

Service communications

Introduction

Today's environment is fiercely competitive. It is therefore not enough to develop a service for which there is known demand. It is not enough to say that a good service will sell itself. The service must be communicated to the target market in order to generate and develop a loyal customer base. While communications can be planned before the service is ready for consumption, they should certainly not be implemented. With the ever-increasing variety of media channels, and the proliferation of brands, marketing communications must be planned and implemented in an integrated fashion.

9.1 Integrated marketing communications

In previous times, there were more limited opportunities for ways in which a company could communicate with its audiences. There were also generally fewer brands in any market sector, meaning that it was relatively easier for the brand to be seen and heard (and remembered). It is estimated that today the average person is exposed to 1300 advertising messages every day.¹ However, today's multi-brand markets and diverse and numerous ways of talking to consumers means that it becomes increasingly important that every piece of communication works optimally.

One key way in which the marketer can optimize communications is to integrate them. This is often referred to as integrated marketing communications (IMC). So that all communications, whether internal to the organization or external to its various stakeholder groups, share the same 'tone of voice'. Whether the consumer is viewing an advertisement or talking to a call centre that is handling the company's customer helpline, or whether it is the manner in which complaints are handled and service is recovered, there should be little doubt that the communications come from the same company.²

Two companies that are particularly good at communicating with one tone of voice are Orange the telecommunications provider, and First Direct, which provides banking services (see Figures 9.1 and 9.2). In each case, the tone of voice communicated is more profound than what the company looks like. It also talks about what type of company it is: what its values are and what it believes is important in its market.



Figure 9.1 Orange advertisement: consistent tone of voice



Figure 9.2 First Direct advertisement: consistent tone of voice

When Orange first launched its service with the strapline 'The future's Orange' it also had a member of staff called Director of Futurology. It used its communications to build an image of the brand as one at the cutting edge of mobile communications without forgetting that the average user was no technophile.

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What you can do - Reduce your exposure to these chemicals in your home. For hints and tips of what to avoid and what to use, visit our website.

What we are doing - The Co-operative Bank is the only high street bank with a published Ethical Policy. We refuse to invest in companies that manufacture persistent and bio-accumulative chemicals, we are phasing them out of our branch fixtures and fittings and we're also campaigning for positive change with WWF-UK.

What we can do together - The Government is currently consulting on its EU chemical strategy. If, like us, you believe certain man-made chemicals should be phased out and replaced with safer alternatives, please spend a few minutes now to help safeguard our future at www.saferchemicals.co.uk

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campaigning together with 
WWF

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The Co-operative Bank p.l.c., Head Office, P.O. Box 101, 1 Balloon Street, Manchester, M60 4EP.

Figure 9.3 Co-operative Bank Advertisement: distinctive and consistent tone of voice

First Direct turned banking on its head when it was the first to launch a purely telephone banking service. It took as its priority the needs of the time-pressured consumer for whom traditional banking hours were increasingly inconvenient.

Another bank that has adopted a unique tone of voice is the Co-operative Bank, now known as CFS (Co-operative Financial Services). It has a strong corporate and social responsibility policy (often referred to as a CSR policy). They are the only high street bank with a published Ethical Policy that states where they will and will not invest customers' money. They also speak out and campaign for changes on issues they know from research that their customers feel strongly about. They have campaigned for trade justice and for safer chemicals. The use of CSR policies to communicate corporate brand values is increasingly common.

9.2 The role for communications

Communication can *add* value to the service in the eyes of the consumer. This is one of its key benefits. In many cases this will enable the provider to charge a premium over that of competitors. Advertising is one of the most visible ways through which an organization communicates with its customers. In 2003 service organizations in the UK spent some £3246 million on television and press advertising (Table 9.1). This expenditure has grown significantly in recent years, both in absolute terms and also as a share of total advertising in the UK.

Table 9.1 UK service sector advertising expenditure, 2003

Industry	£000
Retailing and mail order	917 000
Financial services	683 000
Travel and transport	290 000
Household stores	217 000
Entertainment	444 000
Government	201 000
Business-to-business	494 000
Total	3 246 000

Source: AC Nielsen MEAL

9.3 Services communication

The key differences between products and services should be taken into account in considering service communication as follows:

- **Simultaneous production and consumption:** The layout, shop facia and the appearance and manner of the staff are critical communication variables. So too is communicating the role that the consumer is expected to play in the production of the service they want to consume.

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OR PAY EVEN LATER

Open an Autoshop Card Account, spend £100 or more and pay nothing for 120 days. Then, within the Autoshop terms, you can spread the repayments - paying as much as you want, when you want.

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Examples to F/E	FRONT BRAKE PADS FROM ONLY	REAR BRAKE SHOES FROM ONLY	Examples to F/E	FRONT BRAKE PADS FROM ONLY	REAR BRAKE SHOES FROM ONLY	
FORD SIERRA	£24.95	£34.95	RENAULT 9	£34.99	£49.95	
ROVER 213	£34.99	£39.95	VAUXHALL CAVALIER	£25.95	£39.95	
FIAT UNO	£34.99	£39.95	VOLVO 340, 360 Series	£29.95	£29.95	
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Figure 9.4 Kwik-Fit advertisement: the communication of a guarantee

- **Intangibility:** Service providers should attempt to reduce the risk to the consumer of buying an intangible product by providing tangible clues about the service offering. These clues come from all aspects of corporate communication.
- **Heterogeneity:** This, too, leads to greater perceived risk. Again communications can help to reduce this factor. It may be appropriate to communicate a service guarantee (Figure 9.4) or promise, or to demonstrate how well trained your staff are.
- **Perishability:** Many promotional tools, e.g. advertising, sales promotion and direct marketing, have a role to play in shaping demand. This is one of the most

challenging aspects of service management and arises from the fact that services cannot be inventoried.

Each of these variables have previously been discussed in greater detail in Chapter 5.

Flowing from this there are five key aspects of communication for the service marketer:

- The role of personal selling
- The importance of internal marketing communications
- The management of expectations
- The provision of tangible clues
- Word-of-mouth communications.

9.4 Key communication variables

9.4.1 The role of personal selling

Service delivery often involves human encounter, whether face-to-face, or more remotely via the telephone. The way in which that encounter develops can determine whether the customer walks away feeling pleased, satisfied, annoyed, or victimized. Although the customer's expectations help determine levels of satisfaction, the encounter itself will invariably play a significant part in determining satisfaction. The person who delivers the service is often actually part of the service itself. He or she is not merely facilitating the exchange of a product that is already fully developed and is waiting to be picked from a shelf. Waiting staff in a restaurant deliver not just food but customer satisfaction.

Research conducted by John Bateson for his book *Managing Services Marketing*³ concluded that personal selling and image-creating strategies were the communications tools most often used by service organizations. He notes that organizations must choose their contact personnel carefully and train them to interact effectively with customers.

The role of personal selling is not the same for every service organization. The partner in a large accountancy firm will be performing quite a different personal selling role from that of a checkout operator in a supermarket.

In attempting to mould the interpersonal skills of contact personnel, service managers should ask themselves the following questions:

- Which staff are customer-facing? It's not just traditional sales staff that 'sell' the service.
- What other functions do they fulfil?
- What ought they to be communicating about the service?
- On what dimensions do consumers judge the standard of service delivery?
- What factors shape expectations of each service encounter? Are they related to service complexity? To frequency of use of the service?
- Is it more appropriate for customers to be offered a customized or a standardized response? (Of course, service delivery varies not only among people but also within people. We all have our good and bad days. On a good day customization

will probably result in an improved service offering. However, on a bad day, standardized service has a greater chance of achieving satisfied customers.)

If some thought is given to these factors, then the communication function of contact personnel has a greater chance of being effective.

Personal selling is often the most important variable in the development of expectations. No matter what the advertising communicates, or what the consumers' friends say, their expectations will be shaped by any personalized communication that they receive from the company. If your hairdresser tells you that the colourant that he or she has used will last for eight weeks then that is how long you expect it to last. If a store sales assistant tells you your purchase will be delivered the following day then that is what you expect. Frontline employees have to be trained to understand that it is important to develop *realistic* expectations in consumers however tempting it may be to over-promise.

9.4.2 Call centres

Service companies are increasingly conducting some of their personal selling remotely via telephone, with a growing number outsourcing this to call centres. In the early days such centres were generally tasked with handling customer helplines and in the area of service recovery. In other words, they were more involved with customer retention than recruitment.

It is estimated that the UK call centre industry has grown by almost 250% since 1995, with 5320 contact centres and almost 500 000 people employed at the end of 2003. The industry is forecast to grow to almost 650 000 agent positions by 2007.⁴

However nowadays an increasing number of call centres passively handle initial customer enquiries and more proactively seek new business. In both cases the individual is playing an important role in helping to generate business and in the absence of any body language or other visual clues, the attitude and accent of the operator becomes important. Jamie Oliver (the celebrity chef) answers the telephone when you phone his restaurant, Fifteen. Even though it is only a voice-recorded message telling you the opening hours and how to get to the venue etc., it is a very powerful use of remote personal selling.

9.4.3 The importance of internal marketing communications

The importance of the employee in the delivery of a quality service means that they should not be ignored when it comes to considering who the relevant communication targets are (see Chapter 7 for further discussion of the importance of service employees). The most prolific writer in this field, Leonard Berry^{5,6} makes this point.

There are certainly internal pieces of communication that can help improve employees' job performance. Traditionally the mission statement was regarded as a critical tool in this respect. However, nowadays more dynamic tools such as internal newsletters – often transmitted via email – staff forums and awaydays are vital. Indeed, some larger organizations with geographically dispersed staff have begun to employ business television. Dedicated programmes produced by the internal communications team are broadcast via satellite to centres where staff congregate to view.

It is important with all of these tools to build dialogue into the process. Internal communications can no longer be regarded as a way of the organization communicating to employees with no feedback mechanisms. Companies need to listen as well as to inform.

The employee can also benefit from external corporate communications which appear to be aimed at the consumer. There are several reasons for this.

First, many services are delivered through a geographically dispersed network of branches and outlets. Employees have little contact with head office. In this case external communications can help to maintain their commitment to the organization. It can also help remind them of the corporate culture that was imbued during their induction.

It may serve as a reminder or a reassurance of what the organization expects of them, or, as Zeithaml states, 'if [the communication] features employees doing their jobs, it communicates to them that they are important'.⁷ However, the proposition that these communications are more effective if they use actual employees rather than professional actors could be refuted. An aspirational or more grounded role model may be more appropriate and effective. Recently B&Q the hardware retailer has used staff in its external communications to good effect (Figure 9.5).

Finally these communications can help to manage customers' expectations and in so doing they can communicate with employees about what to expect from their customers.

9.4.4 Managing expectations

Communicating with the customer about what to expect of the service is important. If expectations can be managed so that customers have more realistic expectations of the service delivery then their expectations are more likely to be met. American Express informs its card holders that 'Membership has its privileges'. Customers then come to look for their privileges.

Czepiel, Solomon, and Suprenant⁸ note that most problems about customer satisfaction relate to expectations exceeding service delivery. Satisfied customers result from the service experience fulfilling expectations (see Chapter 5 for a fuller discussion). This is why the management of these expectations is so important. External communication is only one of a number of variables that are influential (Figure 9.6). It is, though, perhaps the most easily controlled.

Raising expectations through communications can increase the risk of customer dissatisfaction. It may be tempting to over-promise in order to get business through the door. However, the repercussions often outweigh any initial benefit.

Delta Airlines at one time vowed 'We're ready when you are', and Holiday Inns told its customers 'No surprises guaranteed'. Both companies had to revise their communications because they were over-promising. Consumers' expectations were raised and then not fulfilled: they did not expect any delays if they travelled with Delta, nor were they happy when Holiday Inns did indeed produce some surprises.

In the UK in the 1980s, the recently denationalized rail company British Rail fell into the same trap by advertising the fact that 'We're getting there', when it was obvious to the commuting public that British Rail was patently *not* getting there. 'The wonder of Woolies' is yet another example from the same era. This advertising

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PLUS

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20% OFF SELECTED PAVING

PLUS

SAVE 20% ON PALLET PRICES

Ask in store for details

20% OFF SELECTED SHEDS

OFFER ENDS 12TH AUGUST HURRY! WHILE STOCKS LAST

YOU CAN DO IT... B&Q

Figure 9.5 B&Q advertisement: using staff in communications

led consumers to re-evaluate their expectations of these services, but it led them to revise them upwards, which in turn led to increased levels of dissatisfaction. Organizations began to realize that while this practice may encourage new business it does not encourage repeat business.

External communications that help develop expectations may involve a ‘look behind the scenes’ approach. This enables organizations to demonstrate all the effort that they go to in order to provide the service. This has been a popular theme with utilities companies.

Another approach is to provide customers with a script or scenario of the likely service encounter. Financial services and airline companies have used this approach in the past. Both strategies work well on television. They use this medium to its full potential, allowing characters to develop in live-action situations.

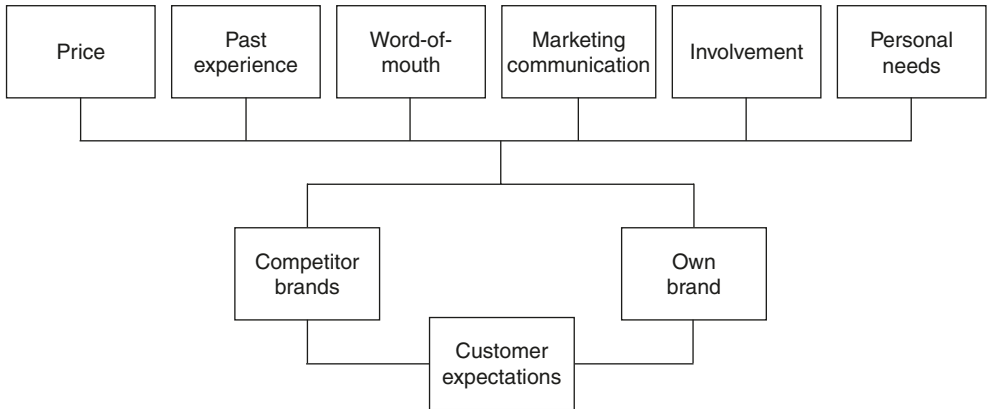


Figure 9.6 Developing customer expectations

Most literature on this subject actually suggests that the role of communication is to revise consumers' expectations downwards. This arises from the view that consumers set themselves unrealistically high expectations in the first place.

However, a more challenging task for the service marketer is to develop and maintain a quality service that meets or exceeds most consumers' expectations. Product manufacturers that are regarded as being leading-edge companies in terms of delivering quality products such as Motorola and NEC now take as their manufacturing goal Six-Sigma quality. This is a means of measuring how close production comes to total quality.

Six-Sigma quality means that there are only 3.4 defects per million parts produced. Motorola may soon adopt an unheard-of-goal of 60 defects or less for every billion components it makes. Some Japanese manufacturing companies attempt to go further by manufacturing to zero defects. Toyota have introduced the concept of *poka-yoke*, which aims to make the workplace mistake-proof, i.e. to manufacture to total quality.⁹ So rather than externally aiming to reduce expectations these organizations instead internally aim to raise quality.

While this is more readily achievable in product marketing, service marketing should not ignore this potential strategy. Indeed, it may be a way of sustaining a competitive advantage. Future developments will certainly see more companies aiming to reduce the gap between expectations and delivery by tackling the issue internally as well as externally.

9.4.5 Tangible clues

The less tangible the generic service, the more powerfully and persistently the judgement of it gets shaped by the packaging. As Levitt states,¹⁰ 'Metaphors and symbols become surrogates for the tangibility that cannot be provided or experienced in advance.'

The consumption of services is often associated with high levels of risk. Much of this risk stems from the intangible nature of services. It is not just the fact that the service cannot be touched in the same way that a product can. It is also that consumers often find it difficult to comprehend what they are being offered. This risk can be reduced by the provision of tangible clues that relate to the service offering.

In a restaurant, the use of starched napery will communicate to customers that it is a quality establishment. Similarly, a bellboy on the steps of a hotel says something of its up-market positioning. These tangible clues make the nature of the service more easily understood.

If any of these signposts are to be used in professional communications then care must be taken to select those that are *relevant* to consumers. They should be built around parts of the service offering that are key motivators for purchase.

Legal & General, the insurance company, practise this to good effect with the use of their multi-coloured umbrella. They offer protection from life's uncertainties, and with this the prospect of a brighter future. The umbrella as a tangible clue communicates this effectively (Figure 9.7).



Figure 9.7 The Legal & General logo

9.4.6 Word-of-mouth communication

Personal recommendation is a powerful communication vehicle in the service sector. The importance that consumers attach to word-of-mouth endorsement by their peer group arises from their need to reduce risk from the intangible and variable nature of services. It has been demonstrated to be many times more effective a tool of persuasion than traditional advertising. Service marketers must learn to capitalize on this tool. So how should they do this? The following list presents some of the options:

- **Introduce a friend scheme:** Encourage current users to inform others of the good service. (American Express offers current card holders a case of wine if they introduce a friend.)
- **Testimonials:** Use satisfied customers' experiences in advertising.
- **Persuasion of opinion formers:** Use PR to target opinion leaders or early adopters.
- **Promotional items:** Promotional items can provide tangible clues implying 'club' membership. The Open Golf Championship umbrella, or the Wimbledon sweatshirt are examples of this.
- **Appointment of brand ambassadors:** These are people employed by the company whose remit it is to build personal relationships with customers and other stakeholders.

- **Feedback:** Incorporate it into the communication of a comprehensive complaints procedure. 'If you're happy with what we do tell them [friends etc.], if you're not tell us.'

Recently, some services marketers have taken the concept of personal selling a stage further in their recruitment of new customers. Recognizing the potency of word-of-mouth communication, they have covertly paid for individuals to 'pose' as consumers and extol the virtues of the brand in question, rather like the street traders who whip up desire for the goods on display by employing people to 'buy' the various scents, cigarettes etc. as if they were contraband goods.

9.5 Corporate identity

In many cases, consumer purchase decisions are based on the organization that a service is bought from rather than a specific brand; for example British Airways may have attempted to segment their service offering into Business Class, First Class, Holidays etc. (they have dedicated brand teams working on each of these segments) but we expect that most people still see themselves as buying from British Airways. For this reason the development of a corporate identity becomes important. It is also beneficial to develop an image that gives the organization a focus since there are many variables working against the projection of a cohesive image.

There are many factors that contribute to the building of corporate image; Figure 9.8 illustrates the main ones, some of which are discussed in more depth in Chapters 4 and 7. Obviously not all services will use every mechanism; not many solicitors are seen to deploy carrier bags as part of their corporate image, nor will many restaurants run fleet vehicles. Whatever channels are chosen to promote the corporate identity, the

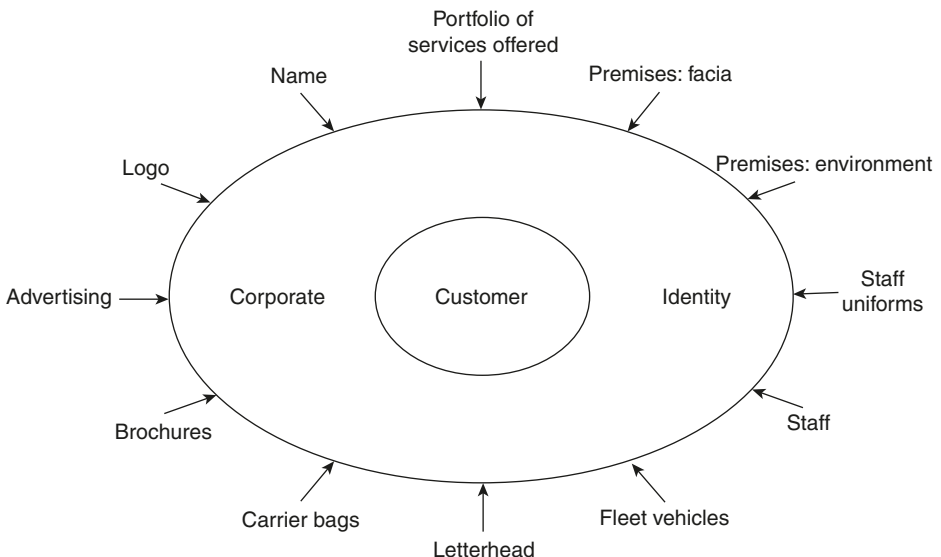


Figure 9.8 External corporate communications

task is to create a cohesive image that communicates an appropriate message. To manage this process efficiently and effectively it is important that the identity is carried synergistically across all communications.

9.5.1 Naming the service

What should a service name communicate? It is often felt that the best names communicate the key benefit that the service offers: Creased Lightning for an ironing service, Typelite for a typing service.

If the marketplace is competitive or the key benefit is different for different groups of consumers then the name should attempt to convey creatively the service that is offered, e.g. Branching Out for a florist, or The Potting Shed for a garden centre.

At a third level, it may be that this cannot be done creatively and so the generic service name is incorporated (often alongside the owner's name) e.g. Martin's Removals, or Fraser's Launderette. The three levels of naming are illustrated for a service that unblocks drains;

Drain Kleer	main benefit communicated
Blockbusters	service creatively communicated
P. N. D. Drainage	service generically communicated

All these approaches are superior to those names that give consumers no hints about the service that is offered. They are easier for consumers to remember because the name itself generates a visual image. These images complement the verbal name and leave the consumer with a more fully developed picture of the company.

The human brain finds it easier to store and retrieve words or names when they also have a visual prompt. This was researched by Lutz and Lutz,¹¹ whose results confirmed that an interactive image facilitates recall of the company or brand name better than a non-interactive image.

The service name can develop verbal interactive imagery. The interaction is between the company name and the service that is provided. We live in an over-communicated society. We are producing more information and absorbing less of it. So the easier we make it for consumers to remember the company name the more chance we have of being successful. A good example of this approach to brand naming comes from the US toy retailer 'Toys R Us'. The name itself tells consumers that it is a toy retailer, while the 'R' written backwards in the logo may be just the way that a child would write it.

As Berry, Lefkowitz and Clark¹² state, there are four key characteristics that a service name should possess:

- Distinctiveness: identifies supplier and distinguishes from competition
- Relevance: conveys service benefit
- Memorability: understood and recalled with ease
- Flexibility: scope to cover business expansion.

We have also witnessed a growing trend towards the contraction of companies names to initials. So, we have seen British Midland International re-brand as BMI;

Channel 4 became C4; BBC Childrens Television to CBBC; the Royal Bank of Scotland to RBS. This could be attributed to the growth in text messaging, the increasingly sound-bite nature of communications, or more generally the faster pace of life where any simplification/contraction of information that still communicates the message will be preferred.

9.5.2 Designing the logo

The logo can take this process a stage further. It can help consumers to form a picture of the company by presenting them with visual clues of the service that is on offer. A good logo helps both the company and its customers. It enables the company to have more impact in its desire to imprint a memorable picture on the consumer’s mind. This in turn means that consumers do not have to work as hard to create an image for themselves as they did when presented with a name only. This is described as

9 out of 10 smile
customers would recommend
us to a friend



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3.25% gross p.a 3.3% AER paid on current account balances. Gross means the contractual rate of interest payable before income tax is deducted. AER is the notional rate illustrating the contractual rate as if paid and compounded annually. Rates are variable and correct as at 1/1/05. 93% of smile customers would recommend us.



Source: Customer Satisfaction Survey, Nunwood Consulting Oct 04, Account opening subject to status and we reserve the right to decline any application. The Co-operative Bank p.l.c registered office, PO BOX 101, 1 Balloon Street, Manchester M60 4EP. As part of The Co-operative Bank, smile supports and subscribes to The Banking Code and the Financial Ombudsman Service. **The Co-operative Bank is authorised and regulated by the Financial Services Authority.** Please refer to our Ethical Policy for further information.

Figure 9.9 Smile.co.uk advertisement

pictorial interaction by Lutz and Lutz.¹³ Remembering the picture also means remembering the company name (for example, Figure 9.9).

The corporate identity of British Airways has been reversed three times in the past three decades. In the 1970s the public image of British Airways had been one of a nationalized industry ravaged by strikes and inefficient management practices. The logo that was in place during this period reflected the company image. It was designed at the time of the amalgamation of BEA and BOAC, and in attempting to incorporate design elements from each of those companies the design solution arrived at was a compromise. The logo projected a solid image, yet it lacked any feeling of movement that might be expected of a travel company.

In 1984 British Airways launched a new corporate logo which was intended to reflect the company's new culture. The revised logo represented a significant step forward. BA's new management, working towards privatization, wanted to convey a much more dynamic image. The logo was expected to assert BA's superiority to staff, customers and potential investors. The design certainly captures movement, and helped to project the image of a progressive company, driving forward in the travel business.

In 1997 the corporate identity was revised again. This time, the desire was to reflect globalization of the airline. Radical changes in the industry (the emergence of supergroupings, the growth of low-cost niche carriers and changes in the regulatory environment) have all played a part in the redesign of the corporate identity, at the heart of which is the creation of more than fifty images which appear on everything that bears the British Airways name. These are designed to be representative of different countries throughout the world, thus adding a dimension of global identity to this British carrier.

The company's corporate palette of red, white and blue has been brightened and lightened, more closely drawn from the British union flag than the 1984 scheme. This is intended to reflect the airline's British heritage. The name 'British Airways' has been depicted using a softer, rounder typeface, and a new three-dimensional Speedmarque has evolved from the flat red Speedwing symbol of 1984 (see Figure 9.10).

9.5.3 The uniform

For many service organizations today, the corporate look is incomplete unless all front-line staff are dressed by the company. This can serve three purposes. First, it helps customers to identify those individuals who are in fact employees of the company. To fulfil this signalling function, the uniform must have 'stand-out'. A good example of distinctive corporate clothing is that worn by most of the airlines' steward staff.

These uniforms are also usually good at fulfilling the second objective: that of communicating an appropriate corporate image. So the bright orange trendier garments worn by Easyjet reflects the corporate 'style' of the company. In contrast, the conventional rather constricting oriental wear worn by cabin crew on Thai Airways positions the employees in a more traditional servile capacity. In the days of restricted air travel, the 'hostess' would be dressed so that the male passengers (and most of them were men!) spent their airborne time fantasizing about the hostess



Figure 9.10 The evolving corporate logo of British Airways

rather than thinking about the dangers of flying. The girls were there to provide reassurance. Nowadays cabin staff are there to be efficient and professional and their uniforms reflect this change in approach. As Jean Phillips of the Wensum Corporate Company notes, 'When developing a corporate clothing range for an organization, not only does one take into account clothing design and company identity, but one equally needs to focus on the working environment. Generally speaking, too many companies lose sight of this major requirement.'¹⁴

And finally, the uniform serves the purpose of suppressing individuality.¹⁵ Idiosyncrasies in behaviour and appearance are much less obvious when an individual is in uniform. In effect, uniform clothing promotes uniform behaviour. This happens partly because the employee feels a part of the organization and partly because the customer expects the employee to act out the image.

9.6 Branding services

How are communications developed? In many cases the initial stage of the process is to develop a brand image. Brands have continued to increase in importance in services marketing throughout the 1990s and early part of the twenty-first century. This trend is expected to continue since:

- There is an increasing proliferation of brands within service sectors. Service markets are becoming more competitive.
- It has been shown to be up to five times cheaper to retain current customers than to attract new ones.¹⁶

- Service life cycles are becoming shorter. New service development thus assumes a greater importance. The risks of product launches are reduced in the context of umbrella branding.
- The service itself may offer no unique and sustainable tangible benefit – this can be added by development of brand imagery.

9.6.1 Brand image development

In Chapter 1, the concepts of core and augmented service were discussed. The competitive marketplace experienced by most services companies today means that the development of an augmented service offering is key to the sustained success of the venture. The development of a relevant, and salient, image for the brand is one of the key ways in which augmentation can take place. Many of the other means for augmenting service can be easily copied and consequently any advantage gained is often short-lived.

The process should begin with an assessment of the benefits that accrue to users of the service. Preferably these should be unique. With no branding of the service at this stage, these benefits are more likely to be functional in character, that is a car hire firm will get you from A to B, an hotel will provide you with a good night's sleep. However, in the development of an augmented service, an assessment of the social and psychological benefits that also accrue is necessary.

Market research may well have to be conducted in order to understand the consumer response. The outcome of this stage is an understanding of what consumers regard as the key attributes of the service; for example, a social benefit to an executive of hiring a car may be that he or she will look more professional, or more of a big time player, to the client if seen arriving at a meeting by hire car rather than by public transport. A psychological benefit for the executive may be an enhanced feeling of self-importance.

A social benefit derived from staying at a prestigious hotel may well be the company that the guest expects to keep. A psychological benefit could be the pampering/indulgence of the whole experience. It is from an understanding of these benefits that communications are built. They should highlight what it is that motivates people to use the service. By attaching your brand name to the most important motivator(s) you begin to give consumers reasons to prefer your brand over that of your competitors, that is, you begin to build brand preference (Figure 9.11).

An effective communications strategy should attempt to take consumers swiftly from the position of brand non-recognition to that of brand preference. There is little advantage in consumers knowing of your service if they do not act on this knowledge.

Brand rejection amongst those who recognize (brand aware) the brand but do not try it occurs when your communications message is not motivating. It may not be motivating to those who are not target consumers. That is not a problem. What is more worrying is when the rejectors are within your target. Research must be undertaken to establish who are the rejectors. If it is the latter group then they must be further researched to understand the reasons why.

Consumers who are brand indifferent need more motivation. In many cases this arises because the service has not been experienced. Sales promotion techniques aimed at inducing trial should be considered.

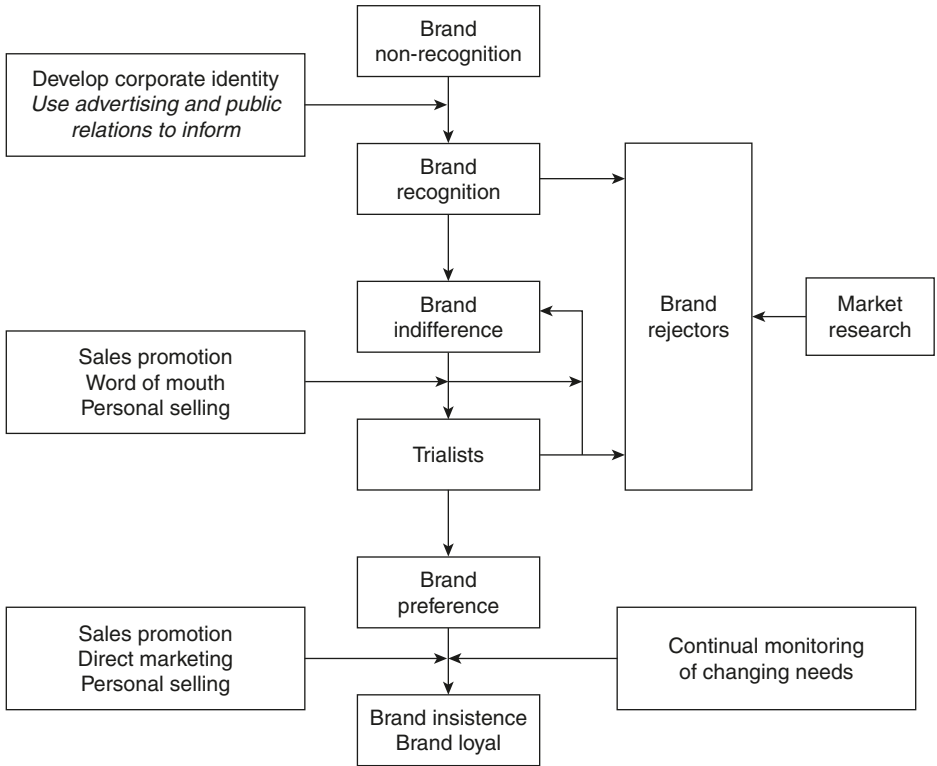


Figure 9.11 Developing brand loyalty through communications

Brand insistence/loyalty is every marketer's dream. So how do you get there?

- Encourage repeat purchase using sales promotion/loyalty programmes. This makes consumers familiar with your service which in turn diminishes risk. It is also known that if you can persuade a customer to purchase on three successive occasions he or she is much more likely to remain loyal. This is attributed to the habitual nature that the purchasing occasion has developed.
- Ideally the company would use the data gathered during the loyalty programme to customize future loyalty-building promotions. Many of the major UK retailing chains – Tesco, Sainsbury's, Boots – are skilled at this.
- Introduce penalties so that the cost of changing brands is high. Financial institutions, particularly the building societies, practise this to good effect. If you decide to move to a company that offers a lower rate of interest, then the original lending company will charge you a penalty for doing this. This financial penalty will often mean that there is no longer any pecuniary advantage from making the change. (For further discussion, see the section on relationship marketing in Chapter 11.)
- Recently some companies have seen the removal of penalties as a way of differentiating themselves from the competition. However, like many other service improvements, if it proves motivating to consumers, then other companies are likely to copy.

Table 9.2 Setting advertising objectives to address service variables

Service variable	Advertising objective
Intangibility	Provision of tangible clues Reduce risk Provide reassurance
Heterogeneity	Customization Reduce risk Provide reassurance
Inseparability	Staff focus: selection, training etc. Customer empathy
Perishability	Use advertising to manage demand (price offers, selling off the page etc.)

- Keep your current customers satisfied by developing and sustaining a unique service advantage. As Dobree and Page¹⁷ state, branding is one key method of addressing the problem of competitive advantage. Branding is often the best way of sustaining a competitive advantage. A competitive advantage built solely on functional benefits is much easier for competitors to copy.

Recent studies suggest that it is becoming increasingly difficult to keep customers loyal and many markets are experiencing higher rates of switching behaviour than in the past.

9.7 Advertising the service

The advertising of services is often more complicated than for products. In many cases this is due to the intangible nature of the offering. The advertising has to evoke the likely experience of the user, which in turn introduces a second complication. The service can often be unique to each buyer, as is the case for most professional services. The service will be a bundle of attributes that will not all be offered to every buyer at every purchase occasion.

9.7.1 Setting advertising objectives

One approach to the setting of advertising objectives and strategy is to consider the four variables that are used to describe the difference between services and products. In the past, writers have suggested which of the variables they believed to be the most important. Shostack¹⁸ thought that the provision of tangible clues was advertising's biggest task. Urwin¹⁹ believed that presenting an emotional appeal to consumers was the biggest challenge, and for Parasuraman, Zeithaml and Berry^{20,21} reliability was the factor most important for the advertising to communicate.

It is our opinion there is no single correct approach. The advertiser should choose the variable that causes consumers most concern in the purchase of the particular service and attempt to overcome their preconceptions (Table 9.2).

For example, in the film industry the most important variable is likely to be the perishability of the service. Demand for the service normally declines with the length of time that the film has been on the market. The purchase of financial

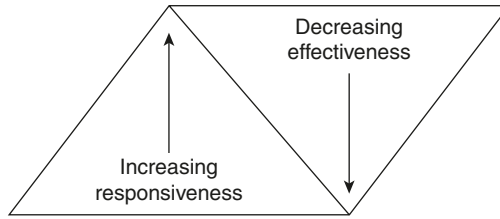


Figure 9.12 Trade-off between key attributes: film processing

services, on the other hand, is often fraught with uncertainty due to the intangible nature of the service.

Another approach to the setting of objectives is to seek answers to the following questions at the beginning of the development process:

- What is it that motivates consumers to use my service?
- What is it credible to communicate to them in this context?
- Can I deliver what I promise?

In other words, in developing the communication the advertiser has to consider 'What, to Whom, How, When, and Where?'

Setting the advertising objective answers the first of these questions. It determines what the advertising is intended to communicate. This in turn should feed back into the question of consumer motivations. Ideally, the advertising should have as its objective the communication of the key motivator. This motivator will be different for different services. Note, however, that the same motivator often applies to more than one service.

This is a simplification of the process. What happens if there is more than one key motivator? Take, for example, a film processing service. Consumers might say that key motivators are responsiveness and effectiveness (see Figure 9.12). However, there is a trade-off here. Doing things faster usually results in more mistakes. We are assuming here that the service provides every key attribute that the consumer regards as important in their selection of a service brand in that particular market. If it does not, then the company should attempt to develop these if a long-term presence in the market is anticipated.

9.7.2 Setting advertising strategy

The next step is to arrive at an advertising strategy. This determines how the objective will be communicated. Setting the objective will not in itself set the strategy. Figure 9.13 illustrates the main factors to be considered in the development of an advertising strategy.

9.7.3 Campaign evaluation

The development of advertising is not a one-off job. After the campaign has run some attempt must be made to assess its effectiveness. Part of this process should be an examination of the continuing relevance of the original objective and strategy. While

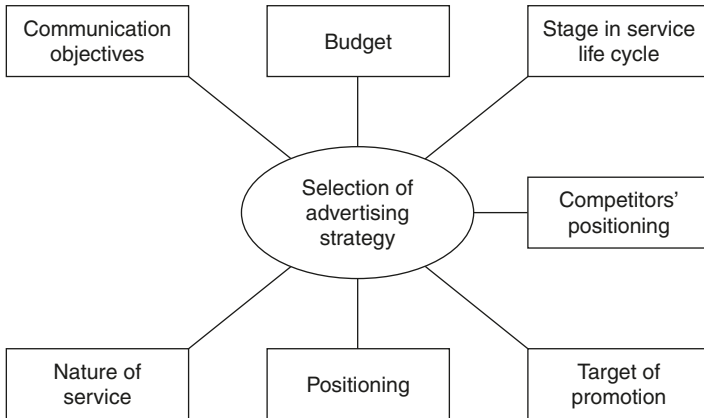


Figure 9.13 Factors affecting selection of advertising strategy

the most efficient use of advertising monies is often to develop a single-minded campaign that can run and run, e.g. British Airways, the changing nature of the competition and/or consumers can sometimes lead to the need to revise plans. The only way in which this can be determined is by continually monitoring the market.

9.7.4 Advertising professional services

The 1980s witnessed a relaxation in the control and regulation of professional services advertising. It began in 1985 with a test case brought by opticians. Research in the USA had shown that the restriction of advertising worked against the interests of consumers because it generally led to higher prices. The absence of advertising left consumers with insufficient information on which to base their brand choice. The case was decided in the opticians' favour and this led to an Office of Fair Trading Report in 1986 which lifted many of the remaining restrictions on other professional services.

In addition to the methods of promoting services that have already been mentioned, there is another tool that is popular with those in professional services. It is known as a promotional survey.

The organization commissions research into something that it believes will interest their customers. So, for example, an advertising agency might find that its clients would be interested in changing consumer behaviour. The agency will then promote the survey like a new product with headline PR in the trade press and more detailed coverage in individual presentations. These presentations are then used as soft-selling occasions.

The basic idea is to do something that current and/or potential clients will value. It need not be research. It may just focus on your field of expertise. A law firm could arrange a seminar with prominent legal brains on employment law, for example.

Historically there has been some feeling that the successful professional organization does not need to advertise. To do so reflects adversely on their standing in the industry. This belief may not be as prevalent today as it has been in the past. However, the importance of interpersonal contact and respect means that any form of promotion that brings potential clients face to face with the service provider should be encouraged.

9.7.5 The Internet

The Internet was developed in the 1960s by CERN in Switzerland as a communications network that would survive a nuclear attack. During the 1970s, universities around the world adopted the technology for communicating with one another. It was not until the 1980s that the business community began to recognize the potential of the Internet and there has since been explosive growth in both the number of organizations with their own website and the number of consumers accessing the Internet. The number of Internet users has been estimated as high as 1 billion.

Unlike most other channels that marketing uses to communicate, the Internet presents the opportunity to conduct a two-way dialogue, in real time, 24 hours a day. Initially, most people visited websites for information and entertainment, and corporate sites were designed to deliver brand propositions and product/service details. Increasingly, however, customers have been willing to buy services over the Internet. This is known as e(electronic)-commerce. They are also using the medium for commenting on an organization's performance.

So the World Wide Web presents enormous potential in assisting the deployment of a relationship marketing strategy: it enables customers/organizations to communicate on a one-to-one basis; it can build brand relationships; act as a channel to market; and provide a customer service function. In doing so, it is bringing about profound changes in consumer, and business-to-business buying behaviour. Service companies such as banks, hotels and airline companies have already re-engineered their business to incorporate Web technology into their processes.

Summary

In the communication of services there are five key variables that are important to marketers. They are: personal selling, word of mouth, targeting employees in external communications, managing expectations through communications, and using communications to provide tangible clues about the service. Tangible clues about the service offering can be given in all sorts of ways. Indeed, most aspects of corporate identity help to provide tangible clues. The service personnel, their uniform, the company logo, its advertising etc. all contribute to the impression that customers have of the company, and therefore help to shape their expectations.

For many companies the development of communications begins with the development of a brand image. Because there is often no discernible difference between brands in the market, the image can become the single differentiating factor. By creating an image of the service that is relevant to the market, the company has the potential to develop a loyal customer base. Customer loyalty is a worthwhile goal. For one thing, it usually results in greater profits.

In most cases advertising will be used to communicate the brand image. The advertising of services presents two unique problems. First, the service experience is not identical for every customer. In fact, in many cases each customer receives a service that no one else ever experiences. Second, the intangible nature of service leaves the advertising with the job of attempting to evoke the likely experience of the user.

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