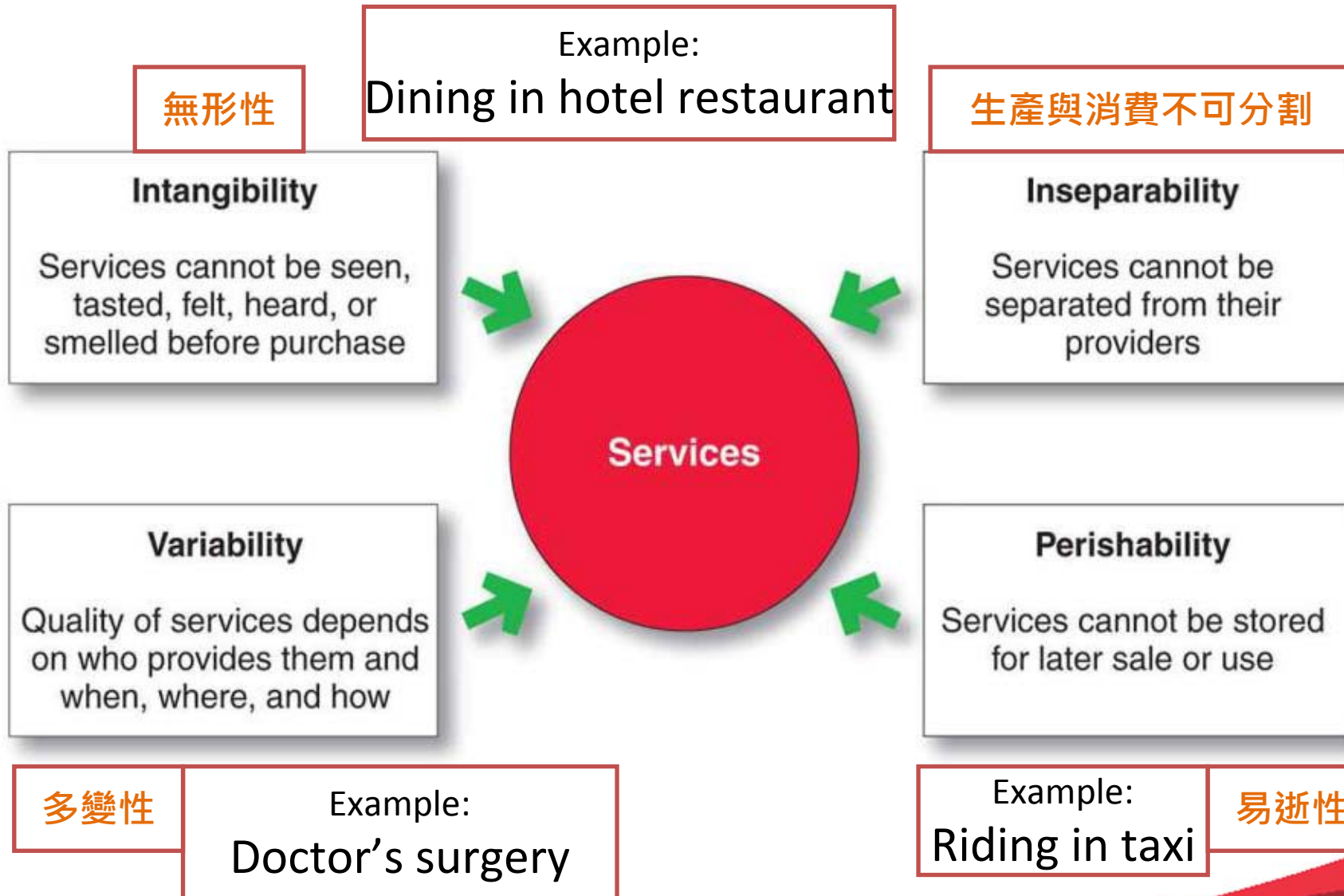
- A firm's market offerings are divided into
 - ① core product elements and
 - ② supplementary service elements
- Need to distinguish between:
 - Marketing **of** services – when service is the core product
 - Marketing **through** service – when good service increases the value of a core physical good

Adapted from
Services Marketing
Lovelock & Wirtz, Pearson

Services Marketing



Services Characteristics



Services Characteristics

Intangibility:

Cannot be seen, tasted, felt, heard, or smelled

Perishability:

Example: Flying by Airline

Variability:

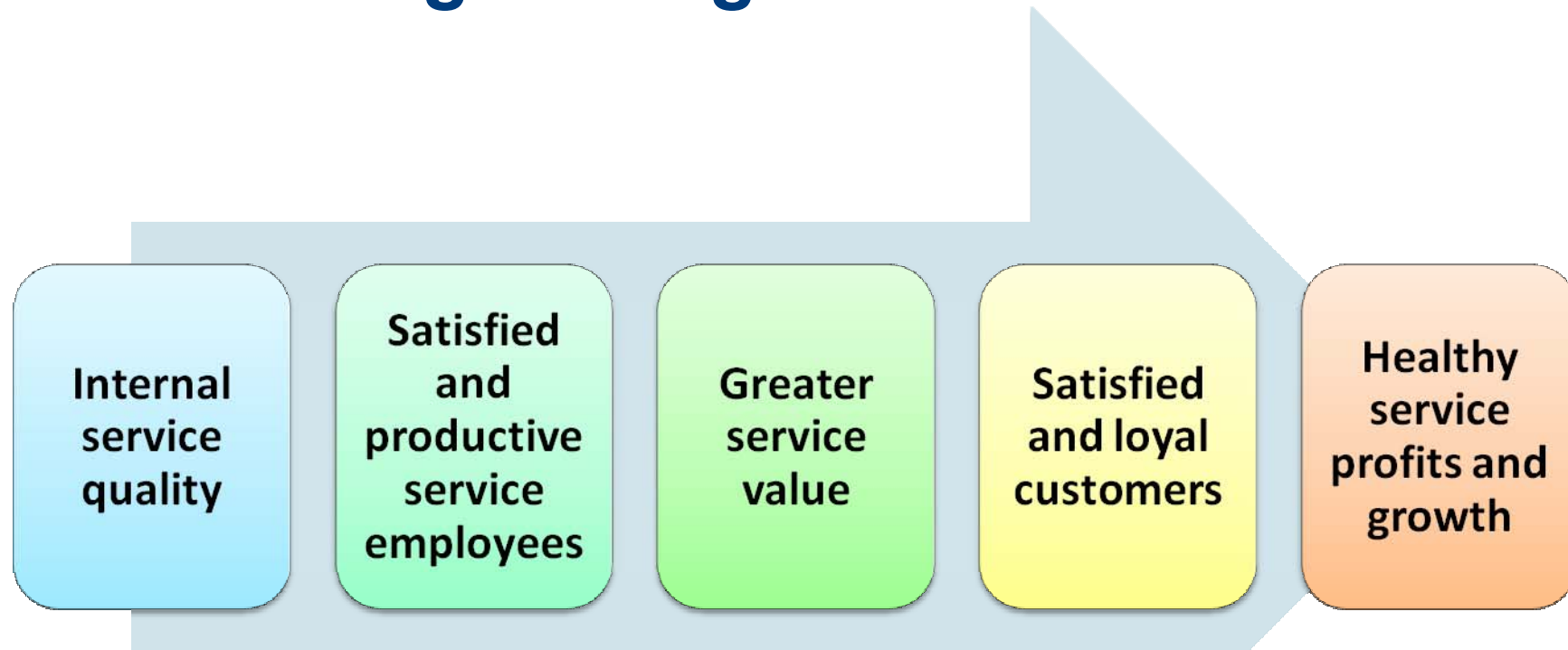
Depends on users

Inseparability:

Example: Clinical consultation

Marketing Management
Kotler and Keller
Pearson Education

Marketing Strategies for Service Firms



Service-profit chain is the chain that links service firm profits with employee and customer satisfaction.

**The “7 Ps” of services marketing are
needed to create viable strategies for
meeting customer needs profitably**

Traditional Marketing Mix Applied to Services

- Product
- Place and Time
- Price
- Promotion and Education

Extended Marketing Mix for Services

- Process
- Physical Environment
- People

Adapted from
Services Marketing
Lovelock & Wirtz, Pearson

The “7 Ps” of services marketing are needed to create viable strategies for meeting customer needs profitably

- ① **Product elements:** All components of the service performance that create value for customers.
- ② **Place and time:** When, where, and how to deliver services to customers.
- ③ **Price :** All the outlay incurred by customers in obtaining benefits from the service product costs of service, including money, time expenditures, physical and mental effort.
- ④ **Promotion and education:** All communications activities and incentives designed to inform and educate customers, build preference for a particular service, and encourage them to take action.
- ⑤ **Process:** Design of the method and sequence of actions in service creation and delivery.
- ⑥ **Physical environment:** The appearance of buildings, equipment, interiors, personnel, and other clues that provide evidence of service quality.
- ⑦ **People:** Interactions with employees involved in service production and with other customers encountered during service delivery.



Case Study & Test Yourself – Services Marketing



**Apply the seven Ps of service
that involved
in a banking service**

Suggested Answers

Seven Ps in a banking service

Product

- include aspects like cheques and ATM cards

Place & Time

- issues of teller
- 24-hour access to ATMs for certain smaller transactions
- Internet banking

Price

- include costs incurred traveling to the bank or ATMs

Suggested Answers

Seven Ps in a banking service

- television commercials and
- notifications of account changes in the mail

Promotion &
Education

- facility layouts and
- tellers dressing in business attire

Physical
environment

Suggested Answers

Seven Ps in a banking service

Process

- efficient and correct handling of transactions by both employees and ATMs

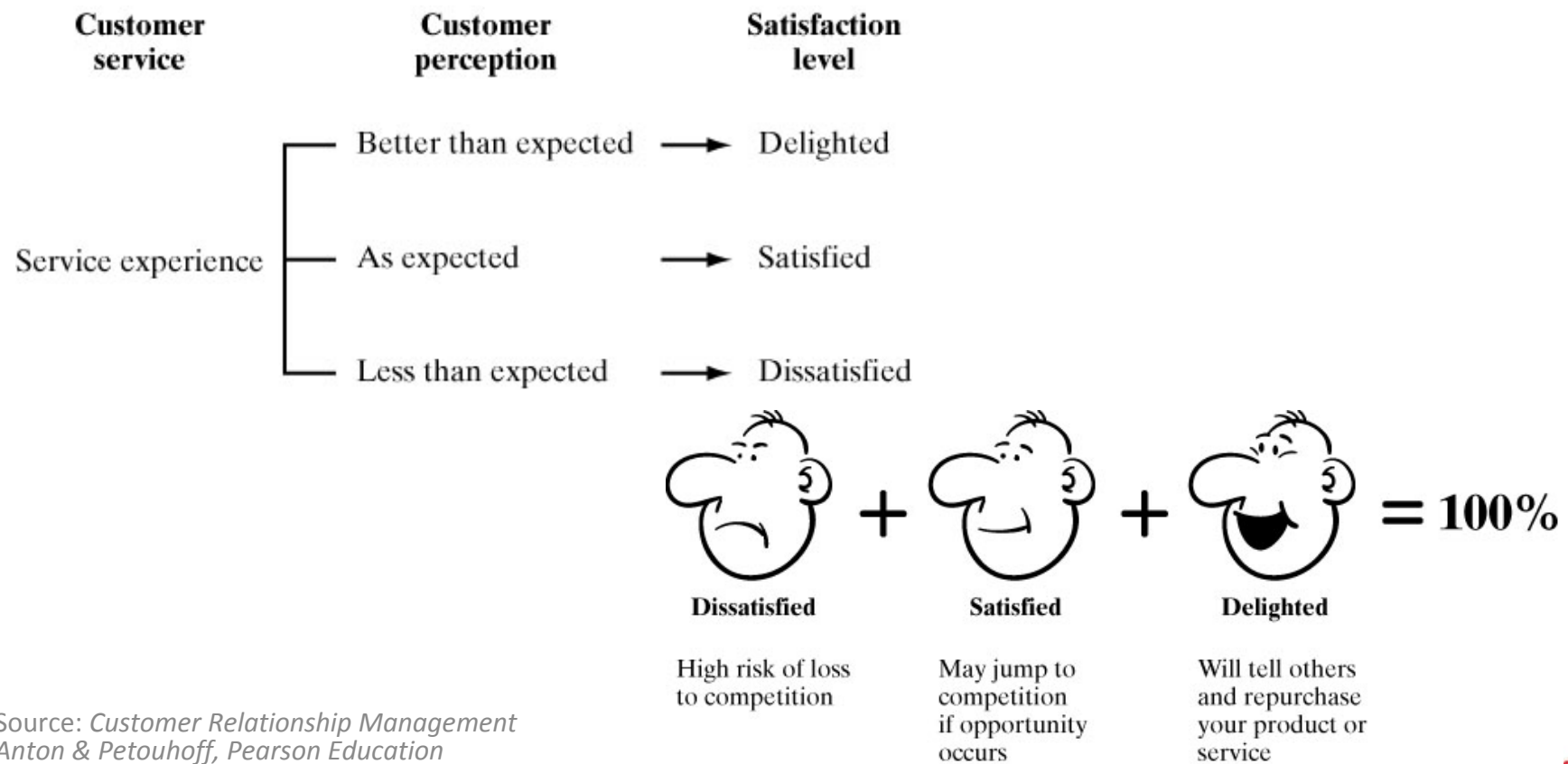
People

- friendliness of tellers and customer service representatives
- as well as other customers

5

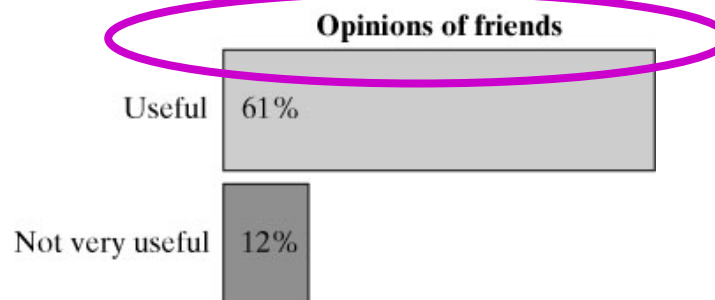
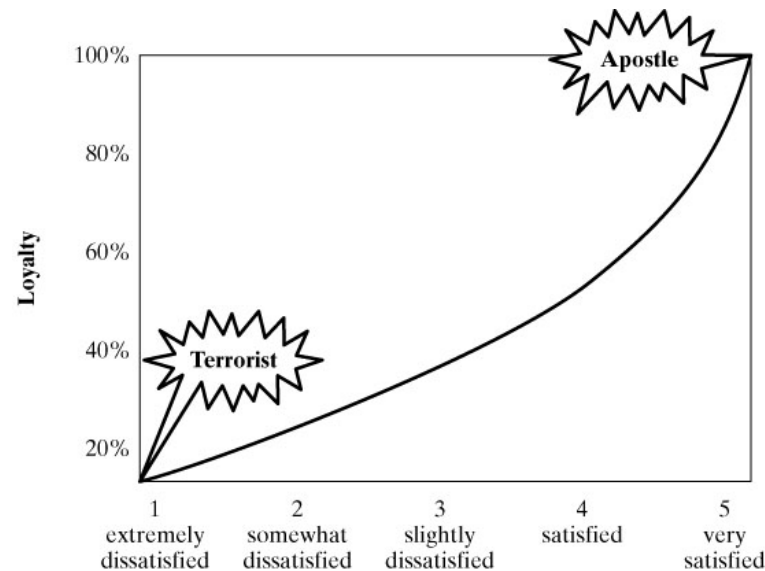
Importance of Customer Relationship Management (CRM) to the Marketing Process

Add Customer Attrition to the P&L Sheet



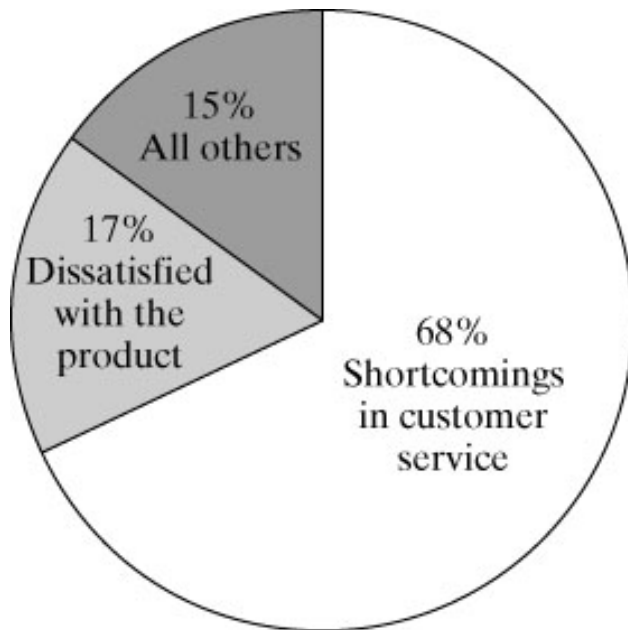
Source: *Customer Relationship Management*
Anton & Petouhoff, Pearson Education

Customer Dissatisfaction is Expensive



Customer Relationship Management
Anton & Petouhoff
Pearson Education

Customer Disloyalty vs Service



Unhappy customers

Only 4 percent of dissatisfied customers complain.
Over 90 percent of unhappy customers won't be back.
Each dissatisfied customer tells nine other people.



Happy customers

Retaining customers costs one-fifth to one-sixth less.
Satisfied customers are willing to pay more.
Each happy customer will tell five people about good service.

TIME TO THINK ☺

What are the key success factors for Starbucks?

Key Success Factors:

- Engaged & passionate partners
- Differentiation through services & long-term relationship building

Framework for CRM

Steps:

- ① Collect meaningful customer information and compile a database.
- ② Mine the database to identify “best” customers.
 - Identify prospects and customers
- ③ Use the information to develop lasting relationships with “best” customers.
 - Differentiate customers by needs and value to company
 - Interact to improve knowledge
 - Customize for each customer
- ④ Attract more customers who fit the “best” customer profile.

Using the CRM Database

- ① To identify prospects
- ② To target offers To deepen loyalty
- ③ To reactivate customers
- ④ To avoid mistakes

- The Changing Nature of Customer Relationships

Relating with
More Carefully
Selected
Customers

Using selective relationship management to target fewer, more profitable customers

Incorporating more interactive two way relationships through blogs, Websites, online communities and social networks

持續與顧客溝通及收集意見

Relating More
Deeply and
Interactively

Capturing Value from Customers

- Building the right relationships with the right customers involves treating customers as **assets** that need to be managed and maximized
- Different types of customers require different relationship management strategies
 - Build the right relationship with the right customers

Loyalty 忠誠度 and Organizational Actions

Customer loyalty to:	Organizational Actions
Brand	Brand images/positioning... <u>promotion</u>
Product	Accessories, complementary items, reliability... <u>production</u>
Company	Personal connections/reinforcement/trust... <u>public relations</u>
Customers	Interpersonal meetings, chats, reunions... <u>target markets</u>
Price	Discounts, coupons, everyday low pricing... <u>efficiencies</u>
Place	Outlet, aromas, sounds, excitement... <u>atmospherics</u>
Variety	New options, variations, <u>production</u>

Case Study & Test Yourself – CRM



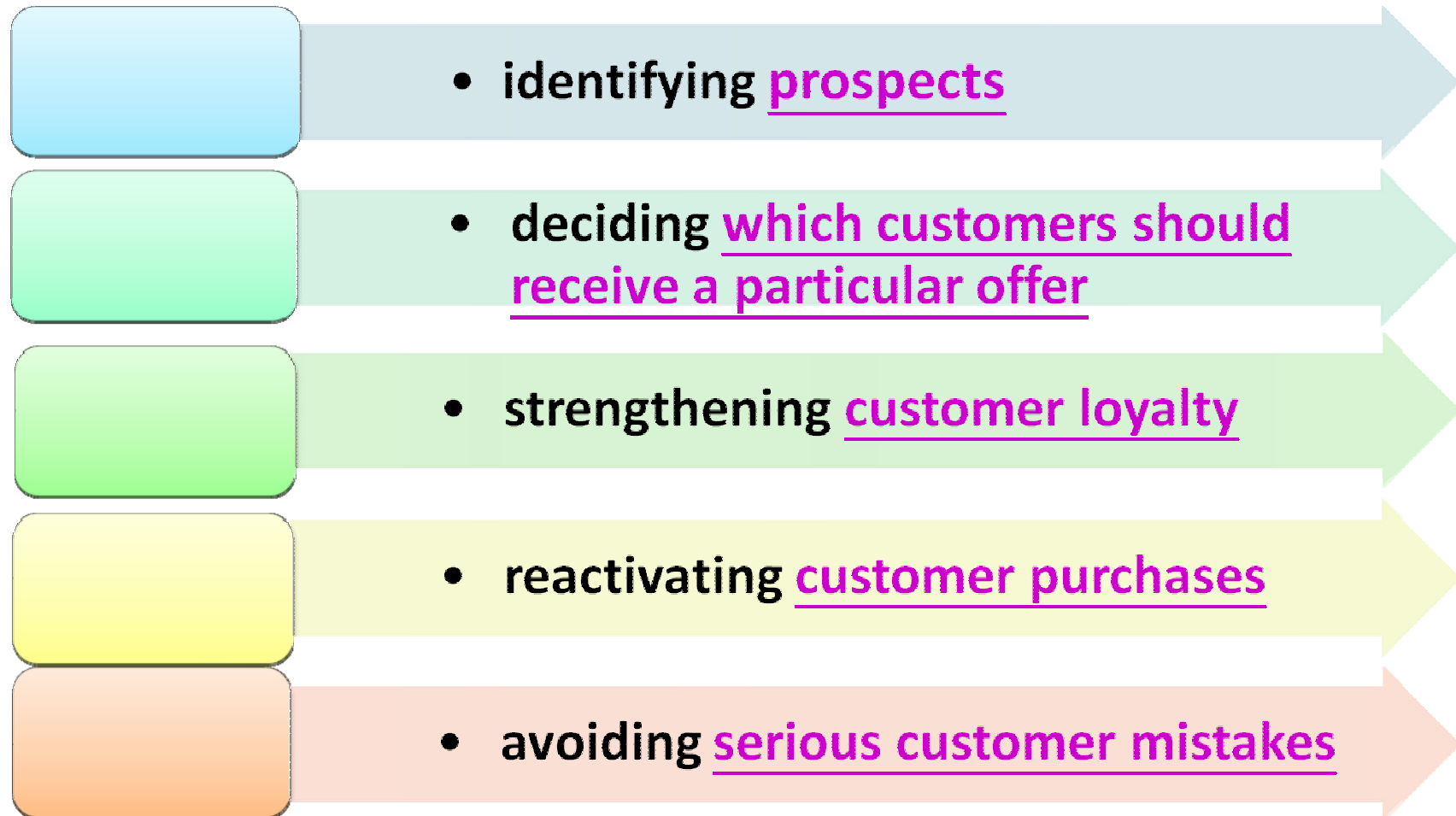
**Applying Customer
Relationship
Management to the
Marketing Process**

Jane's CRM & Marketing Efforts

- Jane has a small jewelry store.
- She is in the process of implementing the use of a database to assist her company in its marketing efforts.
- List five ways in which she might be able to use the database for marketing efforts.

Suggested Answers

Jane's CRM & Marketing Efforts



Jane's CRM & Customer Reactivation

- Jane's jewelry store grows into a chain with few stores over some years. The company continues to collect information about its customers and maintain a database.
- Recently, however, Jane's company has been losing customers to competitors as the expansion has made it difficult to personalize services.
- How can Jane use its customer database to reactivate customer purchases?

Suggested Answers

Jane's CRM & Customer Reactivation

Automatic
mailing
programs

- send out birthday or anniversary cards,
- Christmas shopping reminders, or
- off-season promotions

Using the
database

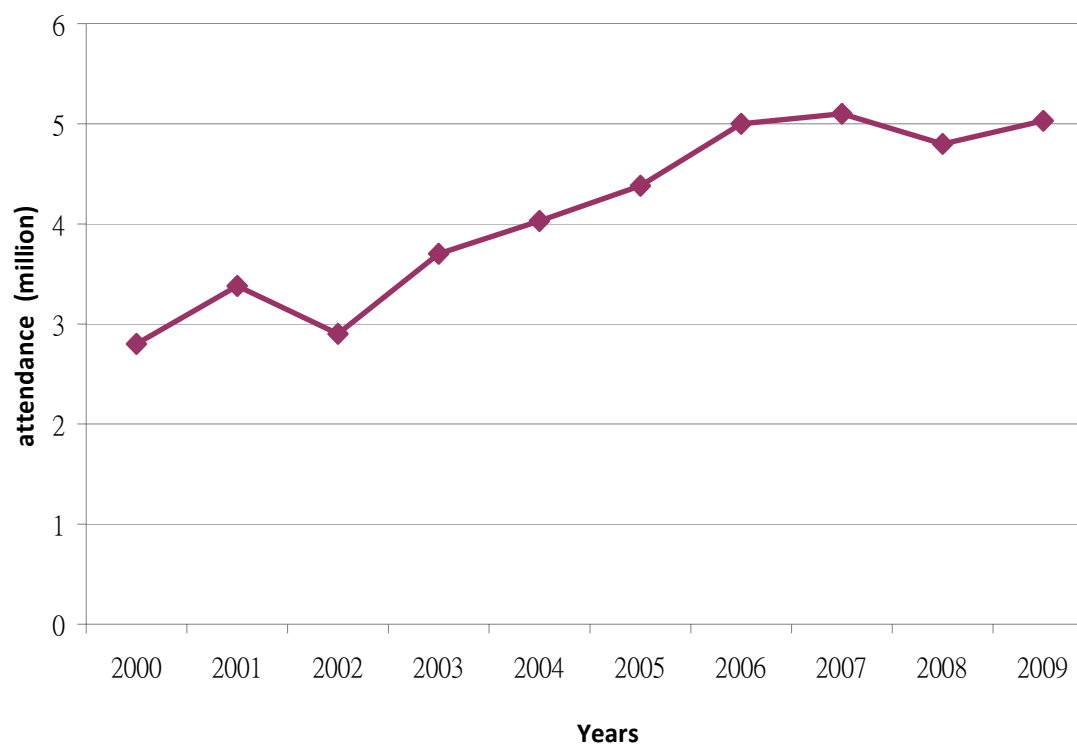
- make attractive or timely offers to its customers based on their preferences

The Revamped Ocean Park

(A Success Story on How Ocean Park Turned
the Disney Threat on its Head)

The Revamped Ocean Park

Number of Attendance at Ocean Park



<http://www.oceanpark.com.hk/html/tc/footer/corporate-information/ar.html>

海園新景點搶學童客

takungpao.com.hk

裝扮成恐龍大帝的海洋公園主席盛智文
和演藝人員以及小朋友在“化骨龍齊齊
玩”中體驗發掘恐龍化石的樂趣。

新華社

Customer Relationship Management

裝扮成恐龍大帝的海洋公園主席盛智文和演藝人員以及小朋友在“化骨龍齊齊玩”中體驗發掘恐龍化石的樂趣。新華社

海園新景點搶學童客
takungpao.com.hk

Market Segment

Process

- 2005年入場人數創開業以來新高。
 - 在擴建期間會維持開放，
每隔數月有新項目開幕。

【明報專訊】 2006年11月

增加了不少互動元素包括幫遊客
化死人妝」和「睺棺材火葬」等，
投資的製作費高達八位數字。

東方 2010年9月

Video - 哈囉喂市場攻略大揭秘
OceanPark's halloween
marketing strategy

<http://www.youtube.com/watch?v=5docgVN8HH>

主席盛智文在記者會
以「孟婆」造型現身，
將以10倍驚嚇、
10倍歡樂

慶祝「10月全城哈囉喂」10周年
香港商報 2010年9月

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【明報專訊】 2006年11月



**Product
(new)**

The Revamped Ocean Park

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東方 2010年9月

**Product
&
Process**



**Promotion
&
CRM**

主席盛智文在記者會
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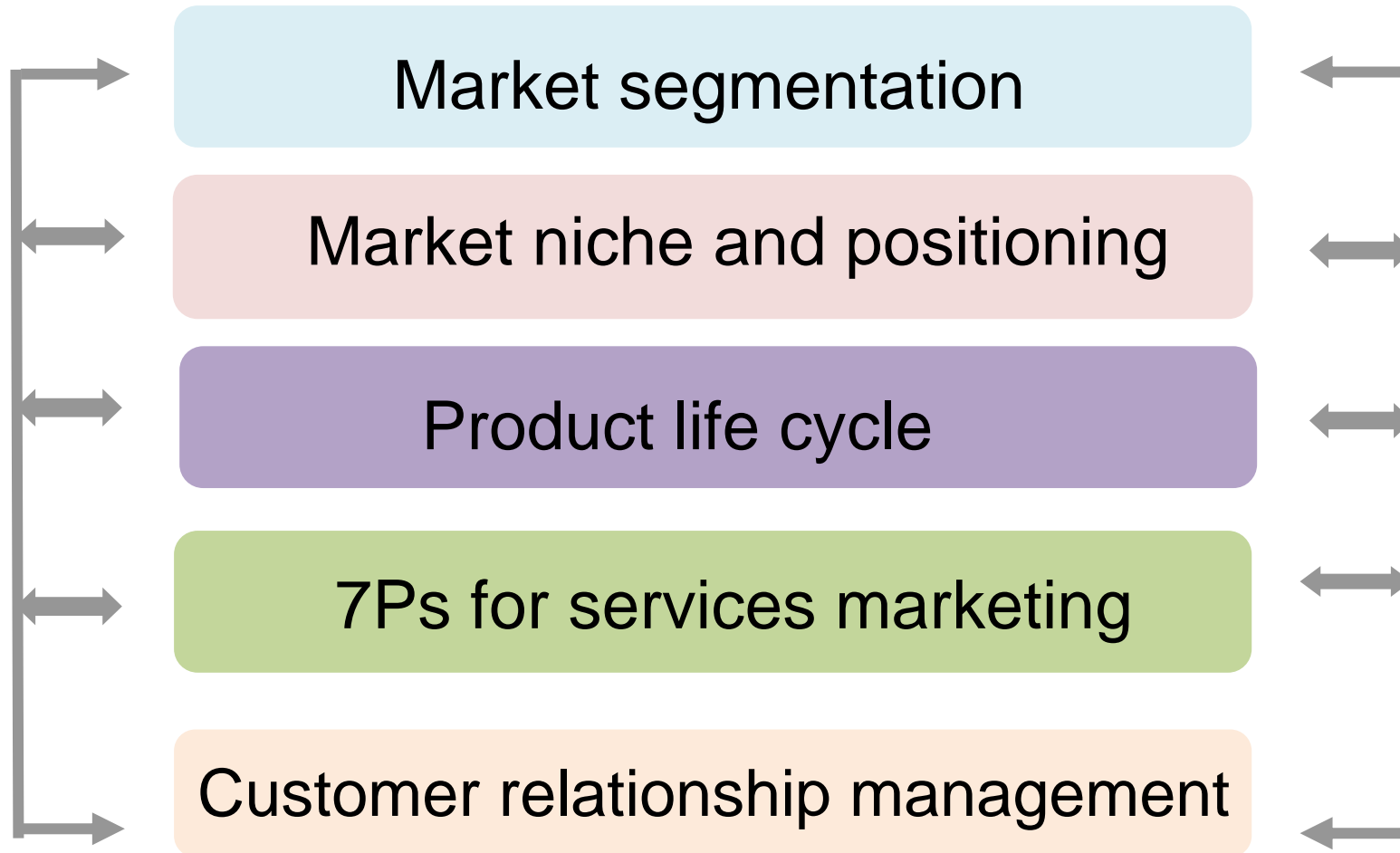
The Revamped Ocean Park

Video – Ocean Park's halloween
marketing strategy

<http://www.youtube.com/watch?v=5docgVN8HHI>

Integrative Exercises

The Revamped Ocean Park



End of Presentation

Please complete the evaluation form.

Thank You Very Much!

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- <http://zh-tw.facebook.com/hkoceanpark>
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