

Promotion and Education

Enterprise Rent-a-Car Courts Insurance Companies as Well as Consumers_____

Although most people probably think of vacation travel when Enterprise Rent-a-Car comes to mind, the company's roots are in the business-to-business arena.¹ Founder Jack Taylor started Enterprise as an auto-leasing service in 1957 out of the Cadillac shop where he worked. But business didn't really take off until the early 1980s when he switched his primary focus from the highly competitive consumer market into the less-crowded replacement rental market, taking advantage of new legislation requiring insurance companies to provide their customers with rental cars while their own vehicles were being repaired or replaced following accidents or theft. With this focus, Enterprise grew quickly and the company now holds a majority share of the U.S. replacement market. But it also targets customers in the business and leisure travel markets and is expanding abroad. Ninety percent of its 4,400 offices and its fleet of half a million cars are based in the United States, with the balance in Canada, Britain, Ireland, and Germany. Enterprise is now one of the world's largest car rental companies.

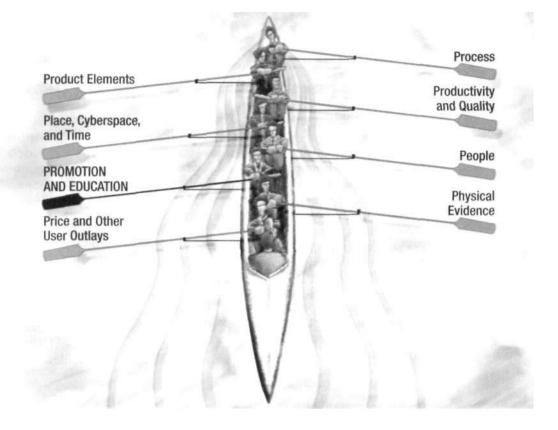
In addition to exploiting the replacement niche, what else makes Enterprise so successful? One reason is the company's location strategy, which emphasizes convenient access from people's homes and workplaces, placing 90 percent of the American population within 15 minutes of an Enterprise office. Its largest offices are limited to a maximum of 300 vehicles—in sharp contrast to some of its competitors, which may locate several thousand cars at a major airport.

Enterprise enjoys many advantages not found in the traditional model of car rental firms. They include avoiding the heavy expenses

associated with airport space rental, not replacing its fleet as often, renting cars for longer periods of time, and experiencing more stability in demand (in contrast to fluctuations in business and pleasure travel, car accidents and breakdowns happen more consistently). And, as Jon LeSage, editor of *Auto Rental News*, observed, "repairs always take longer than they are supposed to."

The company is devoted to effective salesmanship and good customer service. In particular, it employs direct-marketing strategies to court the insurance companies that provide their policyholders with replacement vehicles when their own are stolen, under repair, or damaged beyond repair. Professionally trained telemarketers contact insurance agents to persuade them to set up accounts with Enterprise. They offer discounted rates and a direct billing option so that the insurance companies' customers will never have to pay personally for their Enterprise car rentals. The direct billing option makes it easier for the companies to handle financial transactions. Thanks to these attractive benefits and the skills of the highly trained telemarketers, Enterprise continues to capture a large percentage of the replacement market. Once an account is established, the company maintains the relationship by sending employees to make weekly sales calls and deliver gifts like food and plants to help foster goodwill and ensure that the insurance provider remains a loyal Enterprise customer.

The company also reaches out directly to individual customers who need to rent a car for business or pleasure. Its mass media advertising in 2000 was designed to draw attention to a distinctive aspect of



its service—picking people up at their homes or place of employment. The ads featured a car wrapped like a package speeding along the road with the name Enterprise emblazoned on the side (an advertising icon for almost a decade) and promoted the slogan: "Pick Enterprise. We'll Pick You Up." Complementing other marketing communications is the company's Web site, www.enterprise.com, which provides additional information about Enterprise (including job opportunities), and enables customers to search online for the nearest location, check prices, and then make a booking.

© Learning Objectives

After reading this chapter, you should be able to

- explain what is distinctive about marketing communications strategy for services
- =£> understand how the level of customer contact affects communication strategy
- =£> list common educational and promotional objectives for services
- =£> describe the marketing communications mix for services
- ==%> discuss potential uses of the Internet as a communication channel

THE ROLE OF MARKETING COMMUNICATION

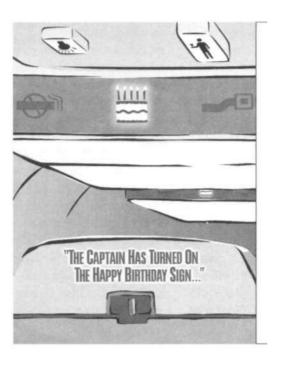
Marketing communications, in one form or another, are essential to a company's success. Enterprise Rent-a-Car could not have built its business without personal selling and advertising. Without effective communications, few prospects would ever have learned of Enterprise's existence, what it had to offer them, and how to use its services. In the absence of follow-up sales calls, a user-friendly Web site, and good signage, customers might be more easily lured away by competitors and competitive offerings, and there would be no proactive management and control of the firm's identity. So managers need to debate the question: *How should we communicate what our service has to offer?*

Much confusion surrounds the scope of marketing communication. Some people still define it narrowly as the use of paid media advertising, public relations, and professional salespeople. But this view doesn't recognize the many other ways that a firm can communicate with its customers. The location and atmosphere of a service delivery facility, corporate design features like the consistent use of colors and graphic elements, the appearance and behavior of employees, Web site design—all of these factors contribute to an impression in the customer's mind.

Communicating with Customers

Communication efforts serve not only to attract new users but also to maintain contact with an organization's existing customers and build relationships with them. As we emphasized in Chapter 5, reinforcing loyalty and securing repeat sales are usually central to a firm's long-term profitability. Nurturing customer relationships depends on a comprehensive and up-to-date customer database, and the ability to make use of this in a personalized way.

Techniques for keeping in touch with customers and building their loyalty include direct mail and contacts by telephone or other forms of telecommunication, including



"...YOU ARE NOW FREE TO HAVE A FANTASTIC DAY!"

From everyone at Southwest Airlines.

FIGURE 9.1
A Birthday Card from
Southwest Airlines

faxes, e-mail, and Web sites. Doctors, dentists, and household maintenance services often post annual checkup reminders to their customers. Some businesses even send birthday and anniversary cards to valued customers (Figure 9.1). Banks and utility companies often include a brief newsletter with their account statements or print customized information on each statement in an effort to cross-sell additional services.

Internal Communications

Marketing communications can be used to communicate with service employees as well as with external customers. Internal communications from senior managers to their employees play a vital role in maintaining and nurturing a corporate culture founded on specific service values. Well-planned internal marketing efforts are especially necessary in large service businesses that operate in widely dispersed sites, sometimes around the world. Even when employees are working far from the head office in the home country, they still need to be kept informed of new policies, changes in service features, and new quality initiatives. Communications may also be needed to nurture team spirit and support common corporate goals. Consider the challenge of maintaining a unified sense of purpose at the overseas offices of companies such as Citibank, Air Canada, Marriott, or McDonalds, where people from different cultures who speak different languages must work together to create consistent levels of service.

Effective internal communications can help ensure efficient and satisfactory service delivery, achieve productive and harmonious working relationships, and build employee trust, respect, and loyalty. Commonly used media include internal newsletters and magazines, videotapes, private corporate television networks like those owned by FedEx and Merrill Lynch, Intranets (private networks of Web sites and e-mail that are inaccessible to the general public), face-to-face briefings, and promotional campaigns using displays, prizes, and recognition programs.

COMMUNICATION STRATEGIES FOR SERVICES

Several of the differences distinguishing services from goods have important marketing communications implications. Thus communication strategies need to reflect the special characteristics of services.²

Intangible Nature of Service Performances

Since services are performances rather than objects, their benefits can be difficult to communicate to customers. Service providers should use tangible cues whenever possible in their advertising campaigns, especially for low-contact services that involve few tangible elements.³ It is also helpful to include "vivid information" that will produce a strong, clear impression on the senses, especially for services that are complex and highly intangible.⁴ For example, an ad by a large law firm showed a picture of empty jurors' chairs to draw attention to its trial lawyers' skills in presenting complex cases to juries, which must then withdraw from the courtroom to deliberate on the verdict (Figure 9.2). Similarly, MasterCard television and print advertisements emphasize the tangible things that can be purchased with its credit card—complete with a listing of the price of each item. In each ad, all of the items purchased with the card lead to a priceless experience (a clever and memorable reference to the concept of intangibility).

At a very basic level, some companies have succeeded in creating tangible, recognizable symbols to associate with their corporate brand names. Animal motifs are common physical symbols for services. Examples include the eagle of the U.S. Postal Service

internal communications: all forms of communication from management to employees in a service organization.

FIGURE 9.2 Advertising by Robins, Kaplan,

Miller & Ciresi in The Wall Street Journal, Fall 2000



(also used by AeroMexico and Eagle Star Insurance), the black horse of Norfolk Southern Railroad and Britain's Lloyd's Bank, Merrill Lynch's bull, the lion of Dreyfus Funds and Royal Bank of Canada, and the Chinese dragon of Hong Kong's Dragonair. Easily recognizable corporate symbols are especially important for international companies when services are offered in markets where the local language is not written in Roman script or where a significant proportion of the population is functionally illiterate.

Some companies have created metaphors that are tangible in nature to help communicate the benefits of their service offerings. Insurance companies often use this approach to market their highly intangible products. Thus Allstate advertises that "You're in Good Hands," Traveler's umbrella motif suggests protection, and Prudential uses the Rock of Gibraltar as a symbol of corporate strength.

When possible, advertising metaphors should also include some information about how service benefits are actually provided.⁵ Consider Trend Micro's problem in advertising its new antivirus monitoring service for corporate Internets. Most advertisements for antivirus protection feature devils or evil-looking insects (remember the Millennium Bug used to highlight the Y2K problem?). That approach may capture the reader's interest, but it doesn't show how virus protection actually works or how devastating its effects might be. In a technical context like this, explaining the problem and its solution in ways that senior management will understand is not always possible. Trend Micro's clever solution was to use the easily grasped metaphor of airport security guarding against terrorism. A picture of an aircraft was captioned "this is your company," a briefcase containing a bomb was labeled "this is a virus," and two security officers checking that bag on an X-ray machine were captioned, "This is Trend Micro."



Prudential's marketing communications seek to educate as well as sell; its advertising encourages prospective clients to obtain a free guide to estate planning and to discuss their situations with a Prudential professional.

Customer Involvement in Production

In high-contact services, customers are often concerned about the risks associated with service delivery and consumption. Sometimes these risks are financial or psychological in nature, but there can also be physical risks—as in many outdoor sports and organized adventure activities like rock-climbing, skiing, and white-water rafting. The providers of such services have both a legal and a moral responsibility to educate their clients. The better informed customers are of potential dangers, and what to do in the event of, say, a raft tipping its occupants into a stretch of foaming rapids, the more likely they are to remain safe and have an enjoyable experience. Basic information on signs and in instructional brochures may need to be reinforced by personal briefings from employees.

When customers are actively involved in service production, they need training to help them perform well—just as employees do. Improving productivity often involves innovations in service delivery. But the desired benefits won't be achieved if customers resist new, technologically based systems or avoid self-service alternatives. So, service marketers need to become educators. One approach recommended by advertising experts is to show service delivery in action. Television is a good medium, because of its ability to engage the viewer as it displays a seamless sequence of events in visual form. Some dentists show their patients videos of surgical procedures before the surgery takes place. This educational technique helps patients prepare mentally for the experience and shows them what role they should play during service delivery.

Advertising and publicity can make customers aware of changes in service features and delivery systems. Marketers often use sales promotions to motivate customers, offering them incentives to make the necessary changes in their behavior. Publicizing price discounts is one way to encourage self-service on an ongoing basis. At self-service gas pumps, for instance, the price difference from full-service is often substantial. Other

incentives to change include promotions that offer a chance to win a reward. And if necessary, well-trained customer-contact personnel can provide one-to-one tutoring to help customers adapt to new procedures.

Evaluating Service Offerings

Even if you understand what a service is supposed to do, you may have difficulty distinguishing one firm from another and knowing what level of performance to expect from a particular supplier. What can a service business do to attract your attention and your patronage? Possible solutions include: providing tangible clues related to service performance; highlighting the quality of equipment and facilities; and emphasizing employee characteristics such as their qualifications, experience, commitment, and professionalism.

Some performance attributes lend themselves better to advertising than others. When an airline wants to boast about its punctuality, reporting favorable statistics collected by a government agency offers credible support for this claim. However, airlines don't like to talk overtly about safety, because even the admission that things might go wrong makes many passengers nervous. Instead, they approach this ongoing customer concern indirectly, advertising the expertise of their pilots, the newness of their aircraft, and the skills and training of their mechanics.

In low-contact services "where much of the firm's expertise is hidden, firms may need to illustrate equipment, procedures, and employee activities that are taking place backstage. For instance, how do prospective buyers know if they are getting the best value from insurance services? One approach is to show how the firm is trying to reduce losses due to accidents or to cut costs. Liberty Mutual has run ads using attention-getting headlines like



FIGURE 9.3

Liberty Mutual Advertising Promotes the Firm's Efforts to Counter Insurance Fraud "Wake up, you're dead," which shows a grim-looking auto safety expert with a Ph.D. who is researching how to prevent highway accidents caused by driver fatigue. The company's "I love dissecting humans" ad includes an amusing photo of one of the company's field investigators, who describes her work in detecting and preventing insurance fraud (Figure 9.3). The fraud prevention ad shows just how serious the problem of jaycustomers is for the insurance industry, where fraudulent claims amount to an estimated \$25 billion a year!

Supply-and-Demand Management

Many live service performances—like a seat at the Metropolitan Opera for Friday evening's performance of Carmen, a room at the Marriott on Monday, or a haircut at Supercuts on Tuesday morning—are time-specific and can't be stored for resale at a later date. Advertising and sales promotions can help to change the timing of customer use and thus help to match demand with the capacity available at a given time. Demand management strategies include reducing usage during peak demand periods and stimulating it during off-peak periods. Low demand outside peak periods poses a serious problem for service industries with high fixed costs, like hotels. One strategy is to run promotions that offer extra value—such as a room upgrade and a free breakfast, in an attempt to stimulate demand without decreasing price. When demand increases, the number of promotions can be reduced or eliminated.

Importance of Contact Personnel

In high-contact services, service personnel are central to service delivery. Their presence makes the service more tangible and, in many cases, more personalized. An ad that shows employees at work helps prospective customers understand the nature of the service encounter and implies a promise of the personalized attention that they can expect to receive (Figure 9.4). Advertisers must be realistic, since these messages help set cus-



FIGURE 9.4

A Uniformed Hotel Employee Leads a Guest Through the Checkin Script; Her Warmth Humanizes the Experience for Him tomers' expectations. If a firm's brochures and ads show friendly, smiling workers but, in reality, most employees turn out to be glum, frazzled, or rude, customers will most certainly be disappointed. Advertising can also be effective in showing employees what customers are being promised. At a minimum, service personnel should be informed about the content of new advertising campaigns or brochures.

Reduced Role for Intermediaries

Intermediaries like retailers often play a key role in promoting products and teaching customers about their characteristics. Services are less likely than goods to be sold through channel intermediaries. Many service providers (such as universities, lawn care specialists, banks, restaurants, health clubs, and professional firms) sell directly to customers. But some service providers do rely on intermediaries for help in selling their products. Firms in the travel and insurance industries, which make extensive use of independent agents and brokers, must compete with other brands not only for physical display space but also for "top-of-mind" recall if they are to obtain adequate push from intermediaries in the distribution channels. Internal communication, personal selling, motivational promotions, and effective public relations can be critical in maintaining successful working relationships between intermediaries and service firms.

Setting Communication Objectives

When planning a campaign, marketers need to formulate specific communications objectives and select the most appropriate messages and tools to achieve them (see Table 9.1 for a list of common educational and promotional objectives for service businesses). To illustrate this point, let's assume that a rental car agency has defined the need to increase repeat purchase rates among business travelers as one of its key strategic objectives. In pursuit of this objective, the firm decides to implement an automatic upgrade program and an express delivery and drop-off system. For this plan to succeed, customers must be informed about these new features and educated on how to take advantage of them.

A specific set of communications objectives might be: (1) to create awareness of the new offering among all existing customers; (2) to attract the attention of prospective customers in the business traveler segment, inform them of the new features, and teach them how to use the new procedures effectively; (3) to stimulate inquiries and increase pre-bookings; and (4) to generate an increase in repeat patronage of 20 percent after six months.

Planning a marketing communications campaign should reflect a good understanding of the service product and the ability of prospective buyers to evaluate its characteristics in advance of purchase. It's also essential to understand target market segments and their exposure to different media, as well as consumer awareness of the product and attitudes toward it. Decisions include determining the content, structure, and style of the message

TABLE 9.1

Common Educational and Promotional Objectives in Service Settings

- · Create memorable images of specific companies and their brands
- · Build awareness of and interest in an unfamiliar service or brand
- · Build preference by communicating the strengths and benefits of a specific brand
- · Compare a service with competitors' offerings and counter competitive claims
- Reposition a service relative to competing offerings
- · Stimulate demand in low-demand periods and discourage demand during peak periods
- · Encourage trial by offering promotional incentives
- · Reduce uncertainty and perceived risk by providing useful information and advice
- · Provide reassurance (e.g., by promoting service guarantees)
- · Familiarize customers with service processes in advance of use
- · Teach customers how to use a service to their own best advantage
- Recognize and reward valued customers and employees

to be communicated, its manner of presentation, and the media most suited to reaching the intended audience. Additional considerations include: the budget available for execution; time frames (as defined by such factors as seasonality, market opportunities, and anticipated competitive activities); and methods of measuring and evaluating performance.

THE MARKETING COMMUNICATIONS MIX

Most service marketers have access to numerous forms of communication, referred to collectively as the **marketing communications mix.** Different communication elements have distinctive capabilities relative to the types of messages that they can convey and the market segments most likely to be exposed to them. As shown in Figure 9.5, the mix includes personal contact, advertising, publicity and public relations, sales promotion, instructional materials, and corporate design.

How should service marketers approach the task of selecting communication elements to convey the desired messages efficiently and effectively to the target audience? In well-planned campaigns, several different communication elements may be used in ways that mutually reinforce each other. Effective sequencing of communications is important, since one element often paves the way for others. For example, advertising may encourage prospects to visit aWeb site, request further information by mail, or shop in a specific store where they will be exposed to **retail displays** and can interact directly with a salesperson.

Communication experts draw a broad division between **personal communications**, involving personalized messages that move in both directions between two parties, and **impersonal communications**, in which messages move in only one direction and are generally targeted at a large group of customers and prospects rather than at a single individual. However, technology has created a gray area between the two. It's now very easy for a firm to combine word-processing technology with information from a database to create an impression of personalization. Think about the direct mail and e-mail messages that you have received, containing a personal salutation and perhaps some reference to your specific situation or past use of a particular product.

marketing

communications mix: the full set of communication tools (both paid and unpaid) available to marketers.

retail displays:

presentations in store windows and other locations of merchandise, service experiences, and benefits.

personal

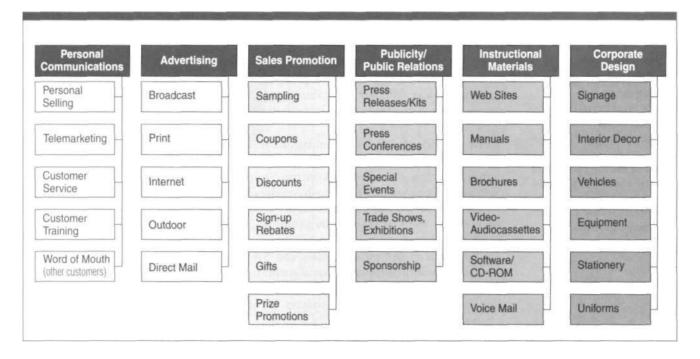
communications: direct communications between marketers and individual customers that involve twoway dialog (including face-toface conversations, phone calls, and e-mail).

impersonal

communications: one-way communications directed at target audiences who are not in personal contact with the message source (including advertising, promotions, and public relations).

FIGURE 9.5

The Marketing Communications Mix for Services



Personal Communications

As shown in Figure 9.5, personal communications include personal selling, telemarketing, customer training, customer service, and word of mouth.

personal selling: two-way communications between service employees and customers designed to directly influence the purchase process.

telemarketing: personal selling to prospective customers through the medium of the telephone.

customer service: the provision of supplementary service elements by employees who are not specifically engaged in selling activities.

customer training: formal training courses offered by service firms to teach customers about complex service products.

word of mouth: positive or negative comments about a service made by one individual (usually a current or former customer) to another.

Personal Selling Interpersonal encounters in which efforts are made to educate customers and promote preference for a particular brand or product are referred to as personal selling. For infrequently purchased services like property, insurance, and funeral services, the firm's representative may act as a consultant to help buyers make their selections. Because face-to-face selling is usually expensive, it's most often used in business-to-business markets. A lower-cost alternative is telemarketing, involving use of the telephone to reach prospective customers. It's used by about 75 percent of all industrial companies.⁷

Relationship marketing strategies are often based on account management programs, where customers are assigned a designated account manager who acts as an interface between the customer and the supplier. Account management is most commonly practiced in industrial and professional firms that sell relatively complex services, resulting in an ongoing need for advice, education, and consultation. Examples of account management for individual consumers can be found in insurance, investment management, and medical services.

Customer Service Employees in customer service positions are often responsible for delivery of a variety of supplementary services, including providing information, taking reservations, receiving payments, and problem solving. New customers, in particular, often rely on customer service personnel for assistance in learning how to use a service effectively and how to resolve problems.

When several different products are available from the same supplier, firms encourage their customer service staff to cross-sell additional services. However, this approach is likely to fail if strategies are not properly planned and executed.8 In the banking industry, for example, a highly competitive marketplace and new technologies have forced banks to add more services in an attempt to increase their profitability. In many banks, tellers who traditionally provided customer service are now expected to promote new services to their customers as well. Despite training, many employees feel uncomfortable in this role and don't perform effectively as salespeople.

Customer Training Some companies, especially those selling complex business-tobusiness services, offer formal training courses to familiarize their customers with the service product and teach them how to use it to their best advantage.

Word of Mouth Recommendations from other customers can have a powerful influence on people's decisions to use a service, but word of mouth is a difficult form of communication for firms to control. Some advertisers try to encourage positive comments from customers who have already used a service since positive word of mouth can act as a powerful and highly credible selling agent. 9 In an effort to extend the reach of word of mouth, advertising and brochures sometimes feature comments from satisfied customers.

Research in the United States and Sweden shows that the extent and content of word of mouth is related to satisfaction levels. Customers holding strong views are likely to tell more people about their experiences than those with milder views. And extremely dissatisfied customers tell more people than those who are highly satisfied.10

Advertising

As the most dominant form of communication in consumer marketing, advertising is often the first point of contact between service marketers and their customers, serving to build awareness, inform, persuade, and remind. It plays a vital role in providing factual information about services and educating customers about product features and capabilities. To demonstrate this point, Grove, Pickett, and Laband carried out a study comparing newspaper and television advertising for goods and services 11. Based on a review of 11,543 television advertisements over a 10-month period and of 30,940 newspaper display advertisements that appeared over a 12-month period, they found that ads for services were significantly more likely than those for goods to contain factual information on price; guarantees/warranties; documentation of performance; and availability (where, when, and how to acquire products).

One of the challenges fiicing advertisers is how to get their messages noticed. Television and radio broadcasts are cluttered with commercials, while newspapers and magazines sometimes seem to contain more ads than news and features. How can a firm hope to stand out from the crowd? Longer, louder commercials and bigger format ads are not necessarily the answer. Some advertisers stand out by using a sharply different format. For its ads in *Business Week*, where most advertising includes color photography and occupies one or two full pages, Williams Communications employs black-and-white cartoons occupying approximately half a page (Figure 9.6).

A broad array of paid advertising media is available, including broadcast (TV and radio), print (magazines and newspapers), movie theaters, and many types of outdoor

advertising: any form of nonpersonal communication by a marketer to inform, educate, or persuade members of target audiences.



FIGURE 9.6

Advertising by Williams Communications Uses Black-and-White Cartoons to Catch the Reader's Attention media (posters, billboards, electronic message boards, and the exteriors of buses or bicycles). Some media are more focused than others, targeting specific geographic areas or audiences with a particular interest. Advertising messages delivered through mass media are often reinforced by direct marketing tools like mailings, telemarketing, faxes, or email. Direct marketing, which offers the potential to send personalized messages to highly targeted micro-segments, is most likely to be successful when marketers possess a detailed database of information about customers and prospects.

Sales Promotion

sales promotion: a shortterm incentive offered to customers and intermediaries to stimulate product purchase. A few years ago, SAS International Hotels devised an interesting sales promotion targeted at older customers. If a hotel had vacant rooms, guests over 65 years of age could get a discount equivalent to their years (e.g., a 75-year-old could save 75 percent of the normal room price). All went well until a Swedish guest checked into one of the SAS chain's hotels in Vienna, announced his age as 102, and asked to be paid 2 percent of the room rate in return for staying the night. This request was granted, whereupon the spry centenarian challenged the general manager to a game of tennis—and got that, too. (The results of the game, however, were not disclosed!) Events like these are the stuff of dreams for PR people. In this case, a clever promotion led to a humorous, widely reported story that placed the hotel chain in a favorable light.

A useful way of looking at sales promotions is as a communication attached to an incentive. Sales promotions are usually specific to a time period, price, or customer group—sometimes all three, as in the SAS example. Typically, the objective is to accelerate the purchasing decision or motivate customers to use a specific service sooner, in greater volume with each purchase, or more frequently. Sales promotions for service firms may take such forms as samples, coupons and other discounts, gifts, and competitions with prizes. Used in these forms, sales promotions add value, provide a competitive edge, boost sales during periods when demand would otherwise be weak, speed the introduction and acceptance of new services, and generally get customers to act faster than they would in the absence of any promotional incentive. ¹² The Cleanrite coupon



FIGURE 9.7
Cleanrite Coupon
Encourages Repeat Usage

shown in Figure 9.7 is a simple example of a sales promotion designed to encourage past customers to become repeat customers.

Some promotional campaigns are very creative in their appeals to customers. For example, some international airlines provide passengers in first and business classes with free gifts including toiletries, pens, stationery, and playing cards. Gifts are sometimes offered simply to amuse customers and create a friendly environment. The Conrad Hotel in Hong Kong places a small teddy bear on each guest's bed and a yellow rubber duck in the bathroom; it reports that many guests take these items home with them.

Publicity and Public Relations

Public relations (PR) involves efforts to stimulate positive interest in an organization and its products by sending out news releases, holding press conferences, staging special events, and sponsoring newsworthy activities put on by third parties. A basic element in public relations strategy is the preparation and distribution of press releases (including photos and/or videos) that feature stories about the company, its products, and its employees. PR executives also arrange press conferences and distribute press kits when they feel a story is especially newsworthy. A key task performed by corporate PR specialists is to teach senior managers how to present themselves well at news conferences or in radio and television interviews.

Other widely used PR techniques include recognition and reward programs, obtaining testimonials from public figures, community involvement and support, fundraising, and obtaining favorable publicity for the organization through special events and *pro bono* work. These tools can help a service organization build its reputation and credibility; form strong relationships with its employees, customers, and the community; and secure an image conducive to business success.

Firms can also win wide exposure through sponsorship of sporting events and other high-profile activities where banners, decals, and other visual displays provide continuing repetition of the corporate name and symbol. For example, the U.S. Postal Service (USPS) was a major sponsor of the U.S. cycling team in the 2000 Tour de France. This provided many PR and advertising opportunities for the Postal Service including stamps, print articles, television news clips, and photos of the team members with "U.S. Postal Service" prominently displayed on their jerseys. USPS gained worldwide attention when team member Lance Armstrong won the Tour de France after a near-fatal battle with cancer.

Unusual activities can present an opportunity to promote a company's expertise. FedEx gained significant favorable publicity in December 2000 when it safely transported two giant pandas from Chengdu, China, to the National Zoo in Washington, D.C. The pandas flew in specially designed containers aboard an MD 11 aircraft renamed "FedEx PandaOne." In addition to press releases, the company also featured information about the unusual shipment on a special page in its Web site (Figure 9.8).

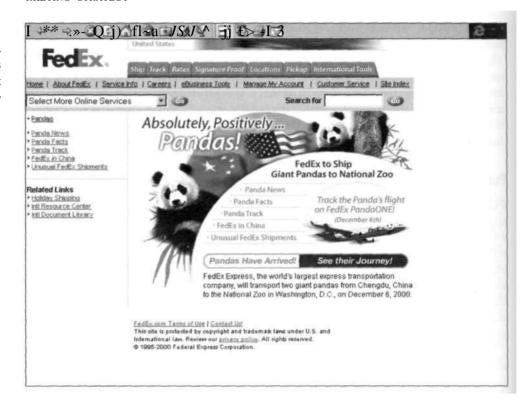
In the business-to-business marketplace, trade shows are a popular form of publicity. They are not usually open to the public, and there is no entry fee. In many industries, trade shows are a great opportunity for business customers to find out about the latest products in their fields. Service vendors provide physical evidence in the form of exhibits, samples and demonstrations, and brochures to educate and impress these potential customers. For example, cosmetic surgeons from around the world attended trade shows to learn about advances in technology and equipment that will allow them to perform highly effective nonsurgical treatments with mysterious names like "botox," "vein sclerotherapy," and "collagen replacement therapy."

Trade shows can be very profitable promotional tools. Fifty percent of the sales leads generated at these shows can be closed with just one sales call—a much higher

public relations; efForts to stimulate positive interest in a company and its products by sending out news releases, holding press conferences, staging special events, and sponsoring newsworthy activities put on by third parties.

FIGURE 9.8

"Absolutely, Positively ...
Pandas!" FedEx Promotes Its
Role in an Unusual Shipment
(FedEx service marks used by
permission.)



percentage than for leads generated in any other way. And a sales representative who usually reaches four to five prospective clients per day can average five qualified leads per *hour* at a show.

Instructional Materials

Promotion and education often go hand in hand. There's little point in promoting a new service (or service feature) if people are unsure of the benefits or don't know how to proceed. Service personnel are often called upon to play teaching roles, but they are not always available to help in the locations where customers need them. To remedy this problem, some firms offer free telephone calls to expert personnel or provide printed materials, video or audio instructions, or informative Web sites. Newspaper advertising by the CVS pharmacy chain encourages customers to use their telephones to access recorded information about prescription medications for a variety of different diseases.

Nowadays, many instructional media are technology based. Supermarkets and department stores sometimes feature a touch-screen store directory. Airlines show films to illustrate aircraft safety procedures and make customers aware of government regulations. Some banks install computerized displays that customers can use to learn about new financial products. Through access to Web sites, customers can access needed information from their homes or offices.

Corporate Design and Physical Evidence

Many service firms employ a unified and distinctive visual appearance for all tangible elements to facilitate recognition and reinforce a desired image. Corporate design strategies are usually created by external consulting firms and include such features as stationery and promotional literature, retail signage, uniforms, and color schemes for painting vehicles, equipment, and building interiors. The objective is to provide a unifying and recognizable theme linking all of the firm's operations in a branded service

corporate design: the consistent application of distinctive colors, symbols, and lettering to give a firm an easily recognizable identity.

experience through the strategic use of *physical evidence*. The American Automobile Association has made good use of corporate design in solidifying its brand identity. The bright red AAA logo is recognized worldwide as a reliable source of travel information and assistance.

Corporate design is particularly important for companies operating in competitive markets where it's necessary to stand out from the crowd and to be instantly recognizable in different locations. For example, gasoline retailing provides striking contrasts in corporate designs, from BP's bright green and yellow service stations to Texaco's red, black, and white, and Sunoco's blue, maroon, and yellow.

Companies in the highly competitive express delivery industry tend to use their names as a central element in their corporate designs. When Federal Express changed its trading name to the snappier and more multilingual "FedEx," it also changed its logo to feature the new name in a distinctive typeface. Consistent applications of this design were developed for use in settings ranging from business cards to boxes and from employee caps to aircraft exteriors.

Some companies use a trademarked symbol, rather than a name, as their primary logo. 14 Shell makes a pun of its English name by displaying a yellow scallop shell on a red background, which has the advantage of making its vehicles and service stations instantly recognizable even in parts of the world that do not use the Roman alphabet. McDonald's "Golden Arches" is said to be the most widely recognized corporate symbol in the world. (However, international companies operating in many countries need to select their designs carefully to avoid conveying a culturally inappropriate message through unfortunate choices of names, colors, or images.)

Merrill Lynch, the global financial services company, used its famous slogan, "We're Bullish on America" as the basis for its corporate symbol—a bull. A recent advertising campaign by the company developed some intriguing variations of this highly recognizable symbol (an example is shown in Figure 9.9).



FIGURE 9.9 Corporate Advertising by Merrill Lynch

servicescape; the design of any physical location where customers come to place orders and obtain service delivery. Servicescape Dimensions The term servicescape describes the design of any physical location where customers come to place orders and obtain service delivery. ¹⁵ It consists of four dimensions: the physical facility; the location; ambient conditions (like temperature or lighting); and personnel. Each of these elements is a critical form of physical evidence, since the appearance of a firm's service facilities and personnel affects customers' perceptions of service quality. Corporate design consukants are sometimes asked to advise on servicescape design, to coordinate the visual elements of both interiors and exteriors—such as signage, decor, carpeting, furnishings, and uniforms—so that they may complement and reinforce the other design elements. We can think of the servicescape concept in terms of the design of the stage on which the service drama is enacted. A good set and costumes can't save a bad play but they can greatly enhance the audience's enjoyment of a good one. Conversely, a bad stage set can create a poor initial impression. Physical evidence and servicescape design are discussed in greater detail in Chapter 11.

Ethical Issues in Communication

Few aspects of marketing lend themselves so easily to misuse (and even abuse) as advertising, selling, and sales promotion. The fact that customers often find it hard to evaluate services makes them more dependent on marketing communication for information and advice. Communication messages often include promises about the benefits that customers will receive and the quality of service delivery. When promises are made and then broken, customers are disappointed because their expectations have not been met. Their disappointment and even anger will be even greater if they have wasted money, time, and effort and have no benefits to show in return or have actually suffered a negative impact. Employees, too, may feel disappointed and frustrated as they listen to customers' complaints about unfulfilled expectations.

Some unrealistic service promises result from poor internal communications between operations and marketing personnel concerning the level of service performance that customers can reasonably expect. In other instances, unethical advertisers and salespeople deliberately make exaggerated promises about the benefits that customers can hope to receive. Finally, there are deceptive promotions that lead people to think that they have a much higher chance of winning prizes or awards than is really the case. Fortunately, there are many consumer watchdogs on the lookout for these deceptive marketing practices. They include consumer protection agencies, trade associations

Can You Recognize a Service Company from These Clues?~

How easy to recognize are the facilities, vehicles, and personnel of your own bank, favorite fast-food restaurant, taxi service, and local public transport system? Try the quiz below to see how many internationally used symbols and design elements you recognize.

- 1. With which rental car companies are the colors yellow, red, and green associated?
- 2. Which international airline has a flying kangaroo for its symbol? Which one uses a maple leaf?
- 3. Which stockbroker displays a ram's head as its corporate symbol?
- 4. How many companies can you name that use a globelike symbol?
- 5. Which international financial services company uses a symbol of three crossed keys?

within specific industries, and journalists who investigate customer complaints and seek to expose fraud and misrepresentation.

A different type of ethical issue concerns unwanted intrusion into people's personal lives—including, perhaps, your own. You can, of course, simply turn the page if you don't want to look at an advertisement in a newspaper or magazine. Perhaps you ignore television advertising by pressing the mute button on your remote and by talking to friends or family members while the commercials are on. However, the increase in telemarketing and direct mail is frustrating for those who receive unwanted sales communications. How do you feel if your evening meal at home is interrupted by a telephone call from a stranger trying to interest you in buying services in which you have no interest? Even if you are interested, you may feel, as many do, that your privacy has been violated and see the call as an unwanted intrusion. Trade associations like the Direct Marketing Association offer ways for consumers to remove their names from telemarketing and direct-mail lists in an attempt to address the growing hostility toward these types of direct-marketing techniques.

MARKETING COMMUNICATIONS AND THE INTERNET

The Internet is playing an increasingly important role in marketing communication. Few companies of any size are now without a Web site and a substantial industry has sprung up to support the design and implementation of Internet-based marketing activities. Perhaps the most remarkable aspect of the Internet is its ubiquity: A Web site hosted in one country can be accessed from almost anywhere in the world, offering the simplest form of international market entry available—in fact, as Christian Gronroos points out, "the firm cannot avoid creating interest in its offerings outside its local or national market." However, creating international access and developing an international strategy are two very different things!

Internet Applications

Marketers use the Internet for a variety of communications tasks. These include promoting consumer awareness and interest, providing information and consultation, facilitating two-way communications with customers through e-mail and chat rooms, stimulating product trial, enabling customers to place orders, and measuring the effectiveness of specific advertising or promotional campaigns. Firms can market through their own Web sites and place advertising on other sites. Advertising on the Web allows companies to supplement conventional communications channels at a reasonable cost. But like any of the elements of the marketing communications mix, Internet advertising should be part of an integrated, well-designed communications strategy.

Many early Web sites were little more than electronic brochures, featuring attractive graphics that took too long to download. By contrast, interactive Web sites allow customers to engage in dialog with a database and come up with customized information. Transportation firms like airlines and railroads offer interactive sites that allow travelers to evaluate alternative routes and schedules for specific dates, download printed information, and make reservations online. Some sites offer discounts on hotels and airfare if reservations are made over the Internet—a tactic designed to draw customers away from intermediaries like travel agents.

The interactive nature of the Internet has the potential to increase customer involvement dramatically, since it enables "self-service" marketing in which individual

permission marketing: a marketing communication strategy that encourages customers to voluntarily learn more about a company's products because they anticipate receiving information or something else of value in return.

customers control the nature and extent of their contact with the Web sites they visit. Many banks allow customers to pay bills electronically, apply for loans over the Internet, and check their account balances online. Whistler/Blackholm ski resort in British Columbia uses its Web site to promote advance online purchase of lift tickets at a discount. The site also offers instructions on how the online ticket window works, describes where to pick up the tickets, and provides responses to frequently asked questions.

Enabling marketers to communicate and establish a rapport with individual customers is one of the Web's greatest strengths. These characteristics lend themselves to a new communication strategy called "permission marketing," 19 which is based on the idea that traditional advertising doesn't work as well any more because it fights for attention by interrupting people. For example, a 30-second television spot interrupts a viewer's favorite program, a telemarketing call interrupts a meal, and a print ad interrupts the flow of a magazine or newspaper article.

In the permission marketing model, the goal is to persuade consumers to volunteer their attention. In essence, customers are encouraged to "raise their hands" and agree to learn more about a company and its products in anticipation of receiving something of value to them. This means that customers self-select into the target segment. Consider the approach used by the Health Communication Research Institute, which issues prepaid phone cards to patients in doctors' offices or hospitals as a way to measure patient satisfaction. To activate the card, the patient uses it to call an automated service that records responses to questions about the individual's recent experience with medical care. As a reward, the caller gets 30 minutes of free long-distance calling.²⁰ For an illustration of how H&R Block used a promotional contest to get customers to volunteer to learn about a new tax preparation service, see the boxed story "Permission Marketing at H&R Block."

Permission Marketing at H&R Block

When H&R Block wanted to introduce a new service called Premium Tax, aimed at upper-income customers, it hired a firm called Yoyodyne to create a contest. This promotional event was announced using banner ads on selected Web sites that said, "H&R Block: We'll pay your taxes sweepstakes." Through the action of clicking on these banners, more than 50,000 people voluntarily provided their e-mail addresses and said "tell me more about this promotion."

In return for the chance to have their taxes paid by somebody else, these people became players in a contest. Every week for 10 weeks, they received three e-mails, inviting them to answer trivia questions about taxes, H&R Block, and other relevant topics. They were given fun facts about the history of taxes or sent to H&R Block's Web site to find answers to questions. Each e-mail also

included a promotional message about Premium Tax. Not everyone responded to every message—on average, about 40 percent did so. But over the life of the promotion, 97 percent of those people who entered the game stayed in.

At the end of 10 weeks, surveys were conducted of: (1) those who had participated actively in the game; (2) those who had participated, but less actively; and (3) a control group of nonparticipants. Among nonparticipants, knowledge of Premium Tax was essentially nonexistent. Among less-active participants, 34 percent had a good understanding of Premium Tax, and for active participants, the figure was 54 percent. By creatively applying the concept of permission marketing, H&R Block acquired a database of prospects that had already received some information and education about its new service offering.

Web Site Design Considerations

From a communication standpoint, a Web site should contain information that a company's target customers will find useful and interesting.²¹ Internet users expect speedy access, easy navigation, and content that is both relevant and up-to-date.

Service firms should set explicit communication goals for their Web sites. Is the site to be a promotional channel; a self-service option that diverts customers away from contact with service personnel; an automated news room that disseminates information about the company and its products, as well as offering an archive of past press releases; or even all of these? Some firms choose to emphasize promotional content, seeking to present the firm and its products in a favorable light and to stimulate purchase; others view their sites as educational and encourage visitors to search for needed information, even providing links to related sites.

Innovative companies are continually looking for ways to improve the appeal and usefulness of their sites. The appropriate communication content varies widely from one type of service to another. A b2b site may offer visitors access to a library of technical information; by contrast, a resort hotel may include attractive photographs featuring the location, the buildings and the guest rooms, and even short videos depicting recreational options. Meantime, a radio station may display profiles and photos of key staff members, schedules of its broadcasts, background information about its programs, and access to its broadcasts via Web radio.

Marketers must also address other attributes, like downloading speed, that affect Web site "stickiness."" A sticky site is one that encourages repeat visits and purchases by keeping its audience engaged with interactive communication presented in an appealing fashion. Online service providers like EasyAsk have exploited a profitable niche in helping other companies design sticky Web sites that make information searches and site navigation easy for their customers.

stickiness: a Web site's ability to encourage repeat visits and purchases by keeping its audience engaged with interactive communication presented in an appealing fashion.



PSI Net's print advertising reinforces its television campaign, which shows individuals in different global settings knocking on a window to gain the audience's attention.

A memorable Web address helps to attract visitors to a site. Unlike phone or fax numbers, it's often possible to guess a firm's Web address, especially if it's a simple one that relates to the firm's name or business. However, firms that come late to the Internet often find that their preferred name has already been taken. For instance, many industries include a company called Delta, but there can only be one delta.com. This site name belongs to Delta Financial Corporation (the U.S. airline had to use the longer address, deltaairlines.com). Web addresses must be actively promoted if they are to play an integral role in the firm's overall communication and service delivery strategy. This means displaying the address prominently on business cards, letterhead stationery, catalogs, advertising, promotional materials, and even vehicles.

Internet Advertising

The Internet has become a new advertising medium. Many firms pay to place advertising banners and buttons on portals like Yahoo or Netscape, as well as on other firms'Web sites. The usual goal is to draw online traffic to the advertiser's own site. In many instances, Web sites include advertising messages from other marketers with related but noncompeting services. Yahoo's stock quotes page, for example, features a sequence of advertisements for various financial service providers. Similarly, many Web pages devoted to a specific topic feature a small message from Amazon.com, inviting the reader to identify books on these same topics by clicking the accompanying hyperlink button to the Internet retailer's book site. In such instances, it's easy for the advertiser to measure how many visits to its own site are generated by clickthroughs.

However, the Internet has not proved to be as effective an advertising medium as many marketers originally anticipated. Experience shows that simply obtaining a large number of exposures ("eyeballs") to a banner ad or button doesn't necessarily lead to increases in awareness, preference, or sales for the advertiser. One consequence is that the practice of paying a flat monthly rate for banner advertising is falling out of favor. Even when visitors click through to the advertiser's site, this action doesn't necessarily result in sales. Consequently, there's now more emphasis on advertising contracts that tie fees to marketing-relevant behavior by these visitors, such as providing the advertiser with some information about themselves or making a purchase.

Some companies use reciprocal marketing, where an online retailer allows its paying customers to receive promotions for another online retailer and vice-versa, at no upfront cost to either party.²³ For example, RedEnvelope.com customers received an online coupon offer from Starbucks when they logged onto the RedEnvelope site. In exchange, RedEnvelope had a promotional link on Starbucks.com, enabling both companies to capture a percentage of the other site's customer base.

reciprocal marketing: a marketing communication tactic in which an online retailer allows its paying customers to receive promotions for another online retailer and vice-versa, at no upfront cost to either party.

Conclusion

The marketing communication strategy for services requires a somewhat different emphasis from that used to market goods. The communication tasks facing service marketers include emphasizing tangible clues for services that are difficult to evaluate, clarifying the nature and sequence of the service performance, highlighting the performance of customer-contact personnel, and educating the customer about how to effectively participate in service delivery.

Many different communication elements are available to help companies create a distinctive position in the market and reach prospective customers. The options in the marketing communication mix include personal communications like personal selling and customer service, as well as impersonal communications like advertising, sales promotions, public relations, corporate design, and the physical evidence offered by the servicescape of the service delivery site. Instructional materials, from brochures to Web sites, often play an important role in educating customers on how to make good choices and obtain the best use from the services they have purchased. Developments in technology, especially the Internet, are changing the face of marketing communications. We will explore the strategic implications of technology for service marketers in greater detail in Chapter 16.

Answers to Symbol Quiz on Page 206

- 1. Hertz (yellow), Avis (red), National or Enterprise (both green)
- 2. Qantas (kangaroo), Air Canada (maple leaf). Note: Some regional Canadian airlines also display a maple leaf.
- 3. T. Rowe Price (ram)
- 4. AT&T and Cable & Wireless are both quite well known; aircraft of Continental Airlines have a partial golden globe on their tailfins, while those of the now-defunct airline Pan Am featured a complete blue and white globe; UPS paints a golden globe on all its trucks to emphasize its worldwide delivery capabilities.
- 5. UBS and subsidiaries, e.g., UBS PaineWebber (three crossed keys).

Study Questions and Exercises

- Describe four common educational and promotional objectives in service settings and provide a specific example for each of the objectives you list.
- 2. Which elements of the marketing communications mix would you use for each of the following scenarios? Explain your answers.
 - A newly established hair salon in a suburban shopping center
 - An established restaurant facing declining patronage because of new competitors
 - A large, single-office accounting firm in a major city that serves primarily business clients
- 3. What roles do personal selling, advertising, and public relations play in (a) attracting new customers to a service business and (b) retaining existing customers?
- 4. Describe the role of personal selling in service communications. Give examples of three different situations where you have encountered this approach.
- 5. Find examples of service promotional efforts in your local area and evaluate their strengths and weaknesses as effective communication tools.
- Provide several current examples of public relations efforts made by service companies.
- 7. Discuss the relative effectiveness of brochures and Web sites for promoting (a) a ski resort, (b) a hotel, (c) a fitness center, and (d) a bank.

8. Explore the Web sites of an airline, a bank, and an Internet retailer. Critique them for ease of navigation, content, and visual design. What, if anything, would you change about each site?

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