



Chapter 6: Educating Customers and Promoting the Value Proposition



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In what ways do the objectives of services communications differ substantially from those of goods marketing?

- **How to communicate quality?/ Risk play an important role/ Service Recovery & Complaint**
- **Explain what you get the value, because it is intangible**
- **Let the customer trust you**
- **Highlight the experience vs. specifics of a good (e.g. a picture)**
- **Customer involved – Explain the script/process/ Educating the customer**
- **Time plays a role – Communicate waiting, when can you get the service,**
- **Where to get it – Location**
- **How to illustrate a process**

Distinctive Challenges for service marketing communication



- **Intangible nature of service performances**
- **Services are harder for customers to evaluate**
- **Importance of customer-contact personnel**
- **Customer involvement in the production**
- **Need to balance supply and demand**

Overcoming Problems of Intangibility



- **May be difficult to communicate service benefits to customers, especially when intangible**
- **Intangibility creates four problems:**
 - **Abstractness**
 - No one-to-one correspondence with physical objects
 - **Generality**
 - Items that comprise a class of objects, persons, or events
 - **Nonsearchability**
 - Cannot be searched or inspected before purchase
 - **Mental impalpability**
 - Customers find it hard to grasp benefits of complex, multidimensional new offerings
 - **Incorporeal existence**

Services Advertising Strategies Matched with Properties of Intangibility

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Property of Intangibility	Advertising Strategy	Description
Incorporeal existence	Physical representation	Show physical components of service that are unique, indicate high quality, and create the right association.
Generality	System documentation	Objectively document physical system capacity by showing facts and figures.
	Performance documentation	Document and cite past positive performance statistics.
	Service performance episode	Present a vivid story of an actual service delivery incident that relates to an important service attribute.
Abstractness	Service consumption episode	Capture and display typical customers benefiting from the service, evoking particular incidents.
Nonsearchability	Performance documentation	Cite independently audited performance.
	Consumption documentation	Obtain and present customer testimonials.
Impalpability	Service process episode	Present a vivid documentary on the step-by-step service process.
	Case history episode	Present an actual case history of what the firm did for a specific client.

Source: Adapted from B. Mittal, "The Advertising of Services: Meeting the Challenge of Intangibility," *Journal of Service Research* 2, no. 1, (August 1999), pp. 98-116.

Common Educational and Promotional Objectives in Service Settings (1) (Table 6.2)

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- Create memorable images of specific companies and their brands
- Build awareness/interest for unfamiliar service/brand
- Build preference by:
 - Communicating brand strengths and benefits
 - Comparing service with competitors' offerings and countering their claims
- Reposition service relative to competition
- Stimulate demand in off-peak, discourage during peak

Using Metaphors to Communicate Value Propositions

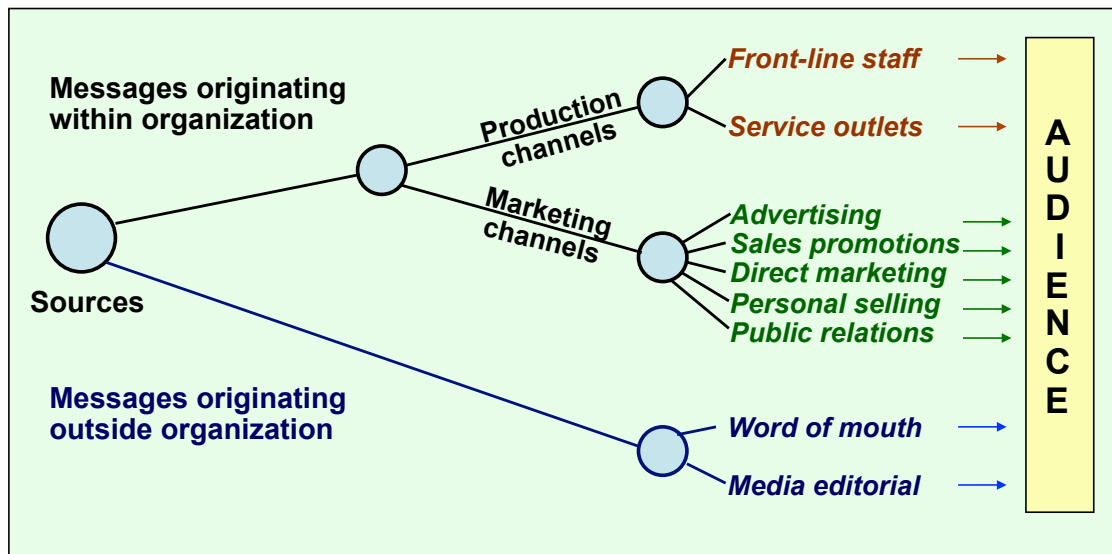
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- **Tangible metaphors** help to communicate benefits of service offerings, for example:
 - Allstate—"You're in good hands"
 - Prudential Insurance—uses Rock of Gibraltar as symbol of corporate strength
- Metaphors communicate **value propositions** more dramatically and emphasize key points of difference
- **Highlight** how service benefits are actually provided



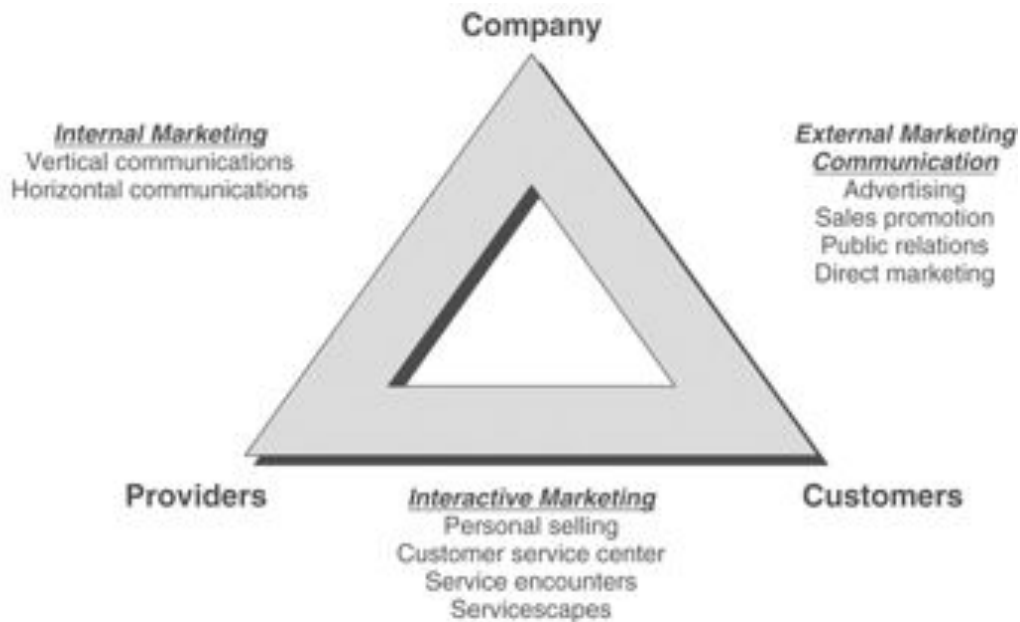
Sources of marketing communication

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Source: Adapted from a diagram by Adrian Palmer, *Principles of Services Marketing*, London: McGraw-Hill, 4th ed., 2005, p. 397

Communications and the Services Marketing Triangle



Five Major Approaches to Overcome Service Communication Channels



Common Educational and Promotional Objectives in Service Settings (2) (Table 6.2)



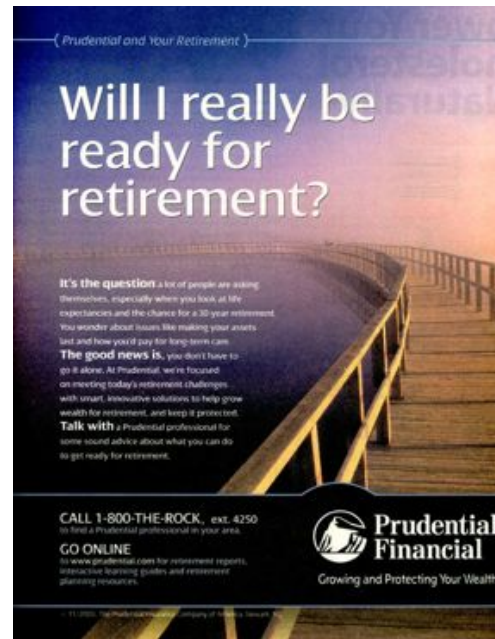
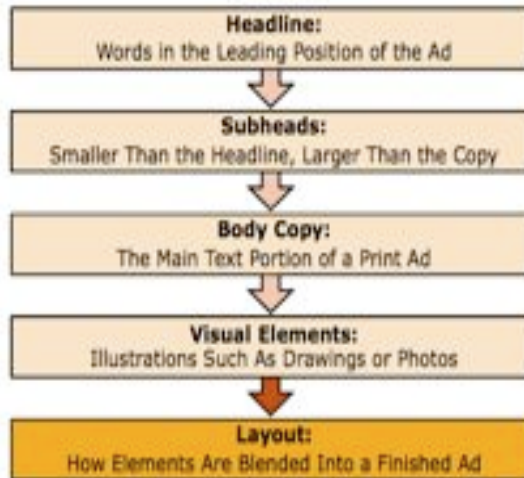
- Encourage trial by offering promotional incentives
- Reduce uncertainty/perceived risk by providing useful info and advice
- Provide reassurance (e.g., promote service guarantees)
- Familiarize customers with service processes before use
- Teach customers how to use a service to best advantage
- Recognize and reward valued customers and employees

Help Customers to Evaluate Service Offerings



- Customers may have difficulty distinguishing one firm from another
 - Make the intangible tangible
 - Provide **tangible clues** related to service performance
- Some performance attributes lend themselves better to advertising than others
 - Airlines
 - Boast about punctuality
 - Do not talk overtly in advertising about safety, admission that things might go wrong make prospective travelers nervous
 - Use indirect approach: promote pilot expertise, mechanic's maintenance skills, newness of aircraft
- Firm's expertise is hidden in low-contact services
 - Need to illustrate equipment, procedures, employee activities that take place backstage

Components of a Print Ad



DHL: Promoting the Efficiency of Its Import Express Service (Fig 6.4)

- **Use of an easily grasped metaphor**
 - Heavily knotted string represents how complex importing can be
 - Straight string represents how easy it would be using DHL's express service



At&t - More Bars in more places

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Service Brand Icons

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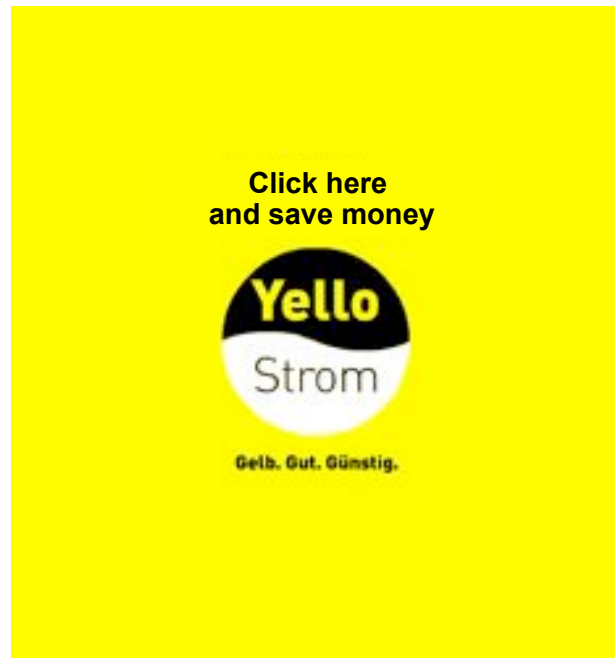
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What color has electric power?

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Strom = electric power

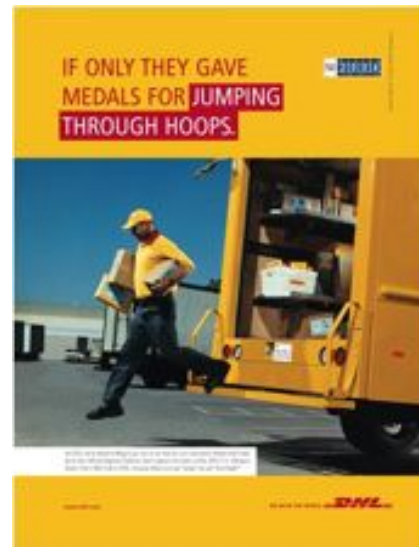
Strategies for Corporate Design

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- Many service firms employ a unified and **distinctive visual appearance** for all tangible elements
 - For example, logos, uniforms, physical facilities
- Provide a **recognizable theme** linking all the firm's operations in a branded service experience through strategic use of physical evidence
 - e.g., BP's bright green and yellow service stations
- Use of trademarked symbol as **primary logo**, with name secondary
 - Shell's yellow scallop shell on a red background
 - MacDonald's "Golden Arches"

DHL's Print Advertising

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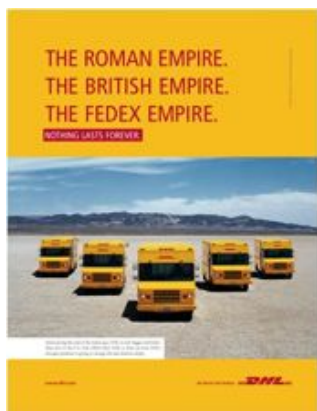
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DHL's Print Advertising Links to Employees

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DHL's Integrated Marketing Campaign

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Source: <http://www.newdhl.com/advertising.asp?cid=dhlbt1hmpg1>

FedEx: Use of Company Name In Corporate Design (1)

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- Changed trade name from Federal Express to FedEx
- Distinctive logo featuring new name
- Chose FedEx Ground when decided to rebrand the RPS ground delivery service it had purchased some years earlier
 - Transfer positive image of its air services to less expensive small-package ground service



FedEx: Use of Company Name In Corporate Design (2)



- **Created “FedEx family of companies” consisting of subbrands for different 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**
 - Express is red/orange
 - Ground is green



Messages Transmitted through Production Channels (1)



- **Developed within organization and transmitted through production channels that deliver the service itself**
- **Customer service from front-line staff**
 - Shape customer's **perceptions** of service **experience** and the firm
 - Responsible for **delivering supplementary services** such as providing information, receiving payment, resolving problems, etc.
 - Firm may require customer service staff to **cross-sell** additional services

Messages Transmitted through Production Channels (2)



- **Customer training**

- Familiarize customers with service product and teach them how to use it to their best advantage

- **Service outlets**

- Planned and unintended messages reach customers through the medium of the service delivery environment itself
- Servicescape: Physical design of service outlet

Promote the Contributions of Service Personnel



- **Frontline personnel are central to service delivery in high-contact services**

- Make the service more **tangible** and **personalized**
- **Advertise employees at work** to help customers understand nature of service encounter

- **Show customers work performed behind the scenes to ensure good delivery**

- To enhance **trust**, highlight **expertise** and commitment of employees whom customers normally do not normally encounter
- 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