CHAPTER 5

DESIGNING OF STRATEGY
After going through comparison between approaches of professionals with the approach mentioned in the literature, I have come to the conclusion that there is a wide gap in between. We have to reduce this gap, for smooth working of our service sector. We can reduce this by formulating proper strategies. Good strategies are required for successful marketing of service.

As the service revolution gathers momentum, more and more service business would find them selves in an alien environment. Service firms would have to jettison their time-tested, but archaic, approach to managing, and discover new tools and techniques to cope with new challenges. Marketing would emerge as the core business philosophy and success would belong to the ones who excel in customers mindedness and responsiveness. The need to build and sustain competitive advantages would assume paramount importance in wake of burgeoning competitive and customer pressure, which will place premium on superior competitive marketing. Here, I am giving some strategies for winning a service game.

**Strategy to service provider for success**

1. Quality improvement.
2. Strategy for quality control.
3. Making invisible organization visible.
4. Exit transaction, enter relationships.
5. Personalize your service.
6. Use recent technology.
7. Believe in branding.
9. Corporate image and logos.
10. Take advantage of packaging
11. Strategies for quality control
12. Recruit best people
13. Develop employees
14. Provide support to employees
15. A new quality goal Zero defection

**Quality Improvement**

As the race to compete and survive intensifies, business firms discover their service offerings becoming dangerously similar to one another. Then the question arises that-How does, the customer patronize one and not the other. We can say that, his decisions are based on quality but service firms tend to be ill informed on such a critical matter.

For developing and implementing a successful quality programme, management must start with the first step of determining the target group's expectations. The concept of quality may differ
from one target to another. It is therefore, essential to ascertain what quality service means to the customer. Service customers attach a lot of importance to the following factors in their appraisal of quality:

(a) **Service reliability** - Customers expect companies to deliver the promised service dependably, accurately and consistently.

(b) **Responsiveness** - The service should be delivered promptly and the company should respond to the customers' demands.

(c) **Assurance** - The service employees should be courteous, knowledgeable and assuring.

(d) **Empathy** - Customers should be attended to on individualized and personalized basis.

(e) **Tangibility** - The physical evidence associated with the service facilities should be clean and employees should be well groomed.

The other important dimensions of service quality include competence of service personnel to perform the service, overall courtesy of the employees in terms of politeness, respect and friendliness, trustworthiness, security, ease of conduct, communication and honest effort to understand customers.
Making invisible organization visible

The heart of the service exchange is the customer-provider interaction, or the moment of truth. Human behavior being subjective in nature, the thousands of interactions, which take place daily in an organization, cannot be fully mechanized or predetermined. For success, service firms must try to make each service encounter tends to be unique.

Exit transactions, enter relationship

Service firms must attempt to build long-term relationships with the customers. It is a truism to repeat that it costs much less to generate repeat sales from current customers than attracting new ones. While practicing relationship marketing, a firm can take precaution in building ties with those customers who have potential for further sales and screen the rest. Banks, in particular, identify key customers whose deposits indicate potential for other service products and build relationship on one to one basis.

At the heart of every successful relationship building programme lies the appreciation of the things that create or alienate relationships. The service firm must begin with teaching its service personnel how an occasional visitor could be converted into a life long patron. The things that favourably affect relationships include candour in language, show of appreciation making service
suggestions, accepting responsibility, planning the future, talking about shared future, use of common jargon and short hand. Things that unfavourably effect relationships include making justification, only responding to problems, shifting blame, rehashing the past, accommodative language, waiting for misunderstanding and long winning communication.

A proper implementation of relationship marketing programme would necessarily involve a major change in the way customers are dealt with. The focus would shift from actualizing the current sales to building ties and conditions that would bring the customer again to the firm. This can often be achieved through personalizing the service. Today all the service provider have to believe in relationship marketing. Relationship marketing means to retain the present customer. This should be done by providing the customer with polite and decent behaviour e.g. a manager of the bank can have a tea with a customer while his cheque is under consideration. This will make a long term relationship between the customer and the bank concerned.

**Personalise your service**

Service firms have a scope for strengthening relationship with their customers by personalising the service provision. Personalization involves development of a close relationship between the person providing the service and the customer. Many services are blamed
for the absence of warmth and personal touch in their service provisions. Services like restaurants, banks, hairdressers, hotels and health care have enormous opportunities to personalise service but, generally these are associated with apathy, lack of concern and de-humanisation, while in other services in which production line approach is applied, the scope for customerization is minimized and service personal have minimal contact with the customer. As a result, the customer may get good technical service product, but remain dissatisfied on the personal attention front. In both cases, the importance of personalization should be emphasized. Service personnel need to be trained to develop strong interpersonal ties with customers, irrespective of the duration of their interaction.

The service firms may impart its customer-contact personnel training on how to give a personal touch in their encounter with the customer. Individualized attention is a very powerful motivating force for most of the customers. A touch of empathy exhibited by the service personnel has tremendous impact on emotional satisfaction. Little things like greeting customers by name, appearing friendly, smiling and offering compliments may go a long way in cementing ties with customer. Personalization would assume greater importance in future as goods and services move towards parity. Firms would be able to successfully differentiate their offering through argumentations built around these intangible values.
Personalization is one potential source of developing a competitive edge over competition.

**Use recent technology :-** One common allegation shared by a host of services is the abysmally low level of productivity standards of their operations. Many myopic service managers view productivity improvements and gains to be impossible because services are labour intensive. Often services fail to register productivity increases, irrespective of training inputs to the employees. Giving up a traditional biases and notions of services is essential to meet the challenges in services. It is more pertinent to take a holistic view and ask how technology could be incorporated into service production process so that efficiency is gained without compromising on customer service.

By incorporating modern tools, equipments and technology, a service firms may benefit in the following ways-

1. The equipment could be employed in place of manpower. Such substitution of equipment and machines for labour may reduce costs of operation and increase efficiency (such as in ATM, automatic vending machines).

2. Introduction of machines may help to achieve standardization in the quality of service.

3. Higher service levels could be achieved by such blending of technology. Banks and insurance companies have been able to
registers marked improvements in their services through computerization.

4. Suppliers, warehouses, departmental stores, banks etc. can maintain closer links with their customers by hooking-up in the computer networks. Such technologies permit one firm to link itself with the information system of the other and thereby, be in touch. This allows greater integration of clients into the service system.

Technology may be useful in directing employee behaviour and enhance status and motivation.

Believe in branding: -

Service companies often lag behind in playing a branding game in the marketing of their service products. Such attitude of service managers owes much to the intangible nature of services. In reality, branding is even more important in services because a strong brand name can have build distinct service identity, communicate product virtues and give confidence to the prospective customers about something that is essentially abstract.

A strong service brand should posses some, if not all, of these characteristics –

- Distinctiveness
- Relevance
- Memorability and flexibility.
A good brand name should find its way easy to the
customers mind. It should be memorable.

**Powers of corporate image:**

Typically a customer buys a brand on the strength and virtues
of the product, but subtly his decision also weds him or her to the
company that manufacture the same. The decision to buy a brand is
often invisibly, but very dominantly, influenced by the perceptions
about its manufacturers. The set of our beliefs and understanding
about the company is a measure influence on brand choice
decisions. Corporate image assumes even greater importance when
the brands in a product of service category are large enough to dilute
competitive advantages based on unique selling prepositions. It is
because of product parity phenomena that firms now make
conscious effort to build and maintain distinct corporate identities as
a means to secure superior market performance.

Corporate image has something to do with the impressions,
beliefs, feelings, perceptions and knowledge of people about the
company. Building of appropriate association is necessary to create
lasting differentiation and market advantage.

**Corporate image and logos:**

When language is a barrier, symbols communicate. The use of
logos is not new in business. It all began with the purpose of
identification. Now logos are much more than means of identification.
Logos are powerful image building tools. They serve as instant reminders of the essence of a company.

**Take advantage of Packaging:**

Service managers often consider packaging irrelevant to type of their business because they deal in intangibles, which are not amenable to packaging. True services are intangible, but services can't be separated from the providers. Such a situation whatever aid a customer takes from packages in goods while making a choice, he would take the same from the service personal in case of services. In services, especially people dominated ones; the people's performance is the ultimate service product which customers buy. Unlike goods, they are not confined to factories far away from the place where the actual sell takes place, but they come in real contact with the customers in service facilities. The way people in these service factories appear generally affects the customer's judgement in a restaurant, hotel, bank, and hospital. An excellent service is less likely to be perceived as excellent, when it is provided by poorly packed employees. Service managers must consciously use packaging knowledge to make its service personal in tune with the overall service strategy of the firm. Some companies have a provision for uniform, in order to provide evidence to the customer of service.
Strategies for quality control: -

The first line workers of the organization have to be efficient and effective to meet the customer’s needs successfully. A physician is expected to deliver caring, quality and individualized service to the patient coming in. The time from the physician is also fixed as to how many patients he has to serve in a given time limit. Peter Drucker suggests that productive performance in all service jobs will combine both quality and quantity objectives.

Recruit best people: -

To meet the challenges and to serve the customer well the organization should always hunt for most competent persons. The organization should identify who are the best people and should compete with the organization to hire them. The firm itself acts as a marketer in its pursuit to attract best employees of the industry. So it is suggested that the organization should always compete for the best people to raise the standards of the product and the organization.

Once these potential employees are identified the organization should make efforts in proper selection and training of these employees so that the organization is able to make best use of them. The persons should have both service competencies and service inclination. Service competencies are skills and knowledge necessary to do a particular job. The service competencies in
general are degree related but for an organization to be successful it should not only be based on degree, rather should also be related to basic intelligence and physical capability according to requirements. The service being multidimensional, the employees should not only have service competencies but should also possess service inclination. There interest in doing the service related job, which reflects their attitude towards service and orientation towards serving customers and others on the job. A valid and more reliable measure of service orientation are developed, companies are using basic personality measurement as a way to assess potential employees’ service inclination.

The other way to attract best employee is to be a preferred employer in a particular location or industry. That means the organization should provide extensive training, career opportunities, advancement opportunities, excellent and internal support, and attractive incentives, and offering quality goods and services that employees are proud to be associated with.

Develop employees: –

To grow and maintain a work force that is customer oriented and focused on delivering quality, an organization must develop its employees to deliver service quality.

To give their best the employees should be properly trained and should possess technical and interactive skills. Hence the
employees should be continuously trained and updated. Service employees need training in interactive skills that allow them to provide courteous, caring, responsive, and empathetic services. Successful companies invest heavily in training and make sure that the training fits their business goals and strategies.

It is not only the first line service personnel who need these training but it is also the supportive staff, supervisors and managers need service training as well. Unless the support staff employees experience the same values and behaviour from their supervisors, they are unlikely to deliver high quality service to customers.

To satisfy the customers, the first line people need to be empowered to be responsive to the customer needs, accommodate customer requests and to recover on the spot when things go wrong. Empowerment means giving employees the desire, skills, tools, and authority to serve the consumers. Giving power and authority is not enough; the employees need to have the knowledge and tools to make best use of them.

Employees in the organization should be trained to work as a team. They should be encouraged to form the attitude that “everyone has a customer”. Team goals and rewards will also promote teamwork. As the service jobs are frequently frustrating, demanding, and challenging; a team work environment should be promoted to make the organization effective in dealing with its customers.
Provide support to employees –

To be effective and efficient in their jobs, service workers require internal support systems that are aligned with their need to be customer focused. The support provided should be conceptual, technical and informative, so that the employees can give his/her best to the service customer. The organization should develop internal quality culture. The quality of the internal service is to be measured to give sufficient support to the service provider.

The employees’ need should be assessed and they should be given the right equipment. Poor equipment might frustrate the employees and bring down their output level. To best support service personnel in their delivery of quality service on the front line, an organizations internal process should be designed with customer value and customer satisfaction in mind. Therefore the internal process must support performance of frontline employees to give best service.

Retain the best Employees –

An n organization that hires the right people, trains and develops them to deliver service quality, and provides the needed support must also work to retain the best one. Employees should be satisfied and their turnover should be high. The employees are the determinants of customer satisfaction so the organization should take measures to retain the best quality employees they have.
The organization to keep the employees motivated and interested in sticking with it and supporting its goal, they need to share an understanding of the organizations vision. The employees should be treated as customers. There needs should be properly taken care of and they need to be satisfied. Then their chances to stay with the organization increases. Good people can make any task easy and will always be able to achieve the goal in time.

Then to retain the strongest service performers to stay with the organization, must reward and promote them. Reward system should value productivity, quantity, sales or some of the dimensions that can potentially work against good service. So a proper reward system should be developed to keep the employees fully satisfied and motivated than only they are going to remain with the organization otherwise they may switch over to some other organization. A good employee is a jewel, and it is very hard to find his replacement so all effort should be made to retain him in the organization.

**A new quality goal Zero defection:**

Quality is what customers want in return of his money. A quality failure weakens the customer producer relationship. A dissatisfied customer may shift to competitor and will spread poor message about the company in which he got poor quality. So the strategy for zero defection should be applied, to give quality outputs and keep
the customers satisfied. Reichheld and Sasser popularized the term zero defection. So the member of organization should work on the principle of zero defects. In such organization the employees and the customer both are highly satisfied and both remain with the organization for a longer period of time.

The quality person should check and carefully control cost of every stage of production. There should be efforts to minimize wastes. The organization should match the production level with that of the average demand in the market. As far as possible automated machines should be used to give the best output from the service system. The employees are provided databases that enable them to work faster. Everyone should continue to increase output without defects.

In the last chapter I have written that unique service feature lead to specific marketing problems. Here I am Suggesting some of the strategies for some of the problems stemming from unique service features.

(A) INTANGIBILITY :-

Strategy to overcome it is –

a. Stress tangible ones.

b. Large personal sources more than non personal sources.

c. Simulate or stimulate word –of- mouth communications.

d. Create strong organizational image.
e. Used cost accounting to help set prices.
f. Engage in post purchase communications.

(B) INSEPARABILITY :-
Strategies to overcome it –
a. Emphasize selection and training of public contact personnel.
b. Manage consumers.
c. Use multisite location.

(C) HETEROGENEITY :-
Strategies to overcome it –
a. Industrialize service.
b. Customize service.

(D) PERISHABILITY :-
Strategies to overcome it –
a. Use strategies to cope with fluctuating demand.
b. Make simultaneous adjustments in demand and capacity to achieve a closer match between the two.

(E) INDIVIDUALITY :-
Strategies to overcome it –
a. Try to give a different touch to your service.
b. Try to be unique in your working pattern.

(F) IMMEDIACY :-
Strategies to overcome it –

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a. Customer interaction system should be speedy.

b. Recent techniques of management information are used while delivering your service.

In the last part of this chapter we want to share some of the action points which must be kept in mind for the success in service sector –

1. Marketing in services is an imperative rather than a choice in today's business environment. Let your organization be open to organized marketing strategies to stay a step ahead of competition.

2. Beliefs die hard. You have to shed the old notions about services being menial, personal or humanistic and view them as having as much scope for sophistication and innovation as manufacturing.

3. Intangibility often creates illusions about the nature of the service product. You must understand the basics of the service product because that is the starting point of the whole marketing exercise.

4. Demonstrate to your employees the critical link between the customer needs and the firm's goals. That is important because without such demonstration, the firm would continue to be trapped in the old production mode.

5. Professionalise the management of your service firm competent and qualified employees are required for the success of a service sector.
6. Total quality management (TQM) and product differentiation is required for success in service sector.

7. Proper training of the working employees is required. Do not provide them with set of rules, but impart them with values and beliefs that will enable them to interact rightly.

8. Have faith in relationship marketing and encourage your personnel to personalise the provider customer interaction.

9. Always try to make your customers comfortable while interacting with you. Add the little extras that make a difference to the service you provide and train your employees to do that little things like greeting the customer by name, smiling and offering compliments go a long way in cementing ties.

10. Incorporate technology in the service you are marketing.

11. Give your service a brand name.

12. Build your corporate image through advertising and public relations.
13. Choose a uniform for your personnel - it does for your services what good packaging does for goods.