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# Service marketing mix

Marketing mix refers to the combination of ideas , concepts and features which put together best appeal to the target market segment.

The **service marketing mix** is a combination of the different elements of **services marketing** that companies use to communicate their organizational and brand message to customers. The **mix** consists of the seven P's i.e. Product, Pricing, Place, Promotion, People, Process and Physical

Marketing mix comprises 4 elements namely,

- Product
- Price
- Promotion
- place

# Elements of Marketing mix

Product mix including product line, quality, brand, packaging and service.

Promotion mix including advertising, public relations, sales promotion, word of mouth promotion, personal selling and Tele Marketing.

Price mix including strategic decision related to the use of pricing

Some have expanded the traditional marketing mix i.e. 7

Ps

- Product
- Price
- Promotion
- Place
- People
- Physical evidence and
- process

# **Definition of services marketing mix**

**“Its a combination of defferent submixes of the marketing mix such as product mix, promotion mix, price mix and the pelace mix.some of the experts also talk about submix like people physical evidence and**

# Characteristics of services marketing mix

- **It represents the important internal elements or ingredients that make up an organisation's marketing program**
- Services marketing marketing mix is different from the traditional marketing mix
- There are three factors determine,
  - I ) the level of expenditure
  - II) level of elasticity in customer responsiveness
  - III) allocation of responsibilities





# SERVICE PRODUCT

- ❑ PRODUCT
- ❑ PRICE
- ❑ PROMOTION
- ❑ PLACE
- ❑ PEOPLE
- ❑ PROCESS AND
- ❑ PHYSICAL EVIDENCE

# MEANING OF PRODUCT

**something that is made to be sold, usually  
something that is produced by an industrial  
process or, less commonly, something that is  
grown or obtained through farming**

# DEFINITION

A product is the item offered for sale. A product can be a service or an item. It can be physical or in virtual or cyber form. Every product is made at a cost and each is sold at a price. The price that can be charged depends on the market, the quality, the marketing and the segment that is targeted. Each product has a useful life after which it needs replacement, and a life cycle after which it has to be re-invented. In FMCG parlance, a brand can be revamped, re-launched or extended to make it more relevant to the segment and times, often keeping the product almost the same.

# CONCEPTS UNDERLYING THE SERVICE PRODUCT

- THE CONSUMER BENEFIT CONCEPT
- THE SERVICE CONCEPT
- THE SERVICE OFFER

1.SERVICE ELEMENTS

2.SERVICE FORMS

3. SERVICES LEVEL

- THE SERVICE DELIVERY SYSTEM

# THE SERVICE PACKAGE

❑ SERVICE PACKAGING REFERS TO THE WAY IN WHICH TANGIBLE AND INTANGIBLE ELEMENTS ARE BUNDLED TOGETHER TO PROVIDE A COMPREHENSIVE SERVICE OFFER.

❑ TANGIBLE ELEMENTS

❑ INTANGIBLE ELEMENTS

SERVICE PACKAGE INTEGRATES THE CONCEPT OF SERVICE PROCESS WITH SERVICE OFFER THROUGH THREE ELEMENTS:

- ❑ ACCESSIBILITY OF THE SERVICE PRODUCT
- ❑ INTERACTION WITH SERVICE ORGANISATION AND
- ❑ CONSUMER PARTICIPATION

# MANAGING SERVICE OFFERING

1. PRODUCT PLANNING AND DEVELOPMENT
2. BRANDING OF SERVICES
3. NEW SERVICES DEVELOPING
4. Types of new services

i)major innovation

ii)start-up business

iii) new services for the currently served market

iv)service line extensions

v) service improvement

vi)discontinued

# Stages in new service development

- Idea generation
- Idea screening
- Concept development and evaluation
- Business analysis
- Service development and testing
- Market testing
- Commercialisation
- Post introduction evaluation



# Service life cycle management

1. Introduction
2. Growth
3. Maturity
4. Decline

# Total quality management (TQM)

- Total quality management is related to maintaining and controlling the quality of people, quality of technology, quality of control and quality of infrastructural facilities.
- It helps in managing the overall quality of services.

# Dimension or Element of (TQM)

1. Management of people
2. Management of technologies
3. Managing infrastructure
4. Ensuring Quality control

# Effects of TQM

1. TQM helps to energise the innovation process
2. TQM results in cost effectiveness
3. TQM accelerates the productivity
4. TQM increases the profitability
5. TQM projects a fair image of the service

# Pricing of services

- Pricing is a vital area of marketing mix.
- It is one of the important elements in marketing mix.
- The price charged by the service provide must be accepted to the marketing mix.
- Pricing decision have ab impact on all suppliers, sales force, distributors, competitors and customers.
- It also indicate to the customers the kind of quality of the service that they are like to receive.

# Meaning of price

- Price is the amount we pay for goods, services or ideas.
- Price is the exchange value between the seller and buyer
- Price is the money charged by the marketer for his product and services.
- it's a purchasing power.
- It's a source of revenue.

# Objectives of pricing

1. Survival price
2. Current profit maximisation price
3. Market share price
4. Service quality leadership

# Characteristics of services and prices

- Service are perishable nature , it cannot be stored but price the fluctuation in demand cannot be met easily
- Many services according to their convenience, certain services is not confined to a timeframe.
- Service are intangible factors, price can be fixed only after the service is provided.
- Service provided are more varied than physical product



# Factors Affecting Pricing Decisions

1. Internal factors
  - i) Organisational policies
  - ii) Service differentiation
  - iii) Service cost
  - iv) Marketing mix

# Factors

## External factors

a) Demand

b) competition

c) government controls

# APPROACHES TO PRICING SERVICES

1. Cost based
2. Competition based
3. Demand based

# Cost based pricing

price= Direct costs + overhead cost + profit margin

The service provider determines the price of the service by adding a percentage of profit to the cost.

# Approaches under cost based pricing

- Mark up pricing

It's the difference between the selling price of a good or service and cost. Its over the expressed as a percentage over the cost. A markup is added into the total cost incurred by the producer of a good and service in order to cover the costs of doing business and create a profit

- Absorption cost pricing
- Target rate of return pricing
- Marginal cost pricing

# Competition based pricing

This pricing focuses on the prices charged by other firms in the same market. Its commonly used two situation,

1. When service are standard across providers
2. In oligopolies where there are a few large service providers such as airline industry - dominated by a small group of large sellers, its small number of firms

# Approaches under competition based pricing

1. Premium pricing
2. Discount pricing
3. Parity pricing or going rate pricing



# Demand based pricing

- The service provider does not consider cost of the service render by him.
- It is based on perceived value of the service to the customers
- It involves setting prices consistent with customer perception of value

# Methods of demand based pricing

1. Traffic can bear pricing
2. Skimming pricing
3. Penetration pricing

# Customer `knowledge of service prices

1. Service heterogeneity limits knowledge
2. Providers are unwilling to estimate prices
3. Needs of individual customers vary
4. Price information is overwhelming in services
5. Price are not visible

# Role of non monetary cost in pricing of services

1. Time cost
2. Search cost
3. Convenience cost
4. Psychological costs

# I- Pricing strategies” when value is low price”

1.discount price

2. Odd price

3. Synchro pricing- i)time differentials

ii)place differential

iii) quantity differentials

iv) differentials as incentives

4.penetration pricing

## II- Pricing strategy when the value is everything the customer wants in a service

1. Prestige pricing
2. Skimming pricing
  - i) rapid skimming
  - ii) slow skimming

# III - Pricing strategies when value is the quality he gets for the price he pays

1) Value pricing

2) Market segmentation pricing

## IV - Value is all that customers get and all that they give

1. Price framing
2. Price bundling-
3.     i) mixed bundling
4.     ii) mixed leader bundling
5.     iii) mixed joint bundling
6. Complementary pricing
7. Results based pricing



# Services promotion

- ❖ Services firms consists of transmission of message to present, past, and potential customers
- ❖ It helps communicate the position of the services to customers
- ❖ Promotion plays an important role in informing, educating, persuading and reminding customers

# Market communication

- It's an integral part of the marketing function
- Traditional marketing functions include the market communication activities such as sales, advertising and sales promotion.

# Communication and services marketing

1. Internal marketing communication - personnel working in the organisation - include
  - i) vertical communication
  - ii) horizontal communication
2. External marketing communication - company to customers, advertising , sales promotion ect.
3. Interactive marketing communication - between the employees and customers

# Communication process

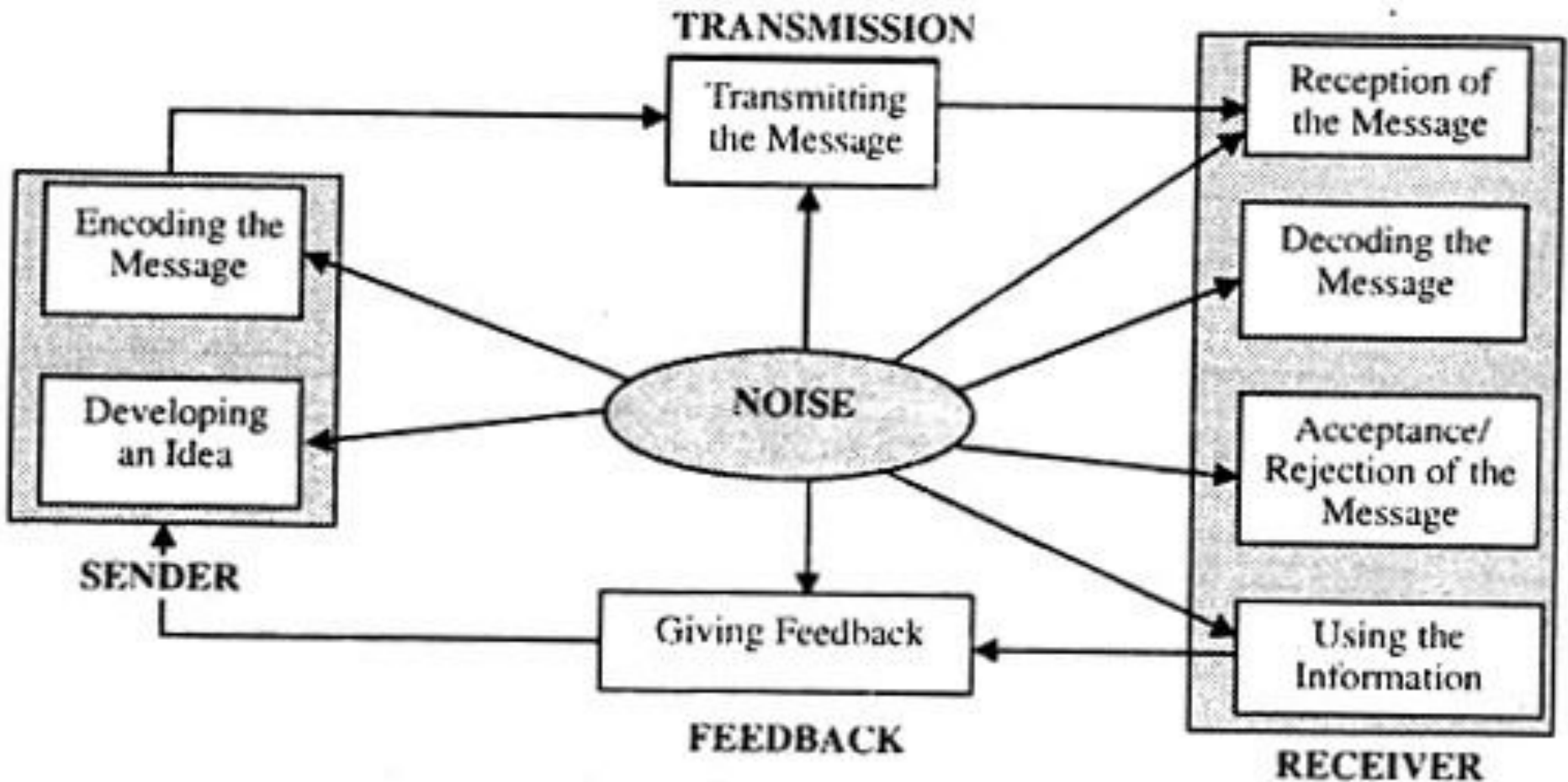


Figure 1.2: The Communication Process

# Steps in developing effective communication

## Steps in Developing Effective Communications



## UNIT –IV

### FINANCIAL SERVICES

#### **What are the characteristics of financial services?**

#### **Characteristics of financial services marketing**

There are main four important characteristics which distinguish services from physical products and impact on marketing programmes, namely: Intangibility, Inseparability, Heterogeneity/variability and Perishability.

#### **Intangibility**

Generally, financial services are intangible. A current a/c, savings a/c, mortgage a/c, passbook, regular bank statements, 'gold' credit cards and insurance policies are the instruments through which financial services are presented to consumers.

#### **Inseparability**

The inseparability characteristics depends on the type of service and the actual supplier, the service can't be inseparable from the service provider, such as the quality of service received by a customer visiting their bank to pay some bills and the situation arises often. Many everyday transactions are carried out now via automated services – the automated teller machines (ATMs) which are now so familiar.

#### **Heterogeneity/variability**

The quality and complexity of the service transaction can differ to a large extent between institutions and even within one institution. Simple transactions may be carried out via ATMs and completely standardized or via a branch counter where they might be fairly standardized but subject to some variation in quality.

#### **Perishability**

The perishability characteristics depends on the type of service. **According to Helen Woodruffe**, when a cheque needs to be cleared by a certain date and the system causes a delay, then the benefits to the consumer are lost so the service could be said to be perishable.

An insurance policy becomes perishable when it expires, and the production and consumption is not simultaneous with financial services.

The financial services which offer a benefit such as a loan or mortgage and enables the customer to purchase something which they otherwise could not afford, are not usually produced and consumed simultaneously.

The financial services marketing, creates awareness of long-term benefits and help customers to recognize the need for financial services such as pensions which they may not see themselves needing for many years.

### **The Marketing Environment of Financial Services**

For financial services, the environmental scanning and monitoring is of critical importance. The Financial services industry has lot of products and services to suit the changing industry structure. Environmental scanning involves assessing influences on the organisation's business activity under the following main headings:

- (1) Political/legal
- (2) Economic
- (3) Socio-cultural
- (4) Technological

#### **Political/legal environment**

The following factors affect financial services and consumer confidence.

- a. Government policy
- b. Government encouragement of savings and investment through tax benefits.
- c. Regulatory mechanism and protection to prevent the collapse of financial institutions and protect investor's money.

#### **Economic environment**

The individual's income and wealth determines the level of consumer activity.

**The following main economic factors will affect the financial services marketing.**

- a. Individual's disposable income
- b. Individual's employment levels
- c. The inflationary trends
- d. Income tax levels and taxation structures
- e. savings and investment levels
- f. Stock market trends
- g. Consumer behaviour
- h. Availability of consumer finance

## **Socio-cultural environment**

Most of the socio-economic and cultural factors will affect the financial services markets. The following factors will affect the financial services.

- a. The flexible employment patterns
- b. Women development
- c. The population explosion
- d. Attitude change of households
- e. Marriage/divorce/birth rates
- f. Consumption trends

## **Technological environment**

ATM services which not only provide cash but allow for bill payments, deposits and instant statements are widely used.

There are three main technological developments.

- (1) Developments in process
- (2) Storage and handling of information
- (3) The computerized database systems

## **Market Segmentation – Financial Services**

Discuss the importance of segmentation to the banking organization.

An organization has to meet the changing needs of customers. All customers have their own likes and dislikes and some speciality which decides their lifestyles. The financial institutions have to satisfy different types of customers living in different segments. The segmentation of market provides the task of a banker easy. If the market segmentation is done properly, the task of satisfying the customers is simplified considerably. The modern marketing theories advocate the formulation of marketing policies and strategies for each segment which an organization plants to solicit.

‘The market segmentation’ divides the customers. The customers are divided into different segments and the size of a market is made small and the process of study is found convenient. There is no single approach which will satisfy all buyers. Each segment represents a somewhat different opportunities for the organization. In its most fundamental form, market segmentation recognizes that a company or its product/service offering can’t be all things to everyone.

Importance of segmentation to the Financial Services



## **1.Segmentation explores the opportunities**

The segmentation explores the profitable opportunities. While segmenting, the market is divided into different groups and sub-groups and this simplifies the process of studying and understanding the customers in a right perspective. In case of the women segment, the opportunities are identified in that area. In case of the low income group, the opportunities are explored.

## **2.Segmentation helps to frame a workable marketing strategy**

The market segmentation provides for a sound strategy. According to the changing needs and requirements of a segment the bank develops the marketing resources in tune with the needs and requirements of a segment. The promotional measures and the pricing strategy can be made operational.

## **3.Segmentation helps to study the environment**

The policy makers generally use segmentation to know the emerging trends in the business environment. They get detailed information about the changing needs and requirements of a segment. The bank professionals transfer the required information to the policy planners which simplify the process of making a sound policy.

## **4. Segmentation helps to decide the budget**

Segmentation helps to design a pragmatic plan and an optimal budget successfully. Segmentation helps to plan the budgetary provisions, allocation in the face of changing requirements, optimal distribution of funds to different heads and monitoring of expenses.

## **5. Segmentation helps to build the marketing resources**

The segmentation helps to enrich the market potentials. Segmentation helps to know the preference, needs, requirements, attitudes, lifestyles; and to develop the marketing resources accordingly. The process of innovation is encouraged. It makes the services the promotional measures, the pricing tool and the process of offering more competitive.

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## **Criteria for Segmentation**

Segmentation provides for profitable marketing. Segmentation helps to design the policies and at the same time also simplifies the task of bank professionals while formulating the strategic decisions. The following criteria make possible right segmentation.

### **1.Economic System**

It provides for sectoral divisions and segments. We find agricultural sector, industrial sector, services sector, household sector, institutional sector and rural sector requiring due weightage while segmenting.

#### **a.Agricultural sector**

The mechanization of agriculture, the improved or scientific system of cultivation, the help of nature, the magnitude of risk, the availability of infrastructural facilities.

#### **b.Industrial sector**

It includes the large scale, small-sized co-operative and tiny industries. The requirements of all the categories can't be uniform. The financial institutions must have a deep knowledge of the changing needs and requirements of the industrial segment.

#### **c.Service sector**

There are mainly two categories of service organizations, namely, profit-making and not-for-profit making.

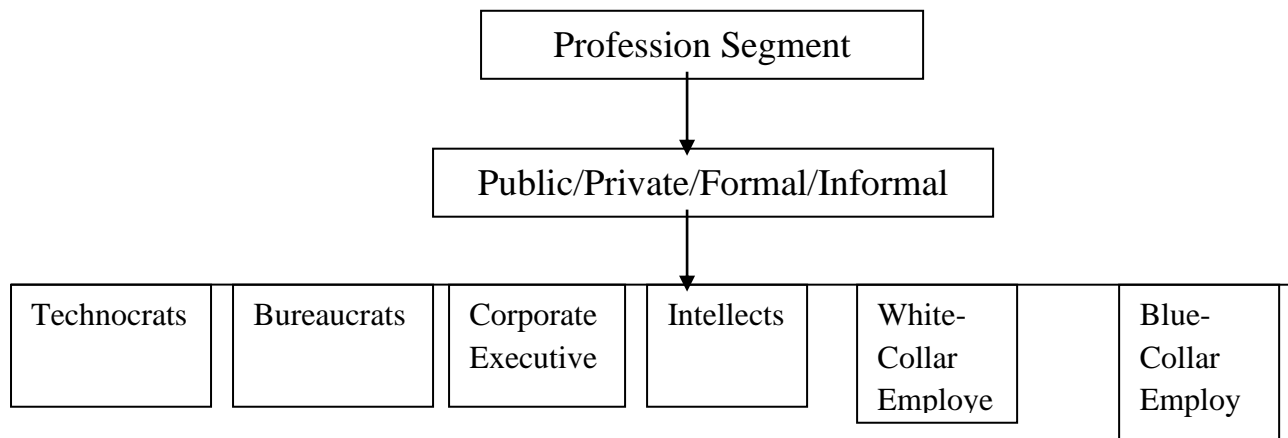
The financial institutions have to identify the changing needs and requirements of the service sector.

Service segment has two types.

1. Profit-making Bank, Insurance, Transport, Hotel, Tourism, Consultancy, Communications, Electricity, Personal Care.
2. Not-for-profit making Education, Hospital, Social Welfare, Religious, Political.

### **2.Household Sector**

It includes: a. Household segment, which consists of high income group, middle income group, low income group, subsistence level group and marginal income with different hierarchy of needs which influence the level of their expectations. B. Gender segment, which consists of male and female having different needs and requirements. The banking organizations must identify the level of expectations of both sexes. C. Profession segment, the different categories of professions and their needs and requirements.



### 3. Institutional Sector

It includes the cultural organizations, charitable, industrial, not-for-profit making, philanthropic and trade and commerce.

Institutional Segment has sub-segment.

Sub-segment

- i. Cultural/Social Organisations
- ii. Charitable Trusts
- iii. Industrial Organisations
- iv. Chamber of Commer
- v. Trade and Commerce
- vi. Health/Education/ Sports organizations
- vii. Philanthropic organisations

### Discuss the Marketing mix of financial services.

#### Marketing Mix for the Services

The marketing mix for the financial services aims to market the services and schemes profitably. Generally, the needs and requirements, the likes and dislikes, the preferences the attitudes, the expectations and the lifestyles can't remain static. According to S.M. Jha, there are a number of factors influencing the process of change. Today we sell credibility and therefore a basic change in the perception of marketing is quite natural. This is essential for fulfilling the increasing level of expectations and even for increasing the market share. Innovation makes the ways for perfection which helps substantially in maximizing profitability and establishing leadership.

The marketing mix, a combination of different submixes, mainly include the product mix, the promotion mix, the price mix, and the place mix. They are found significant even to the banking organizations. To be more specific in the service generating organizations, the employees looking impressive, smart and having aesthetic sense are found more effective in

attracting the customers. In the corporate world personal care dimension thus becomes important.

### The product Mix-Quality Standards

The public sector commercial banks have launched a number of policies and programmes for the development of backward regions and welfare of the weaker sections of the society. A proportionate contraction in the number of customers is found affecting the business of public sector commercial banks. The changing psychology, the increasing expectations, the rising income , the changing lifestyles, the increasing domination of foreign banks and the changing needs and requirements of customers at large make it essential that they innovate their service mix makes them of world class.

While designing services mix, the financial institutions can follow two guidelines, first is related to the processing of product to market needs and the seconds is concerned with the processing of market needs to product. The needs of the target market are anticipated and visualized and therefore, we expect the process likely to be productive. In the second process, the banks react to the expressed needs and therefore we consider it reactive. Normally, every product is measured up to the accepted technical standards. This is due to the fact that no consumer would buy a product which contains technical faults. Technical perfection in service includes prompt delivery, quick disposal, presentation of right facts and figures, right filing,proper documentation and so on.

#### PRODUCT MIX



Deposits Time Demand	International Banking Letters of Credit Foreign Currency	Consultancy Tax Merchant Banking Project Counselling Investment Counselling	Advances Fund-oriented Term loans Clean loan Bill Discounting Advances, Pre-shipment Financing Post-shipment Secured and unsecured credits Non-fund- guaran-tees,LIC	Miscellaneous Self-custody Credit cards,TC, Remittances, Trusteeship, Collections Standing Instructions
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## Product Development

The financial institutions must ignore obsolete products and include a new product in the mix. These organizations also need to develop new services and schemes. It is not easy to develop a product specially in the banking services as the bankers don't have any discretion.

### Product Development



Idea Generation	Concept Screening	Assessing Market potentials	Analysing Cost	Test Marketing	Full Launching
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## Promotion Mix

The promotion mix consists of promotion, such as advertising, publicity, sales promotion, word-of-mouth promotion, personal selling and telemarketing.

### Advertising

Advertising is a paid form of communication, which is used as a tool in the promotion mix with the motto of informing, sensing and persuading the customers. The bank executives and policy planners are involved in the process of formulation of a sound budget.

### Personal Selling

The personal selling is a process of communication in which an individual exercises his/her personal potentials, tact, skill and ability to influence the impulse buying of the customers.

The personal selling is an art of persuasion. It is a highly distinctive form of promoting sale. As personal selling is individual based on his/her expertise, it attempts to transform the prospects into customers.

### Sales Promotion

The banking organizations make provisions for incentives to the bankers and we call this bankers' promotion. Normally, these incentives include the gift, contests, fairs and shows, discount and commission, entertainments, and travelling plans for bankers, additional allowances, low interest financing.

### Word-of-Mouth Promotion

The word-of-mouth communication makes the process of influencing the prospects effective by sensitizing the world of mouth recommendations. A satisfied customer will inform his friends, relatives, or other well-wishers about the excellent services of a particular

bank or the outstanding properties of a particular scheme, the process of influencing the impulse become effective.

### **Telemarketing**

Television is a tool of direct marketing both through network and cable channels. It creates direct response in advertising. In addition to that the shopping channels provide television programme or the whole channels is dedicated to selling goods and services.

The transmission of information regarding the services or schemes help the customers/prospects in developing their awareness, specially regarding the new services or schemes.

### **The Price Mix**

The pricing decisions are the decisions related to interest and fee or commission charged by banks. The rate of interest is regulated by the RBI and other charges are controlled by the Indian Banking Association. The public sector commercial banks in particular are supposed to play developmental role with societal approach. The pricing policy is influenced by a number of factors and in the process, the key role is played by the Reserve Bank of India. the non –banking organizations and foreign banks have been found attracting customers by offering to them a number of incentives.

The banks will consider the values satisfaction while designing the pricing strategies. Generally, the commercial banks are responsible for implementing the socio-economic development programmes. Considering the principles of social marketing the banks have to fix the price.

# **INSURANCE**

## **What is an Insurance Marketing? Who are the users?**

Today, the marketing concept in the banking and insurance and other financial institutions has become inevitable, as it provides customer convenience. Marketing in the insurance business will examine the most profitable markets now and in future.

The Insurance marketing is aimed to achieve the customer-orientation and profit generation. The insurance marketing provides, an ideal mix for the insurance business to thrive in a right perspective. The quality of services can be improved by the persuasion process with the support of creative promotional measures. Generally, the premium and bonus decisions will motivate the users and the gap between the services promised and services – offered can be bridged.

## **Users of Insurance Services**

There are different categories of users guided by different considerations. The changes in the socio-economic conditions and governmental regulations may affect the interests of different categories of users. Generally, an individual or an institution, a person or a group of persons may avail the services of the insurance organizations. Life Insurance Corporation of India and the Generals Insurance Corporation and other private insurance companies are used by various users. In the insurance business, the policyholders like an individual or an institution who take the policies are called the policyholders. The insurance marketing will convert the prospects into actual users.

## **Market Segmentation of Insurance Services**

### **Discuss the Marketing Segmentation of Insurance Services.**

The markets have to be segmented based on the needs of buyers or users who had ordered for supply. Therefore, the insurance organizations have to segment the market for efficient performance. The policyholders will be large and their needs and requirements are not identical. By segmentation, the insurance organizations will sub-divide the market into small segments to identify the needs and requirements. The primary objective of market segmentation is to examine the market, and identify the needs, requirements, and the level of expectations of the policyholders. Generally, the needs and requirements of different users living in different segments, regions are not identical.

Today, the insurance organizations understand the changing needs and requirements of the rural sector and innovate their services/schemes accordingly. To promote investments and savings, priority must be given to the industrial sector or the corporate sector.

One of the main objectives of insurance business is to satisfy the maximum possible potential policyholders. Generally, insurance and financial institutions depend on rural savings and channelization of investments. A product portfolio must be designed to cover the

services/schemes of present and future optimally. A profitable or attractive package of insurance services services/schemes is possible with the help of segmentation.

### **What is an Insurance Product? Discuss its types.**

#### **Insurance Product**

The object of insurance is to provide a 'cover' to the insurer against loss. This cover provides monetary compensation. Today, the Life Insurance Corporation of India and the General Insurance Corporation or other companies and agencies in the private sector provide various kinds of product pertaining to life, fire and marine. The insurance business is based on uberrimae fidei (which means utmost faith) a mutual and basic desire to protect the loss of one's property and loss due to death of an individual.

**The Life Insurance Corporate of India and the General Insurance Corporation of India** are the two leading organizations engaged in offering insurance services in India. They are public sector insurance organizations. The General Insurance Corporation provides fire and marine insurance services. The important products are shown in the following tables. Some of the important services or schemes of the Life Insurance Corporation are policies, annuities, credit facilities to the individuals and companies and in addition, they also offer the consultancy services.

The Life Insurance Corporation of India provides the following six main policies.viz; policies, Group Insurance, Annuities, Consultancy, Credit facilities and underwriting . The policies are designed to cater to the needs and requirements of different segments.

### **Marketing Mix for Insurance Organisations**

#### **Discuss the Marketing Mix for Insurance Organisations.**

The public sector insurance organizations have to design the marketing mix for the insurance business. But, normally the public sector insurance organizations may not formulate and innovate the marketing mix to cater to the changing needs and requirements and the increasing level of satisfaction of the uses.

#### **The Product Mix – Quality Standards**

The product mix for the insurance companies, refers to the different schemes of the insurance organizations. The product portfolio must contribute a reasonable return to the users for their investments. By efficient performance, the insurance organizations can maximize their profitability, and provide profitable return to the users.

The Life Insurance and the General Insurance must make the services or schemes motivational. The insurance companies today, have to initiate more steps to design variety of



schemes that motivate the rural people, landless, fishermen, potters etc, Incidentally, the insurance companies promote savings and investments.

In this context, the Rural Career Agents Scheme is worth mentioning The LIC has pursued a policy of Direct Investment for Rural Development. The policy makers must think in favour of profitable policies and schemes for rural masses. This would mobilise the rural savings.

The insurance organizations have to consider the following points, while designing the mix.

### **Innovation**

The professionals have to design the product mix consisting of innovative product strategy. The strategies adopted by the foreign and private insurance companies should be taken into consideration while initiating the innovation process.

### **Profitability**

The insurance companies have to collect the required information with the changing level of expectations of prospects so that the senior executives makes the product portfolio productive and profitable. The insurance organizations have to eliminate the services and schemes not profitable to them.

### **Rural-based policies**

The Product mix must consider the rural segment and design the policies;schemes should have rural orientation.

### **Welfare policies**

The insurance organizations have to design policies with welfare orientation in the interests of the weaker sections of the society.

### **Product Package**

The product should be designed as a package on the basis of the needs and requirements of the concerned segment. This would make the product mix competitive.

### **Voluntary Retirement Scheme (LIC 's Plan)**

The benefits under VRS are normally decided by the employer/management. Generally they provide for payment of annuity till the normal retirement age is reached. LIC can assist in designing a Scheme that can include inter-alia benefits in the form of:

- I. Immediate/Deffered Annuity for specified period or for life

- II. Lumpsum payment and
- III. Life cover

### **Group Leave Encashment scheme**

According to the Accounting Standard (AS-15) of January, 1995 and amended Section 209 (3) of the Companies Act, 1957, it has become necessary for employers to provide for the liability of leave Encashment facility available to employees in annual books of accounts.

### **Janashree Bima Yojana (JBY)**

#### **Plans for Individuals**

LIC has a variety of insurance plans to choose from. These plans cater to all categories of people and to their diverse needs. The plans are simply unmatched in reliability, benefits and in providing happiness and security. So, take a Life Insurance Policy today. By becoming a policyholder, participate in national development, as LIC funds a number of socio-economic projects in the country. LIC's plans offer tax advantages too. The maturity amount is exempt from Income Tax in the year of receipt under section 10 (10) D of the Income Tax Act.

- Whole Life Schemes
- Endowment Schemes
- Term Assurance Plan
- Periodic Money-back Plans
- The Exclusive Money-back for Ladies
- Plan for High-worth Individuals & Keymen
- Medical Benefits linked Insurance
- Plans for the benefit of handicapped
- Plans to cover Housing Loans
- Joint Life Plan
- Plans for Children's needs
- Investment Plans
- Pension Plans

## **The Promotion Mix**

### **Advertising**

It is a paid form of communication to promote the insurance business. The advertisement must be properly designed with meaningful slogans, appeals, campaigns creative so that the process of sensitising the prospects is found proactive. Advertising is done through telecast media, broadcast media and the print media. The insurance organizations make use of all the three media. The telecast media is more effective and the rate of acceptability of the messages is more. The advertisement slogans, and messages must be creative. Though the telecast media is expensive, it is ideal to promote the insurance business.

The insurance organizations use even the broadcast media, for which the rate of acceptability would also be high, and the messages reach even to the remotest parts of the country.

### **Sales Promotion**

Insurance business became popular due to the dedicated work of the agents. The business also depended on the promotion of policies with incentives both to the users as well as the agents. In the insurance business, the incentives are given to the policy holders/users or to the agents, rural career agents or even to the insurance personnel for promoting the business. They are called sales promotion tools. The insurance organizations offer innovative tools of sales promotion and increase or decrease the duration depending upon the business conditions.

### **Personal Selling**

The insurance business is highly influenced by the performance of agents and the rural career agent. When they know the art of informing. Sensing and persuading the potential policyholders, the task of insurance organizations is simplified considerably.

The personal selling is based on the talents of an individual. The ability of an individual influences the impulse by activating the persuasion process. For successful outcome, the agents must have certain outstanding properties or attributes, such as patience, communicative ability, attractive personality and commitment to the profession. The insurance business depends upon the promotion by agents. Therefore, the incentives must be provided to the agents so that they work satisfactorily and keep on moving the process of informing and persuading the policy holders/prospects.

### **Price Mix**

Generally, the pricing decisions are paramount in insurance business. The pricing decisions are concerned with the premium charged, against the policies interest charged for defaulting the payment of premium and credit facilities, commission charged for underwriting and consultancy services. The pricing strategies influence the target market or prospects. In India, there are peculiar economic conditions, such as the disposable income in the hands of prospects is found low, the increasing inflationary pressure contracting the discretionary income, the increasing consumerism etc. Considering all these factors, the

insurance companies have to design a motivational pricing strategy which must include premium and bonus.

Generally, the prices will be fixed on the basis of cost of production. Thus, the cost of insurance is a decisive factor for charging premium. **According to S.M.Jha**, the important bases for determining the cost are rate of death.

### **Place Mix**

The management of agents and insurance personnel must ensure that the services to the end users in such a way that a gap between the services-promised and services-offered is bridged over. Generally, such a gap is found existent which has been instrumental in generating and aggravating the image problem. The management of insurance organizations makes the provisions, and specifies the standards and quality and the branch managers with the cooperation of various staff provide the promised services to the end users. However, the public sector insurance organizations have failed in filling the gap.

According to the consumer, the Life Insurance Corporation of India and the various subsidiaries of the General Insurance Corporation of India are not improving their services as promised and required by the users. There is a gap, due to the lack of professional skill by the employee.

The Prospects are converted into the actual policyholders due to the extraordinary skill and the professional excellence of insurance personnel. The agents should have exemplary skill to establish a link between them and the users. The LIC and GIC, do not nurture work culture.

The behavioural management bridges the gap between the services – promised and services-offered.

In addition to the employees orientation, the branch managers have to consider the following factors, such as smooth accessibility, availability of infrastructural facilities while locating the branch offices and premises. The easy accessibility would help the insurance personnel and the users in reaching to the branches conveniently. The provision of infrastructural facilities like proper roads, power facilities and communication services would improve the business. The branch managers have to use the latest information technologies along with uninterrupted facilities like proper roads, power facilities and communication services would improve the business. The branch managers have to use the latest information technologies along with uninterrupted power facilities and communication services.

The branches should have well furnishing, civic amenities and facilities, parking facilities and interior office decoration which may attract the customers. The foreign insurance companies are found serious to this component of place management which helps them in attracting the users. According to customers, most of public sector insurance organizations do not have these facilities and hence don't get any significance.

## **The People**

Today, the insurance professionals, must be developed in the process of technological advances in such a way that there is a productive utilization of technologies used or likely to be used.

Today, there is a tremendous development in the nature and character of communication technologies. Due to the latest satellite communication facilities, the insurance organizations are today, using sophisticated information technologies to improve the quality of their services. We can see the use of computers, fax machines, sophisticated telephonic services, e-mailing, inter-net and intra-net services which may provide an impact on the perception of quality of services. The insurance organizations must develop their employees in line with the development and use of information technologies.

## **TOURISM SERVICES**

### **Discuss the concept Tourism Services. Who are the users?**

Tourism in its simplest definition means "Traveling for pleasure". The World Tourism Organisation (WTO) defines tourist as any person who travels to a country other than in which he resides normally for a period of at least one night, but not more than one year and his main purpose of visit is other than the exercise of an activity remunerated from within the country visited. Tourism is an intersection of recreation and travel. Outdoor recreation involves travelling which may be shorter or longer. When the traveling is so long that a person leaves his normal place to spend his free time leisurely, such outdoor recreation becomes a part of tourism.

Tourism is the world's largest export industry in which, according to WTO generated about US\$ 372.6 billion during 1995 by some 567 million tourists worldwide.

### **Tourism Marketing – The Meaning**

The American Marketing Association defines marketing as the performance of business activities that direct the flow of goods and services from producer to consumers or users.

**According to Krippendorf,** "Marketing in tourism is to be understood as the systematic and co-ordinated execution of business policy by tourist undertakings whether private or state, owned at local, regional, national and international levels to achieve the

optimal satisfaction of the needs of identifiable consumer groups and in doing so achieves an appropriate return.”

The following are the features of tourism marketing:

1. It is a process of creating a product or providing a service.
2. It consists of fact finding, data gathering, analyzing (marketing research), communication to inform and promote (promotion), ensuring and facilitating sales, selection of marketing planning (distribution), coordination, control and evaluation (marketing planning and auditing), developing professionally sound personnel (people).
3. It provides satisfaction to tourists and it converts the potential tourists into the actual tourists.
4. Tourism marketing generate demand, expand market and increase the market share.
5. Tourism marketing promote business.

## **Components of Tourism Product**

According to Prof.C.R. Reddy, attractions, facilities and accessibility are key components of tourism products which are analysed for understanding the role of marketing in tourism.

### **a) Attraction**

Attractions in tourism are like cultural sites and areas of archaeological interest, historical buildings and monuments, or science like flora and fauna, beach resorts, mountains, national parks or events like trade fairs, exhibitions, arts and music festivals, games, etc. which determine the choice of a particular tourist to visit one particular destination rather than another.

### **b) Facilities**

Accommodations, various types of entertainments, picnic sites, recreation and alike referred to facilities which are indeed important for every tourist centre.

### **c) Accessibility**

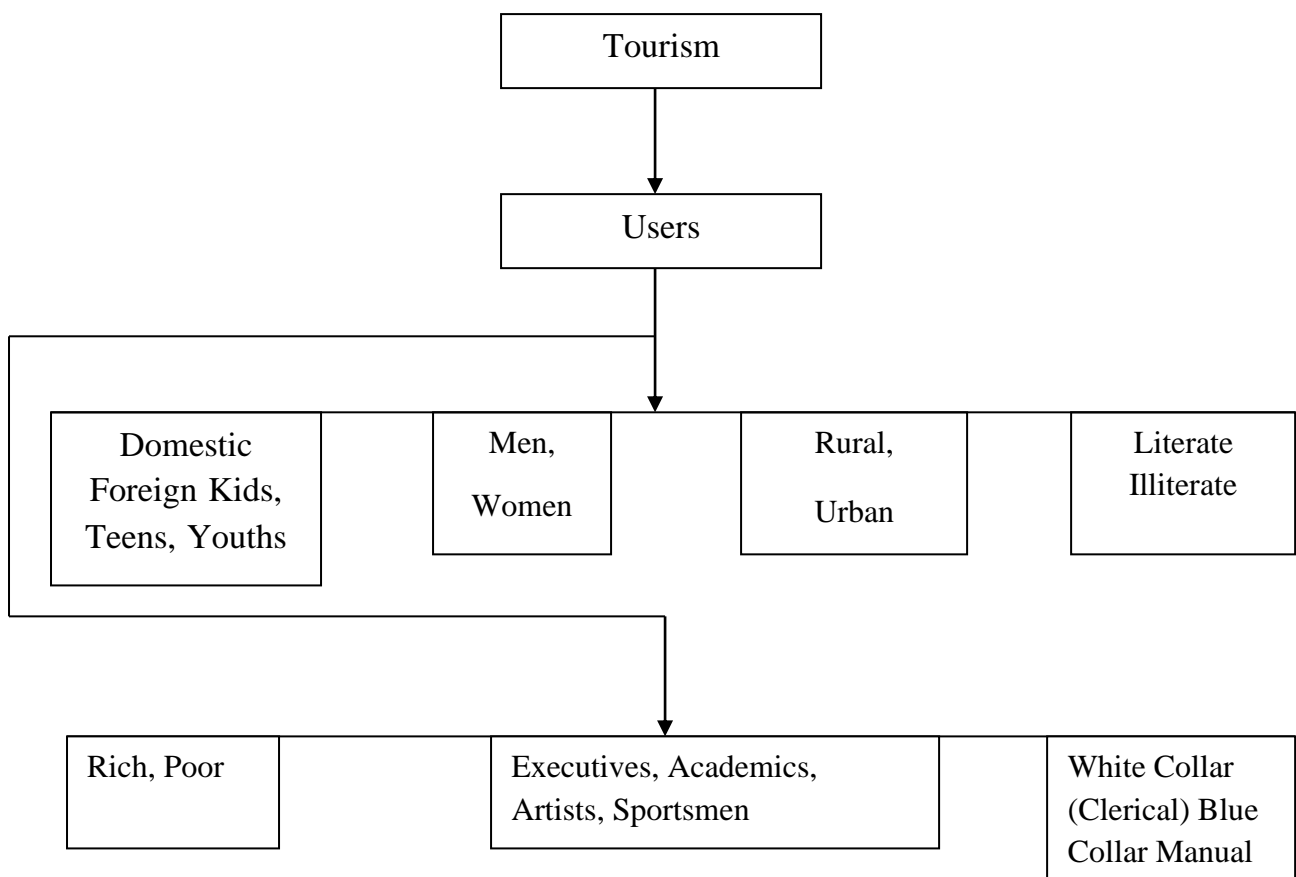
Tourist reaching the tourist attraction is termed as accessibility. Tourist attractions become little value if no or inadequate transport facilities are available.

Marketing in tourism has certain specific features. The peculiar features of tourism product are discussed below.

1. In tourism, some facilities, equipment, installations are made available for a special time and for a specified use.
2. A close link between production and consumption of tourist service exists. Once consumption begins, cannot be stopped, uninterrupted or modified at all.
3. Tourist product can provide by many producers with high quality of specialized and together make the final product.
4. Tourism demand is highly unstable because of the influence of seasonal, economic, political, etc.
5. Intermediaries play a very dominant role and tourists enjoy the superior marketing strength.
6. Motivations of tourists are heterogeneous composed of diverse elements.

### Users of Tourism Services

The following are the users availing the services of tourist organizations. The classification will help the tourism professionals in studying and identifying the level of users expectations and their behaviour.



It is evident from the above figure that men and women; kids and teens, youth and grey; rural and urban; poor and rich; white collar and blue collar personnel; executives and technocrats, professionals and intellectuals, literate and illiterate are the different categories of users of services of tourist organizations.

An expert says, “the individual specific behaviour in the market is determined by internal factors, such as needs, motivation, perception and attitudes as well as by external or environmental influences, such as the family, social groups, culture, economic and business influences.

### **Discuss the growth of Tourism Services in India.**

According to M.P. Bezbaruah, the growth of international tourism was slow in the first part of the century, rapid in the later part and phenomenal since 1980s. In 1950, the total arrival was only 25 million generating receipts of \$2.1 billion. The absolute number of arrivals multiplied two and a half times between 1960 and 1970 and thereafter it has almost doubled every decade.

### **Tourism**

- ❖ Employees 10.6 percent of the global workforce.
- ❖ Contributes 10.2 percent to world's GDP;
- ❖ Generates tax revenues of \$655 billion;
- ❖ Is the largest industry with \$3.4 trillion gross output;
- ❖ Accounts for 10.9 percent of all consumers spending;
- ❖ 10.7 percent of capital investment in the world; and
- ❖ percent of all government spending.

With all this growth, the total arrival of tourists represents only about 7% of the potential and capable travelers of the world's population. Therefore, the future growth potential are phenomenal. **Bill Gates has mentioned tourism as one of the three sectors to merit priority attention in the future.** The future projections given by the World Tourism Organisation and the World Tourism and Travel Council are extremely impressive.



## **India – background**

Travel and tourism in India is an integral part of Indian tradition and culture. In the olden days, travel was primarily for pilgrimage – as the holy places dotting the countryside attracted people from different parts of the vast sub-continent.

**Pandit Jawaharlal Nehru’s oft-quoted remark:** “Welcome a Tourist and send back a friend” has been the essence of India tourism approach in the post-independence era. The India Tourism Development Corporation (ITDC) was set up as an umbrella organization to develop tourism infrastructure at a time when private initiative in these areas was not so abundant.

## **India: Action plan**

**A pragmatic future plan of actions should normally be based on two key parameters, viz. –**

- (a) Assessment of the ground realities.
- (b) Based on such an assessment, making effective plans which, in management terms will imply:

- Setting down the objectives;
- Taking stock of the organizational capabilities to achieve those objectives; and
- Assessing the physical, financial and human resources available to implement the objectives.

**The following ground realities will also have to be kept in view –**

- ❖ Inadequate and poor quality of infrastructure;
- ❖ Carrying capacity by air roads and railways;
- ❖ Clean and comfortable lodging facilities at reasonable prices;
- ❖ Trained guides and tourist amenities of international standard;
- ❖ Adequate entry points;
- ❖ Positive image building abroad;
- ❖ Publicity; and
- ❖ The need to preserve the heritage and natural attractions for posterity.

## **1. Eco – friendly sustainable development**

The future policy must be to enhance the quality of the inheritance and to leave to the future generations a better and richer heritage. Such an objective can be achieved only by a mixture of various measures like pragmatic regulations, their effective enforcement, extensive public awareness programmes and constructive and continuous mechanism for public participation.

## **2. Importance of creating awareness and people's participation**

Awareness and emergence of a tourism friendly culture, in tune with our old philosophy of '**Vasudhaiva Kutumbakam**' can be possible only if people actively participate and share the vision about the multidimensional role of tourism. Some states have derived good results of public participation by involving the local community in the decision making process through 'advisory councils'.

## **3. Improving the quality of services**

Tourism, is a service industry and the quality of service makes all the difference between completing destinations. A comprehensive human resource development programme should therefore be a key element of future policy.

## **4. Need for a new thrust in image-building**

In future tourists' choice will be guided by various factors that create an image about a country. Issues of environment and ecological preservation, human rights violation, child sex abuses, etc., will be important factors in such decision process.

## **5. Making travels a pleasure**

In order to develop a truly tourist-friendly culture, a stricter enforcement of the rules is required. Some states have introduced the concept of 'tourist police' or tourist assistance force. Imaginative organization of such types can go a long way in reassuring the tourists and also in spreading the correct message to the people.

## **6. Basic facilities**

The basic minimum facilities like clean toilet, drinking water, a place of shelter from sun and rain, if required, and a decent place to buy souvenir items without having to worry about the quality or about the price, need to be provided in all tourist attractions.

## **7. Beautification and preservation of heritage**

- Phased programme of improvement of thousands of invaluable heritage sites including restoration and preservation must be taken up.
- Improving public conveniences and other facilities.
- Exclusive 'souvenir shop' at the exit points.
- Products should be specially manufactured and designed to make these shops exclusive.
- Introduction of audio guides in important places of tourist attraction monuments, historical sites, etc.

## **Beautification of heritage places**

Most tourists to India, even those who otherwise feel ecstatic about the great country, would politely talk about the necessity of a cleaner ambience around the grand heritage products that we have. Public private partnership being the essence of the future planning of tourism, private sector's professionalism can perhaps be utilized for this purpose.

## **8. Clearer signs**

Clear international signages can be put up to guide the tourists to places of tourist interest and clear inscriptions explaining the tourism products could be put up to help the tourists understand and enjoy the significance of such attractions.

## **9. Information**

- ❖ Adequate information to be available on website.
- ❖ Information on where to go, how to go, where to stay, etc.
- ❖ Ensuring prompt and accurate response to tourist's enquiries through trained and professional staff in Government of India tourist offices.
- ❖ Visa procedure to be simplified and computerized.

## **10. Ease of access**

- ❖ There should be free flow of charters and more stations be opened for charter flights.
- ❖ The state of the art interactive booking facilities.

## **11. Infrastructure within the country**

- ❖ Each state must prepare a master plan for the development of budget accommodation.
- ❖ Each metropolitan city must develop modern shopping complex of international standard a place where tourists get all variety of India.
- ❖ At least one international standard convention centre to be established in each metropolis.

### **What are the problems and prospects of tourism services?**

According to Rabindra Seth, the tourism evolved itself as a major industry listed for prioritization of foreign investments. Rough estimates place investments in the sector at Rs.35,000 crore covering hotels, transports, food outlets, adventure gear, amusement parks and the like. Air services and the requisite airport infrastructure if included as is justified the investment amount will become astronomical.

The tourism industry has been officially defined to include the accommodation sector, travel-related services like travel agents, tour operators, reservation systems, amusement parks, special health units and convention organizers.

Most states following the centre's lead have conferred the industry status on tourism. These were climaxed by the export status early this year. Any tourism unit earning Rs.6 crore in forex is entitled for benefits available to exporters of manufactures and merchandise.

### **Seven Hurdles**

**Until recently seven major hurdles in the way of faster tourism growth had been identified.** These are: 1) land and law; 2) power; 3) telecoms; 4) roads; 5) road transport; 6) airports and 7) aviation policy. Thanks to economic reforms there has been a virtual breakthrough in telecom and road transport. STD/ISD booths every few kilometers are a great boon to road travelers today.

In the field of power there has been progress but not of an order when it will be available on demand with a fail-safe distribution system. This and the land scene have been and continue to be a constraint on the growth of the accommodation sector. About the service in road transport, there is little cheer where roads themselves are concerned. There is an exception, however, the Delhi-Agra highway is finally complete and the stretch of 180 kms or so between the two cities is an enjoyable, smooth ride.

Tourism Ministry can help the cause of the travel industry by lobbying with the National Highway Authority to give priority to projects which serve tourist controls.

### **Freeing Domestic Skies**

Due credit should be given to the government for freeing the domestic skies from public sector monopoly. Jet Airways and Sahara, the two players who survived from the score of airlines that mushroomed, have certainly contributed to the spread of air services helping in the process.

### **Two concerns**

Talking of Air India, the tourism industry has two concerns about its role in tourism growth. The first is the national carrier's own future and sooner a decision is taken the better for this once a pride of India undertakings. The Kelkar committee has given the right guidelines; what is required is action.

The other concern is the seeming protectionist policy of the Aviation Ministry is following a strict regimen of bilateral in the interest of Air India. Any number of foreign airlines operating through India have been urging the Aviation Ministry for more frequencies and more touchdown points but have been refused because Air India does not have the capacity to benefit from reciprocal facilities.

### **Discuss the Market Segmentation of Tourism Services.**

The Segmentation process facilitates the management to implement products and marketing Programmes suitable to each segment. A market consists of different market segments. The tourist professionals are well aware of the different market segments, in order to study market segmentation for tourism services.

There are a number of bases for segmentation. The lifestyle is an important base for segmentation. The lifestyle is an important base as the travelling decisions are influenced by the changing lifestyles.

The process of segmentation simplifies the task of marketers. The tour operators, the transport operators, the travel agents, the tourist guides, the hotels find it easier to make the marketing decisions. The needs and requirements as well as the levels of expectations can't be uniform. There are many bases like holiday base, purpose base, demand base, geographical base, psychological base, demography base, socio-economic base, sex age etc.

#### Market Segmentation – Tourism Services

- Leisure Time
  - Mass Market
  - Individual market
- Demand
  - Primary
  - Secondary
- Geographical City, Town village
- Age
  - Children
  - Youth
  - Aged
- Personality
  - Lifestyle
  - Motive
  - Knowledge
- Purpose
  - Summer travel
  - Business Trip
  - Convention
- Socio-economic
  - Higher Income Group
  - Lower Income Group
  - Educated people
- Demography

Age

Sex

Employment

Religion

According to S.M.Jha, the demand base includes markets into primary tourism market, secondary tourism and opportunity tourism. The geographic base includes lifestyle , personality, occupation, class and religion. The socio-economic base makes classification like rich, poor, rural, urban literate and illiterate. The age base classifies markets for kids, teens, youths, young married and old people market.

### **Marketing Mix for the Tourism Services**

**Discuss the marketing mix for the tourism services.**

The tourism product is non-tangible. Therefore, the task of designing a viable product mix for the tourist organization is little bit difficult.

According to S.M.Jha, Strategically, the core service is the primary benefit that consumers seek from the service provider. The core service often becomes a commodity as a service industry matures.

Generally, the tourism product is a complex one, as it consists of a place, services, hotel room. The peripheral services are innovated frequently to add additional attractions to the product.

The tourism marketers are required to be highly innovative to deepen the product line so that products match to the expectations. Innovation in the tourism product increases the functional responsibilities of a marketing professional. The formulation of a product mix is significant and the governmental organizations extending the best possible cooperation to the tourist organizations.

It is evident from the above table that the tourism services depend upon varied cultural patterns, divergent desires, needs and requirements, different socio-economic setup.

The tourist managers must know the competitors strategies and leading tourist organizations and promote innovation to the extent it is possible. These aspects are found important while formulating the product mix.

## **Tourism Products – Characteristics**

### **1. It is highly perishable**

When the tourism product remains unused, the business is lost. When the seats in hotels, aircrafts remain vacant, the business is lost then the product is highly perishable.

### **2. It is a service product**

The tourist managers sell only services in the tourism industry. They must be creating marketing strategies which are found proactive. The tourist managers must be high performers, personality committed, imaginative.

### **3. Intangibility of service**

In the tourism services the transportation and accommodation services are vital. But the tourist professional cannot persuade the users by displaying the seats in the aircraft and the bedrooms in the hotels.

### **4. The services provides pleasure**

The tourism service provide pleasure to tourists. By visiting tourist resorts, sports, sites, beaches, they get pleasure.

### **5. Infrastructural facilities are vital for the tourism product**

The tourism industry cannot flourish without proper hotels, transportation services. The infrastructural facilities will improve the quality of services.

## **The Promotion Mix – Quality Standards**

The tourist managers have to persuade the potential tourist in a right fashion. Communicating the promotional messages to the target market is an important task. The communication process creates awareness about the existing services.

### **Advertising**

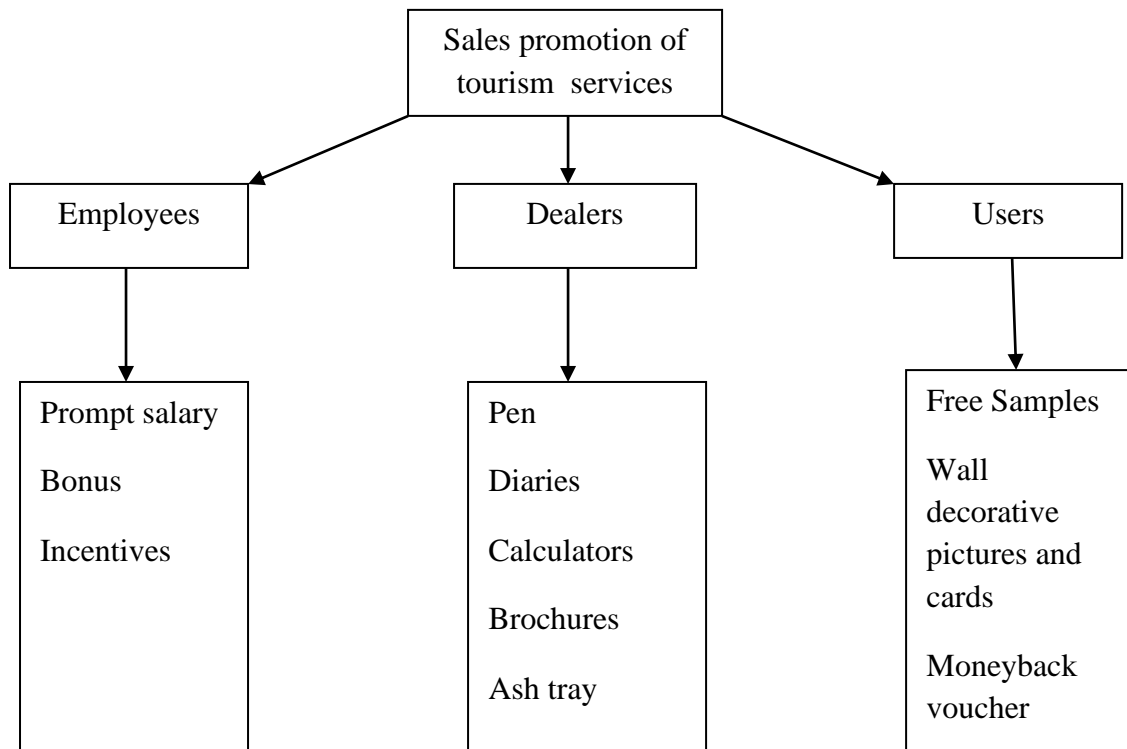
It provides important information to the actual and potential tourists and further simplifies the process of transformation. Its coverage is wide and can be placed before a large number of potential tourists. It is a communication link between the seller and the buyer. It is a positive device to increase or promote the business.



The advertising aims to create awareness of the travel offers and it has the efficacy of turning the negative into positive.

By attractive slogans, messages, appeals proactive and the tourist manager can succeed in persuading the users. Generally all advertisements are made in the newspapers and specialized magazines specially in the form of posters or billboards. The print media, broadcast media and the telecast media help in advertising.

**Sales Promotion**



**Word-of-mouth promotion**

Most of the time, tourism actually takes place by word of mouth information which play the role of a hidden sales force, who instrumentalises the process of selling but often we fail to recognize their contributions. Generally, the friends, relatives and neighbors communicate to us something positive or negative services they have experienced at the tourist sites. They used to communicate the negative points or their bitter experiences, which we have to avoid. Thus the word of mouth promoters acting like a hidden sales force help the process of selling substantially. The increasing sensitivity of this tool of promotion in the tourism industry is the tourism organizations must concentrate on the quality of services they promise and offer.

## **Personal Selling**

It is based on the personal skill of an individual. The sales persons representation transforms the motivation into persuasion. Today persuasion is the main thing in the modern marketing management. A businessman persuades to promote or patronize the products. It promotes sale with the help of two way communication. Today every organization – be it pharmaceutical, electronics, insurance, banking, travel and tourism, hotel all of them need services of sales personnel having an in-built creativity, innovation and imagination.

## **The Price Mix**

For a tourist, who visits a particular place, the total cost of travelling includes the expenses incurred on transportation, accommodation, communication. Generally a change in the hotel tariffs, airfare structure or transportation cost influence the price structure as well as the travelling decisions. The pricing is motivation tool.

The price should be determined depending on the changing competitive conditions and considerate with the desired image. For better pricing, the tourist managers must maximize the distribution and promotion costs. The expenses relating to travel agents, tour operators, guides, personal selling, advertising, sales promotion, must be a social tourism which makes it essential that the pricing decisions are liberal to the economic class of the society. The pricing decisions may differ for a package tour.

## **The Place Mix**

A proper distribution channel is essential to improve the quality of services or to bridge over the gap between the services-promised and services-offered. In the tourism industry, the distributors are concerned with the transmission of information about the services to the concerned users. The use of management information system by almost all the tourist organizations, the task is simplified considerably. A number of factors are instrumental in making the distribution process effective or productive.

The tourism services mainly include: accommodation, attraction, transportation, communication. The product of these services include air, sea, road, rail carriers, hotels and other forms of tourist accommodation. Similarly, the facilities like catering, amusement, skiing, shopping etc. are also important. These services reach to the ultimate users through tour operators and the travel agents.

## **1.Tour Operators**

A tour operators is one who buys the individual element in the travel product on his own account and combines them in such a way that he is selling a package of travel, the tour to his clients. He is also referred to as travel agent. He takes the responsibility of delivering the services.

## **2.Travel Agent**

He is appointed by the tourist firm. He acts on behalf of a principal, i.e. the original provider of the tourism service, such as hotel company, airline, tour operator a shipping company. The travel agents used to create tourist product, i.e. an inclusive package tour. Today, we can see many travel agents conduct regular package tour to set itineraries with a standard of service.

## **The People**

Today, all technologies require support of human resources who invent, innovate and develop new things. The tourism industry depends substantially on the management of human resources. The management of people requires the responsibility of accelerating the productivity of technologies used in the process. The tourism industry include the following human resources: the travel agents, tour operators and travel guides.

The travel agents used to employ a team of dedicated and personally committed employees. In tourism industry, the performance is essential for improving the productivity of technologies used in the offices of the travel agents. The travel agents must provide due weightage to physical attractions and draw the personal attention on the management of the employees serving the travel agents.

## UNIT - V

### **EDUCATIONAL SERVICES**

Discuss the marketing mix for Educational Services.

Mahatma Gandhi considered illiteracy a sin and strongly advocated assigning number one priority to its eradication on the agenda of social transformation.

The elementary schools generally managed by the state governments and contributing to the literacy rate sizeably, bear the responsibility of offering to the children the elementary education.

The educational institutions have to accelerate the literacy rate by improving the standard of education.

#### **Marketing Mix for Adult Literacy**

##### **Product Mix-Quality Standards**

In 1972, the UNESCO Tokyo conference had suggested integration of adult education with the formal education. This helps a person to develop the faculty to thrive even in a rough weather.

There is a plan to formulate the product mix/service mix by the agencies involved in the process of promoting adult education. There are two forms of adult education, e.g., formal and informal.

In the formal education, the participating agencies are supposed to develop knowledge in tune with their aptitude. Under the informal education the general education regarding the civic sense, nutritional awareness, health consciousness, cultural and ethical values and national excellence is given.

##### **Promotion Mix**

The educational agencies must motivate the users (adult illiterates) in such a way that the turn-up ration is increased considerably. The agencies to be more specific in the rural areas find it difficult to promote the literacy programmes since the prospects do not evince their interests.

The adult literacy programmes must have some slogans, messages, appeals if positive, can make the advertisement programmes more effective. TV stars found more popular in the religious/devotional serials and movies have been found throwing positive impact on the rural prospects in particular.

### **Place Mix**

The success of an adult education programme depends upon channelizing the educational services for adult illiterates at almost all the levels. At the last level of distribution, we must use educational aids or back-up or supporting materials to the users.

Generally, small channel would be suitable to the adults since the multi-level channel complicate the entire distribution process. The involvement of bureaucrats should be less in the process and establish a direct link with the Adult Education Centres. E.g. UNESCO (United Nations Educational Scientific and Cultural Organisations), UNICEF (United Nations Children's Emergency Fund), UNIFEM (United Nations Development Fund for Women).

### **Price Mix**

Adult education is a service programme and hence the funds would be from grants, aids, charity and donations.

The various plan funds for basic education are being distributed among states/UTs through several centrally sponsored schemes. This has led to overlapping of activities and rise in the cost per enrolment.

### **Discuss the Marketing Mix for Elementary Education.**

According to S.M. Jha, during the Eighth Five Year Plan (1992-97), the union government has given an overriding priority to Universalisation of Elementary Education (EEE). The main problem in the elementary education is the drop-out ratio. A number of parents discourage their children and even the teachers fail in motivating them, resulting into a poor retention-ratio jeopardizing all our efforts to develop quality outputs.

### **Product Mix – Quality Standards**

While designing mix, we will have to combine formal and informal education. There must be a link with the secondary education system which would engineer a sound

foundation for higher education. To arrest the drop-out ratio or to increase the retention ratio, the curriculum must be interesting.

Basically, we will have to provide knowledge of alphabets so that the students can read, write and understand. It involves visualization process so that they complete the first stage at the earliest possible.

While developing the curriculum, we must take into account the various constraints that we find in the rural areas and the handicaps that we find with the rural children.

There are two types of education namely: Formal and Informal. Importance must be given to social, cultural and ethical values by activating the students. The civic sense, culture, ethics, national excellences are the key components of information education.

### **Promotion Mix**

Today, due to change of time, science and technology, we must provide innovative curriculum, make them interesting to learn. The promotional strategies must focus on two important areas: (1) the personal promoters and (2) the non-personal promotional measures. Normally, the parents in the rural areas are often found discouraging their children from going to schools. The elementary and secondary education not only increases the rate of literacy but also engineer a sound foundation for the development of productive human resources contributing to the process of human capital formation substantially and activating the development processes.

To reduce the drop-out ratio, it is important to motivate the parents. This is related to personal promotion as a personal promoter determines the magnitude of success.

### **Price Mix**

The elementary and secondary education is given both by the government and the private organizations. Normally, the government, will not charge more fees.

It is not argued that the private schools do not collect fees from the children but they should not make it a source of making profits. The private schools must have a policy of charging fees on the basis of incomes of parents.

## **Place Mix**

In a majority of the private schools and self financing institutions, we find cases of exploitation. The teachers are paid poor salaries due to the problem of unemployment willingly or unwillingly, they continue to work without raising any voice against the management. The management can't expect a sense of involvement and dedication and commitment unless they are paid adequate incentives.

## **HOSPITAL**

**What are health care services? State their characteristics.**

### **Characteristics of health services**

Health services are highly intangible and which cannot be tested or examined before consumption. Consumers and the patients may not have the requisite knowledge to verify and evaluate the quality of the services provide by a doctor. Due to poor educational background and low awareness of health care issue, a majority of the consumers are not knowledgeable to evaluate service quality.

### **The main characteristics:**

#### **1.Degree of variability**

Health services are subject to a great degree of variability. The services offered by the hospital are highly judgmental and individualized. There are variations in service performance offered by providers, employees and even within an employee depending on skills, moods, etc. The various diagnostic procedures are also not standardized. The variations in service provided depend on the affordability of the patient.

#### **2.Inseperability**

Generally, health services are characterized by inseparability, which means that the consumer has to play an active role in receiving service of good quality. In health care services, the consumer plays a subordinate role. The hospital dictates to the patient – when and what to eat, what to wear, when visitors can come, when to take medicine and when the patient can leave. Thus, the hospital requires the patient's compliance than the involvement.

### **3.Experience**

Health care services depend upon experience and credence attributes. While search attributes can be easily assessed before purchase, experience attributes can only be realized after consumption and credence attributes cannot be evaluated.

### **King suggests the following points to evaluate service quality:**

#### **1.Customer perception**

The customer perceives service quality in two ways. Satisfactory performance of the primary and secondary or surrounding services. The customer always require high performance of the primary function.

#### **2.Functional quality**

There are two functions in a service. They are: hard and soft functions. According to Gronroos, these two dimensions are related to 'technical quality' which is delivered 'functional quality' which is performed and delivered.

#### **3.Service encounter**

The service transaction is subject to customer's evaluation which may change over the course of the encounter. According to Albrecht and Zemke, a service encounter is a series of moments of truth that provides the ultimate impression of quality.

#### **4.Perceived risk**

The intangibility nature of service consists of perceived risk and the related cost of the service and the customers's personal participation in the performance of the service influence the evaluation of the service. When a customer does not know about the service, then there is high risk.

In health care service, the quality of interaction between the service provider and the customer is vital. This is known as the quality of behaviour. Health care is a humanistic profession and Hochschild refers to this type of labour as emotional labour to distinguish it from physical and mental labour.



According to Bopp, the quality in health care services, is technical in nature and is operationalised in terms of three constructs-structure, process and outcome. He further adds that consumers define service quality in terms of functional quality or expressive interpersonal and environmental factors rather than technical quality.

According to Omachonu, the quality involves meeting the provider's own expectations as well as meeting the expectations of customers.

According to John Babacus and Mangold, quality is referred to technical care as adequacy of diagnostic and therapeutic processes and art of care as the milieu, manner and behaviour of the provider in delivering the care and in communicating to the patient. The authors further add that since technical quality is a function of functional quality hospital should ultimately concentrate on assessing patient.

According to Woodside, quality may be defined in terms of actual service firm performance from a short term perspective and macro quality in terms of a long term attitude. He suggests three major components of quality in health care. Conformance quality or doing things right. Design quality or simplicity and Fitness of use quality or matching / surpassing customer expectations.

## **Components of Health Services Quality Standards**

### **What are the components of quality health services?**

The researchers have used Donabedian's structure/process/outcome model of quality dimensions, to analyse health care service quality. Structure means the stable factors such as ownership, physical facilities, personnel, etc. The process means the transaction between employees and customers. Outcomes refer to the end results of the structure process interaction. According to Donabedian, there is a basic functional relationship between the three elements.

According to Uma Chandrasekaran and Basheer Ahmed Khan, a study conducted by the Voluntary Hospitals of America surveyed 4000 consumers, 1600 physicians and 1600 employees.

According to Lehtinen and Laitamaki, there are three important dimensions of service quality: Institutional quality – Corporate image, Physical quality – surroundings, equipment,

food and process outcome, and Interactive quality – interaction between the medical contact person and the patient.

According to MacStravic, the patient involvement in care, such as maintaining their appearance, self administration of medications, explicitly stating their expectations, seeking information and voicing their complaints are the key dimensions of service quality which can promote satisfaction.

According to John, are four important service quality dimensions: the curing dimensions, the caring dimensions, the access dimensions, the access dimensions and the physical environment dimension.

In a study conducted by Guirguis, Mokhtar-al-Torkey and Khalaf, regarding patient satisfaction in a hospital in Kuwait used seven dimensions of hospital services: physician care, nursing care, housekeeping, hospital environment and facilities, admission process, radiology services and food services.

In a study conducted by Carey and Seibert, on 50,000 patients from over 300 US hospitals found the following components for patients care. For inpatients care they considered physician care, nursing care, medical outcome, courtesy, food service, comfort and cleanliness, admissions/billing, and religious care. For outpatient care, physician care, nursing care, medical outcome, facility characteristics, waiting time, testing services, and registration process were included.

## **How do you measure patient satisfaction?**

In service industry, the term satisfaction is referred as performance evaluation, disconfirmation of expectations, or an affect-based assessment. The following methods can be used to examine the complaints made by patients and/or relatives. 1. Conducting group interviews of discharged patients, 2. Conducting surveys through postal and telephone surveys, self administered questionnaires, face-to-face interviews and critical incident analyses.

The hospital services have been tested by researchers by the SERVQUAL scale developed by Parasuraman, Zeithaml and Berry(1988).

In Elbec's study of psychiatric patients satisfaction opportunities for patients socialization with staff and other patients quoted as important to perceived quality.

## **HEALTH SERVICES**

### **Discuss the different types of Hospital services.**

According to S.M.Jha in the Indian society, we find healthcare management on the bottom of the welfare agenda. In the Indian perspective, the government hospitals, except a few selected ones, are found in a depleted condition.

The hospitals serve the masses, protecting the precious endowment and even safeguarding their own interests by enriching the medicare facilities and building a positive image.

Today the government hospitals in particular have to focus on child immunization, pre and post maternity care of women and multicornered attack, specially on communicable diseases.

Generally, the financial position of hospitals is not sound to get quality inputs for offering quality medical aid. The government hospitals with the support of rural health centres or referral centres are supposed to channelize their services in such a way that core and paramedical personnel are available to counter the problem and this necessitates a sound information system.

In olden days, the hospitals were considered alms houses, and many charitable institutions took care of the sick and poor. Today the hospitals serve as a place for the diagnosis and treatment of human ills, for the education and training and research, promoting healthcare activities.

The WHO documents further consider hospital a complex organization. Today the patients demand modern and the best possible means of medical care and health education.

It has become a social institution for delivering healthcare, offering considerable advantages to both patient and society.

It is a social institution responsible for protecting the social interests, as a not for profit making organization.

## **Types of Hospitals**

Hospitals are classified on the basis of objective, ownership, nature and location. On the basis of the objective, there are three types namely: Teaching-cum-research; general hospital and special hospitals.

On the basis of ownership, there are four types of hospitals.

### **Objective :**

1. Teaching cum Research
2. General
3. Special

### **Ownership**

1. Government
2. Semi Govt.
3. Voluntary Agencies
4. Private Charitable

### **Nature**

1. Allopath
2. Ayurved
3. Homeo
4. Unani
5. Others

### **Location**

1. Teaching
2. District
3. Taluk
4. Primary Health Centre

On the basis of nature of treatment there mainly four types: Allopathy under the English system; Ayurved and Homeo is based on Indian system where herbals are used for preparing medicine; Unani and others.

On the basis of location, there are teaching hospitals which will generally have hundreds of beds. The district hospitals and the taluk hospitals generally have 50-100 beds. The primary health centres are located in villages.

### **What are health services? Discuss the merits of marketing of health services.**

By marketing medicare services, the hospitals would not only serve masses but would also be efficacious in inculcating mass awareness to prevent ailments and to decrease the number of prospects. By marketing medicare services, quality services are provided to users at the reasonable fees. The quality medical aid are supposed to minimize the number of prospects.

The marketing principles for medicare services also focus on distributing the services to the users in a decent way and essentially on time. Today, the marketing medicare is a managerial device to satisfy the users so that they can successfully help in promoting the business and the hospitals.

For a successful marketing of services, the concerned organization must be sound. The following points justify marketing medicare services.

#### **1. It provides satisfactory services to the users**

The hospital has to satisfy the users by making available to them the quality services. In the medicare services in addition to the medical aid, the doctors and nurses must be soft, sympathetic, decent to the patients, the time-lag for curing a patient should be minimized.

#### **2. Time honoured service mix**

It provides timely service. Today, the hospitals use sophisticated equipment and technological in the whole process of treatment. These latest equipments play a decisive role in improving the quality of services. The marketing principles emphasis a reasonable fee structure in such a way that helps hospitals in having quality inputs.

### **3. It provides for mass awareness**

The unaware of the disease borne by water, sanitation, food, family planning methods and environmental conditions are causes of ailment. The rural people are not aware of sensitive issues influencing their health condition which increases the cases of ailments. The marketing mix promotes the healthcare services.

### **4. It identifies thrust areas**

For successful medical services, the thrust areas have to be identified. It includes the viral diseases, communicable diseases, child care, women care and are the sensitive areas to be assigned due weightage. Therefore, the medical services have to activated child immunisation, vaccination for serious diseases, pre and post-maternity care to women, a crash programme for malaria, cholera, typhoid, leprosy and so on.

### **5. It provides for cost-effective services**

The time honoured services will reduce the cost and the duration of treatment. Similarly, an optimal utilization of medical personnel and equipment would also make the services cost effective.

### **6. It provides a reasonable fee structure**

In medical services, a reasonable fee structure provides an opportunity even to the poorest of the poor to avail the services. A rational fee structure, can be set on the poor to avail the services. A rational fee structure, can be set on the basis of income. The hospitals can raise finance for initiating qualitative-cum-quantitative improvements in the medicare services.

## **MARKETING MIX FOR HOSPITAL**

Discuss the marketing mix of hospital services. (or)

What is the promotion mix and pricing strategy adopted for the health services.

### **Product Mix-Quality Standards**

Talking about the service mix of a depleted, non-existent, defunct social institution, of course, is a difficult task. We cannot negate that almost all the government hospitals except a few selected ones are virtually in a dying condition. On the other hand, the masses have been facing numerous problems on account of poor medicare services. The government hospitals are well equipped but available only to the rich people. The government hospitals do not

present healthy picture. It has become place for corruption and favouritism – some patients complain always. The managerial deficiency also made the situations so critical.

**There are three important services.**

(1) line services, (2) supportive services and (3) auxiliary services. The line services include emergency services, outdoor and indoor services, intensive care unit and operation theatre.

1. Today, in hospital services, we must have emergency management. It includes all the required emergency services, equipments and infrastructural facilities which are to be available always. However, the legal formalities are more than the required, the emergency medical aid, which is urgently needed is not available to an accident victim patient. The doctors and the para-medical personnel avoid him. All of them are well aware that any delay of even a few minutes would make the situation more critical but they are waiting just for the completion of legal formalities. The emergency management requires the doctors to provide pleasing treatment on a patient. Not only this, a change in action and behavior is also natural.

**HOSPITALS MEDICARE SERVICES**

**i. line Services**

Emergency Out-Patient, In-Patient, Intensive care, operation.

**ii. Supportive Services**

Central sterile, supply Laboratory, Radiology, Nursing, Catering, Laundry.

**iii. Auxiliary Services**

Registration, Record, Store, Issue, Transport, Mortuary, Dietary, Engineering, Security.

2. The supporting services are more important to a patient since the diagnostic aspect determines a direction. In this context, the clinical pathology, blood bank and pathological anatomy are importance areas to streamline the quality of services. The radiology (X-ray) department should have hi-tech facilities keeping in view the pressure of work. The supportive services improves the quality of medicare. However, Today many hospitals lack proper supportive services due to financial constraint.

3. The auxiliary services include the registration and indoor case records, stores management, transportation management, mortuary arrangement, dietary services, engineering and maintenance services. In most of the hospitals, the auxiliary services are not properly maintained.

### **Promotion Mix**

Promotion helps to motivate the prospects and change them into actual users. There are two main components in the medicare services. (1) innovating the promotional measures and (2) inculcating mass awareness. Most of the hospitals do not view the second component as an important dimension of promotion. Unlike other organizations, the hospitals cannot influence the prospects must know the basic facts regarding water, sanitation, food, living and hygienic conditions, first medical aid, communicable diseases and so on.

When the prospects are aware of some of the important facts, there would be a decrease in the cases of ailments. Therefore, there is a need for an intensive care on inculcating mass awareness.

There are two important measures in promotion. For e.g. personal and non-personal. To provide the required services to the users at the right time, it is essential that we must have the personal promotion. In this context, the para-medical personnel have been found playing an outstanding role.

### **Key areas in Promotion**

#### **Creating Mass Awareness**

Water born diseases can be contained by creating mass awareness among the people. Generally, water proves to be a source of diseases which aggravates health problems.

Some of the research studies exhibit that these fast food items are not healthy and therefore it should be avoided.

In this context, the government and voluntary health organizations must create awareness regarding a balanced diet-that is a diet supplying all the nutrients necessary for the normal growth and development of the body.

Today, we find the doctors and the dietician advocating food regulation. Today, we find in big towns and cities and tourist centres, the spread of AIDS. The government has taken up heavy advertisement and publicity measures on TV and radio for inculcating ethical values; and moral values.



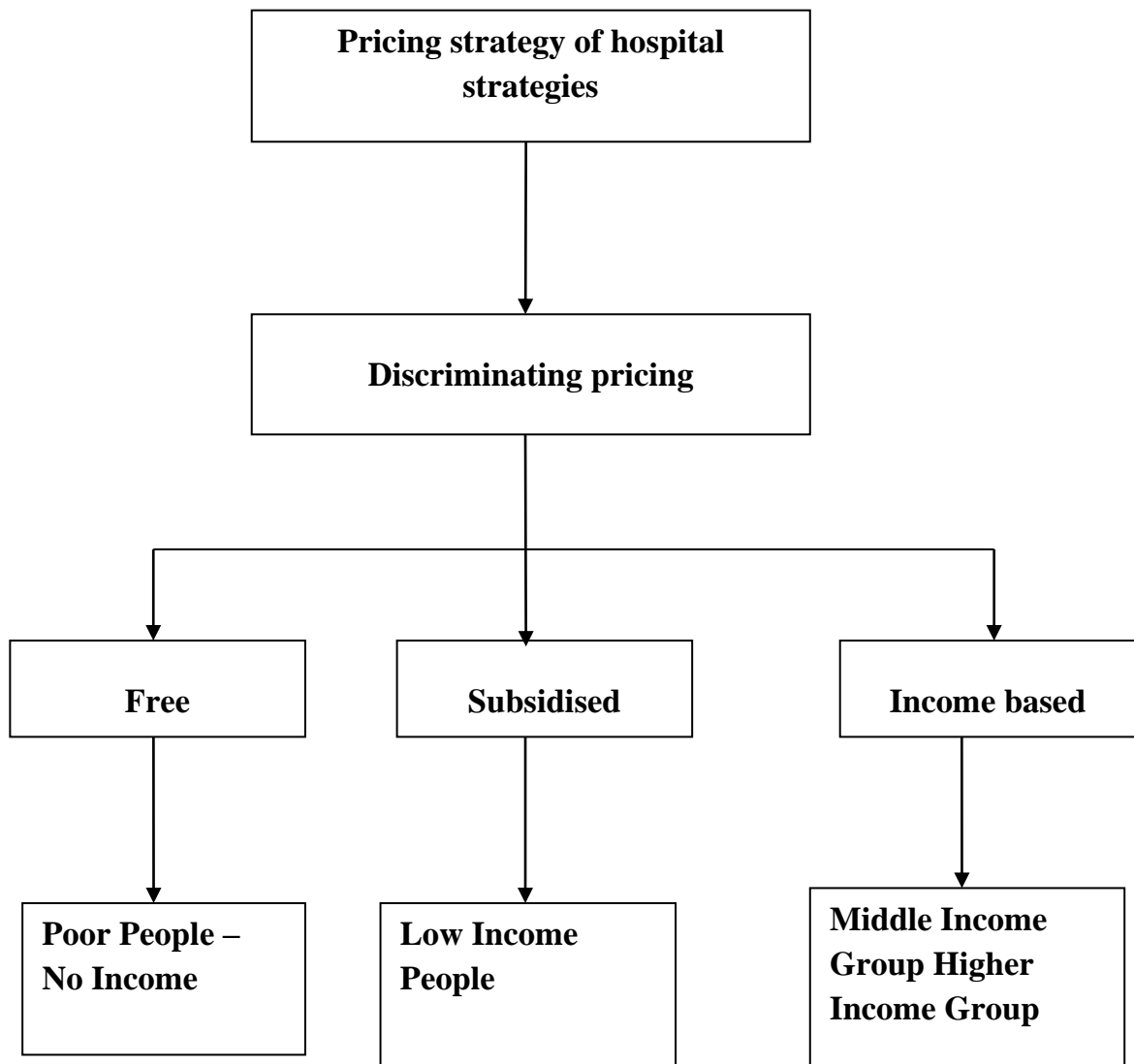
The personal promoters like, doctors, nurses and other voluntary agencies provide the services. A team of committed personnel may promote the service of hospitals.

### **Advertisement and Publicity**

A hospital is a not-for-profit making organization. The hospitals can focus on the quality of their services and contribute to the social transformation. The hospitals and healthcare centres should make possible creativity in their advertising campaigns, messages and slogans.

### **Price Mix**

A commercial pricing strategy cannot be adopted as most of persons are found below the poverty line. Today, the hospitals have to invest a lot on the sophisticated equipment and technologies to improve the quality of medical aid. The social marketing principles also focus on increasing the organizational efficacy to deliver the best. The hospitals are supposed to adopt such a pricing/fee strategy which opens doors for the development of hospitals.



## **Place Mix**

The hospital services are directly linked to the behavior of staff. The private hospitals consider behavioural dimension as more important. But, in government hospitals, we find a very disappointing or sordid state of affairs, by and large in all the hospitals.

We have come across the general public making complaints against the services offered by the government hospitals. There is a gap in service due to inadequate funds. The bureaucracy and the lack of sufficient funds oriented plans. Therefore, the need of the hour is proper planning, which may serve our purpose otherwise, there will be a small channel for the time honoured disbursement and implementation. The private hospitals succeed in implementing the development plans on time. The motivated staff simplify the task of promoting the medicare services.

## **HOTEL SERVICES**

### **What is a hotel? Discuss its types.**

#### **Hotel - The meaning**

According to S.M.Jha, the American concept regarding the hotel considers it a place for business to gather. Further it is also considered to be a place where tourists stop, cease to be travelers and become customers.

#### **Motel – The meaning**

Motels will serve the local motorists and foreign tourists travelling by road. They provide transit accommodation, for a overnight stay. Among other things, they provide parking, garage facilities, accommodation, and restaurant facilities.

### **Hotels and its types**

There are a number of hotel offering different types of services.

- Types of Hotel Services - Purpose
  1. Residential Hotel
  2. Commercial Hotel
  3. Resort Hotel
  4. International Hotel

## 5. Floating Hotel

### **1.Residential purpose hotel :**

These hotels will serve the purpose of residential accommodation. These apartment hotels, charge rent on monthly, half yearly or yearly basis. They are located in big cities and towns where no meals are served to the customers.

### **2.Commercial purpose hotel :**

These hotels created for the purpose of trade and commerce or business purposes, are located at the commercial or industrial centres.

### **3.Resort purpose hotel :**

These hotels cater to the needs of holiday makers, tourists and for those who need a change in the atmosphere or place of work. They are located near the sea, mountain and other areas having an attractive landscape and healthy surroundings. These hotels are meant mainly to relax. These resort hotels provide all facilities like swimming pool, tennis court, boating, golf course, self-riding and other indoor games. They also provide cafeteria, conference room, lounge, shopping arcade, entertainment etc.

### **4.International hotel :**

They are luxurious hotels, established on the basis of international standards. They are categorized on the basis of star status. E.g. Five-star deluxe, five-star, four-star, three-star, two-star, one-star. These hotels are mostly run by the public companies where a board of directors is constituted for its control.

### **5.Floating hotel :**

These hotels float on the water surface, like sea, river or lake. They provide the necessary facilities and services that are available in a good hotel.

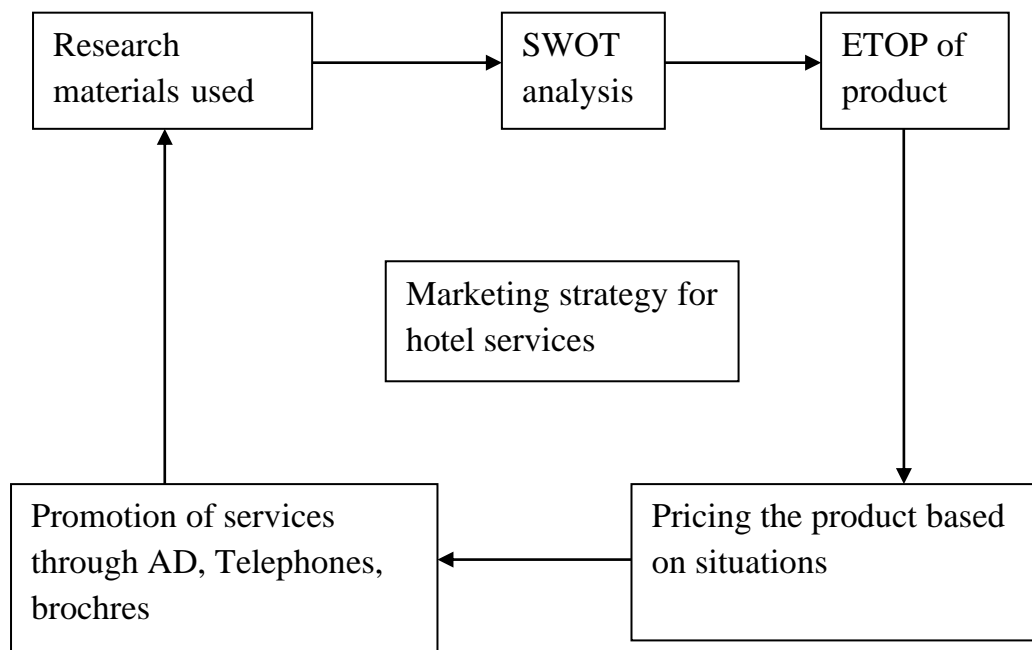
## Discuss the various services rendered by hotel industry

### Hotel Marketing - The meaning

The ultimate in marketing is to establish brand loyalty so that eventually the consumer does not purchase the goods/services once, but continuously.

According to Melvyn Greene, the hotel marketing is: The marketing practices in the hotel or other organizations tend to change the occasional customers into the habitual customers.

The hotel authorities have to study the plans of the competitors with due weightage, specially while making and practicing the strategic decisions.



### Continuous Circle of Marketing

#### Users of Hotel Service

There are two main categories of users of hotel services. They are (1) Domestic or Local users, (2) International or Foreign users.

## **1.Domestic or Local users**

This category include the tourists cum pilgrims visiting the sacred places, students on educational tours, officials on deputation, political representatives, film stars on location shooting. The domestic users avail hotel services, film stars on location shooting.

## **2.International or foreign users**

This category covers the governments representatives on peace mission, trade representatives on business promotion, educationists, sportsmen, cultural representatives, film stars, pilgrims etc.

## **Market Segmentation for Hotel Services**

**What is the market segment for hotel industry? (or)**

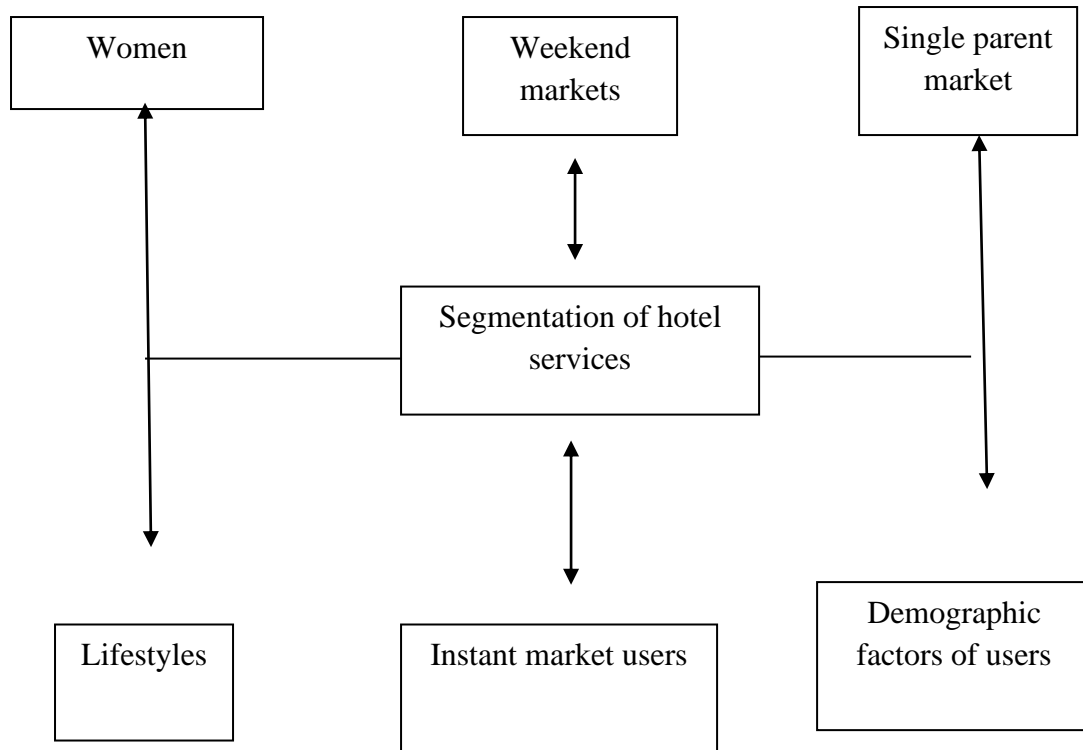
**Segment the market for hotel industry and give the basis to target a specific segment.**

The hotel professional used to segment the market to identify the changing needs and requirements of different people. Segmentation helps in making and innovating the market decisions.

The main objectives of segmentation is to meet the changing needs and requirements of the users. Segmentation helps the hotel professional to divide the audience into various sub groups.

According to the Department of Tourism, Ministry of Tourism and Civil Aviation, Government of India, the hotels are either approved or un approved.

The approved hotels are established on international standard, where the foreign tourists prefer to stay. Today we can see even in the Indian condition women have been staying in hotels or eating in hotel restaurants.



### **Market-Segmentation – Hotel Services**

In a majority of the countries, there are weekend market. The hotel management promote weekend breaks.

Due to passage of time the life styles are changing. Today most of the people go for physical fitness.

There is yet another segment which is very popular today is the instant market. In this context, the development of the concept of fast food restaurants which provide quick access to service facilities in hotels is worth mentioning.

The availability of modern amenities and facilities, the construction of hotel apartments and cottages, the development of tennis courts and gym centres, are some of the new developments found very much instrumental in attracting the customers.

### **Marketing Mix for Hotel Organisations**

What is promotion mix for hotel services?

Today, a modern hotel is a major establishment, as well as an institution of commercial hospitality, where guests expect refined behaviour, excellent services and

personal attention. This draws our attention on the combination of submixes in the hotel industry.

### **The product Mix – Quality Standards**

The hotel services consists of core and peripheral services. The core services are same, whereas the peripheral services depends upon professional excellence. Generally, the peripheral services, will add attractions to product mix. The product mix for the hotel services involves the following:

- (1) Catering, restaurant and cafeteria management;
- (2) Management of bedrooms, convention halls;
- (3) The lodging services;
- (4) Facilities like light, water, electricity, ventilation, entertainment, sanitation arrangement of bed etc.

In this context, the information relating to the following should be collected:

- (1) The competition
- (2) The various facilities available in a competitor's hotel, including the prices;
- (3) The profile of potential customers, such as age-bracket, sex, type of group, place of employment, place of residence, mode of transport and length of stay.

A study on the functioning of the competitors, their approach in selling proposition to fulfil the needs of customers, and objectives and the formulation of strategies, advertisement including a promise which is genuine and creditable.

### **The promotion Mix**

The success of a hotel services depends upon its quality of the product offered. The hotel professionals have to inform the quality of services to the product. The promotional measures include: advertisement, publicity, sales promotion, personal selling, word-of-mouth promotion.

### **Advertisement**

It is a paid form of communication. It informs and persuades the prospects or users. The hotel professionals use print media, broadcast media and telecast media for their

advertisement. The hoteliers used to attract the attention of prospects by displaying attractive scenes, events, landscape, comforts, costs etc .

## **Publicity**

Generally, public relations cover a wide range of activities. It is a two-way communication between hotel companies and potential users of the services.

In the hotel industry, the public relations activities inform the clients about the merits of different services offered. Most of the hoteliers welcome publicity as it is free and the public are reluctant to buy costly magazine or a newspaper.

## **Sales Promotion**

Like consumer durables organizations, the hotel companies also offer incentive to the users. It is a promotional device to increase the business with certain objectives. It is applied to boost sales during peak demand periods to make it sure that the firm obtains its market share and helps launch a new product or support an ailing or modified services.

**The following tools of sales promotion are used to promote the hotel business.**

### **1.Information Brochure**

Brouchers are used to motivate the customers to visit a hotel and avail of the benefits offered by the hotel. Brochure means a published materials that help hotel companies in promoting their business. They are also known as pamphlets or a booklet.

### **2. Folder**

Today, we can see the folders are mostly used by the automobile (two and four wheelers) dealers. They are commonly used sales promotion tool. The folders have an impressive appearance and contain the required particulars. The folders are usually printed on a single sheet of paper and then folded.



### **3.Packaging**

Wrappers are used to cover a product. In the hotel industry, the outer cover and internal layout of brochures are essential. It is a persuasive move on the part of hotels and hotel companies. The materials used for packaging are required to be attractive.

### **4. Merchandising**

This method is used in restaurants and bars. It involves displaying of food stuffs and drinks in the right location.

### **5. Direct Customer Mail Materials**

Here, the hotel authorities will send a direct mail material which can be either be used alone or in combination with brochures and folders.

### **6. Point of purchase display materials**

Here, the materials are displayed at sensitive points. The materials include posters, dispensers, exhibits in the offices of the travel agents, tour operators.

### **7. Special Incentive Officer**

Sometimes, the hotels provide special offer for all, such as users, travel agents, tour operators, hotel personnel.

### **Word-of-mouth Promotion**

The hotel industry, provides satisfaction to the users. A satisfied customer acts as a word-of mouth promoter. The satisfied services of hotels motivate the prospects. Normally, the word-of-mouth promotion spread negative effects than positive things.

### **Discuss the price mix of hotel services**

#### **Price Mix**

Generally, pricing the services of hotel industry, is highly critical, challenging and sensitive. Price depends upon the quality of stuff or service supplied. Pricing is used as a tool to manage demand, at the sametime, it determines the survival and prosperity of an organization.

Normally, the price mix will involve menus and drinks in hotel food and beverage areas to obtain maximum sales and profits. The hotel professionals must consider a number of factors, including the nature and character of dishes, involvement of costs and spending power of the customers.

In hotel industry, due to perishable nature of the product, the pricing decisions are important in both strategic and tactical sense. The hotel products, cannot be carried over and unsold stocks cannot be kept as a buffer to cope with future demand as found in the goods manufacturing organizations. There are three types of discounts.

1. **Seasonal Discounts:** These discounts are applicable to the hotel industry. It includes lower prices designed for the off-season.
2. **Trade Discounts:** These discounts are given to tour operators and travel agents to boost up sales.
3. **Special Discounts:** These discounts are offered for some specific purposes. For eg. Overnight convention.

#### **A.Pricing Strategy for Room Tariffs**

The hotel authorities have to fix reasonable room tariffs. While doing so, they must consider the price structure to be adopted. They will have to fix the average room rate not more than the competitive hotels otherwise the market will not welcome it.

#### **Pricing of room tariff should be based on**

- (a) Current prevailing price
- (b) The economic conditions, money flow, and inflation.
- (c) The competition.

#### **B. Pricing strategy for food and beverage**

There is no uniform method of pricing for dishes. It is also more complicated. Most of the hotels have three or four types of rooms.

Pricing should be based on:

- (a) Competitors price.
- (b) Quality of service and product.
- (c) Seasons.

### **C. Pricing for functions**

Nomally, restaurants get more business than the halls. The functions are routine and therefore fixing a staff standard for functions is necessary based on their style of hotel or one waiter to a table of ten people or one waiter to two tables.

### **Place Mix**

The hotel companies have to ensure that the promised services reach the ultimate users. When the internal staff working in the hotels are professionally-sound and personally-committed, the promised services would reach to the users without any distortion that would generate satisfaction to the users.

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