# Concise Encyclopedia of Professional Services Marketing

**Kenneth E. Clow
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# Preface

Marketing's "identity crisis" was relatively short-lived in the late 1960s and 1970s as marketing theorists debated first, how far the application of marketing should extend (Kotler and Levy, 1969; Luck, 1969; Nickels, 1974; Arndt, 1978), and second, what exactly distinguishes marketing from all the other disciplines from which it borrows (e.g., economics, psychology, sociology, anthropology, etc.) (cf. Hunt, 1983). Exchange in all its forms became the central organizing theory that defined marketing as a discipline, leading to acceptance of the broadened application of marketing to professional services such as medical, legal, dental, accounting, etc.

The initial challenge to the application of marketing to these areas primarily centered around whether marketing really "worked" in such nontraditional fields, and the degree to which marketing practice must be modified to be useful in these applications. Articles such as Berry's (1980) "Services Marketing Is Different," attempted to demonstrate that marketing could indeed be of value in a broadened application, but required modification to make its optimal contribution. Practitioners in these areas may have been initially skeptical about how useful marketing would prove to be, but were open to persuasion if it could be demonstrated that marketing could help them achieve their objectives. Any serious philosophical musings on the extension of marketing theory was confirmed to marketing theorists, and was relatively quickly dispatched. The latest (last?) arena for the extension of marketing professional service organizations promises to be different from other applications.

The application of marketing theory and practice to professional service organizations has not been without controversy. The presence of a journal (Journal of Professional Services Marketing now The Services Marketing Quarterly) devoted to scholarship on the topic, and the publication of numerous books and articles providing extensive "how-to" advice on the application of marketing to professional service organizations would imply that the acceptance of the idea of marketing's use by such organizations is widespread, if not universal. However, other evidence argues differently. The court battles, disbarment, and threats of license revocation have revealed a divide in opinions about marketing applications to professional services.

# Acknowledgments

# Access

Every professional service organization must make decisions about how best to provide access to its services and programs. In marketing terms, this is often referred to as place or distribution decisions. Most organizations face the problem of where they should be located to best serve the diverse groups of clients/patients of their organization.

Other aspects of access involve the level of service and the number and location of branches or satellite facilities. Each organization must decide on the level of service it intends to provide to clients/patients. The level of service refers to the availability of the organization's services or programs to its clients/patients.

These decisions bring about significant personnel and cost implications. A higher level of service must be funded at a greater level, and requires more personnel to implement. On the other hand, lower levels of service can be offered with fewer personnel and smaller funding. The decision must involve a trade-off between what the organization wants to do and can do, given the funds and personnel available. Starting at a lower level and increasing to higher levels is a better plan. This permits learning how to improve service delivery, and also avoids taking away services from clients/patients due to funding/personnel shortages.

The organization must decide whether to centralize its services or offer services through many alternate facilities. The most economical decision is to operate a single facility. By having one large facility, duplication of services, staff, and building costs are avoided. Clients/patients benefit by having access to a higher quality of service, but pay the price of having to travel longer distances.

The costs of operating an organization are usually minimized by a central facility. However, as population shifts and new programs are added, the pressure for satellite facilities increases. Some organizations develop satellite locations to make their services available at different locations. Additional facilities must be carefully analyzed, because the added financial and staff needs can affect the organization's ability to maintain quality in many separate facilities. However, to effectively reach diversely scattered groups, satellite facilities must be utilized.

# Active Listening

Active listening consists of a continuous, systematic collection of information from both providers and recipients of organization services. The objective of conducting active listening processes is to keep decision makers constantly aware of the experiences of those involved in the delivery of services, as well as the expectations and perceptions of individuals receiving those services. A fundamental premise of conducting active listening is that decision makers are both seriously interested in learning about those experiences and perceptions, as well as committed to making decisions based upon the findings of that inquiry. That is, it makes little sense to engage in active listening unless what is heard ultimately plays a role in influencing decisions and plans. Table 1 identifies the relevant methods that might be used in an active listening system.

*Table 1.* Research Approaches for Building an Active Listening System

| Type | Description | Purpose |
|---|---|---|
| Surveys | Service satisfaction surveys of customers following a service encounter. | Obtain feedback while service is still fresh; act on feedback quickly if negative patterns develop. |
| Mystery Shopping | Researchers become "customers" to experience and evaluate the quality of service delivered. | Measure individual employee service behavior for use in coaching, training, performance evaluation, recognition, and rewards; identify systematic strengths and weaknesses in customer-contact service. |
| New, declining, and lost-customer surveys | Surveys to determine why customers select the firm, reduce their buying, or leave the firm. | Determine the role service quality and other issues play in customer patronage and loyalty. |

*Table 1  (continued)*

| Type | Description | Purpose |
|---|---|---|
| Focus group interviews | Small group interactions of usually eight to twelve people. Questions focus on a specific topic.  Can be used with customer, non-customer, or employee groups. | Provide an outlet for participants to suggest service improvement ideas; offer fast, informal feedback on service issues. |
| Customer Advisory Panels | A group of customers required to periodically provide the firm with feedback and advise on service performance and other issues. | Obtain in-depth, timely feedback and suggestions about service quality from experienced customers. |
| Service reviews | Periodic visits with customers (or a class of customer) to discuss and assess the service relationship. | Identify customer expectations and perceptions of the company's service performance and improvement practices in a face-to-face conversation. |
| Customer complaint, comment, and inquiry capture | System to retain, categorize, track, and distribute customer complaints and other communications with the organization. | Identify most common types of service failure for corrective action. |
| Total Market Surveys | Surveys that measure customers' overall assessment of a company's service. Research includes both external customers and competitors' customers. | Assess company's service performance compared to competitors, identify service-improvement priorities; track service-improvement over time. |

Source: Adapted from Berry, Leonard L., Discovering the Soul of Service (New York: The Free Press), 1999, pp. 100–102.

## REFERENCE

Berry, Leonard L. and A. Parasuraman, "Listening to the Customer—The Concept of Building a Service-Quality Information System," Sloan Management Review, Spring 1997, p. 66.

# Adoption Process

The adoption process is a series of stages through which a client/patient passes before repeatedly using a service provider. This is a step-by-step approach to a final decision.

1. Awareness: A client/patient first learns of a professional service organization through word of mouth or advertising.
2. Interest: The client/patient gathers information and details about the organization.
3. Evaluation: The client/patient determines the costs and benefits of a provider in relation to his or her personal needs.
4. Trial: The potential client/patient experiences the organization for the first time by using the service provider.
5. Adoption: After the trial is considered successful, the client/patient makes a decision to use the service provider whenever the need for the services arises.
6. Repeat: The clients/patients continues to weigh expectations against experiences, but will repeat behavior if needs continue to be met.

Through the stages in the adoption process, potential clients/patients may "drop out" along the way. For example, even though many people are aware of an organization, they may never visit (trial) because they do not think it will satisfy their needs. There will usually be "dropouts" at each stage. All clients/patients should be made to feel welcome and communicated with at all stages, even those who are adopters and repeatedly use an organization's services.

The promotional message at each stage should encourage a continued relationship. A guide to creating these messages is AIDA. The acronym is a time-honored model for the steps in the promotional process. A message should: attract Attention, hold Interest, build a Desire, and produce Action. This approach to promotion planning coincides with the adoption process consumers go through in making decisions about professional service organizations.

# Advertising Message

An advertising message is simply what is communicated (verbally and nonverbally) by an ad. This information is transmitted from the sender (advertiser) to the audience, and is both what is said and how it is said. The message is one of the elements of advertising strategy.

Before a message is created, an advertising strategy should be developed and put in a concise, written statement called the creative brief. This is a guide for creating and producing an ad. Advertising agencies sometimes refer to the creative brief as the copy (or creative) platform, work plan, creative contract, or creative blueprint. The creative brief is comprised of the advertising objective, the basic issue the advertising must address, the major idea or benefit, the target audience, and the supporting information and requirements.

The next step after the creative brief is the creative process, during which the message strategy is developed. The message strategy deals with what the ad communicates and how it is communicated; that is, the message is both words and art. The message should adhere to the advertising strategy stated in the creative brief.

Creativity is needed to produce an effective advertising message. To create means to cause to come into existence, to originate. Creativity can help advertising to break through mental perceptual screens, to inform, to persuade, and to remind.

An important part of creating the advertising message is to develop the major selling idea. This idea is the single most important thing that can be said about the product. If presented in a unique manner, it gets attention, produces a reaction, and sets the product apart from other products.

Message strategies can be cognitive or affective. A cognitive message strategy uses rational reasons such as tangible benefits for choosing the product. An affective message strategy creates emotions and feelings, which lead to or relate to the product. Various appeals can be used in the message to motivate or excite the target audience. Common appeals are love, fear, nostalgia, safety, health, comfort, sex, convenience, economy, patriotism, luxury, efficiency, and accomplishment.

The advertising messages can be presented in a number of ways called executional frameworks. Some examples include the following:

Testimonial: A satisfied user tells about the effectiveness of the organization or program

Credible presenter: An expert or celebrity adds credibility by presenting the message

Informative: Information is presented in a straightforward manner

Demonstration: The product is shown in action

Fantasy: A make-believe situation (e.g., animation) expresses the message

Slice-of-life: The product provides solutions to everyday, real-life problems and situations

Dramatization: This method uses an exaggerated situation, music, or lifestyle techniques to present the message

Generally the message of an ad should get the attention of the audience and build interest in the product. It should establish credibility and desire for the product. Finally, the audience should be motivated to action.

# Atmosphere

Atmosphere refers to the physical aspects of an organization's buildings and grounds. Such factors as color, lighting, noise, odors, layout of rooms, and seating have an effect on people's perceptions of an organization. Obviously, well-kept grounds and buildings present a better image than those that are poorly kept. But the impact of physical surroundings is much greater than that.

First, consider the impact of color. Every color sends out its own wavelengths when exposed to light. Each waveband stimulates chemicals in the eye, sending impulses to the pituitary and pineal glands near the brain. Stimulated by the response to a color, glandular activity may speed up or slow down heart rates, increase or decrease brain activity, and alter the moods of the recipient of the wavelengths. The impacts of various colors include the following:

- Blue: Decreases breathing and pulse rate; causes tranquility; too much and rather dark shades of blue may cause depression
- Bright red: Increases heartbeat; causes over stimulation; makes people irritable, bad-tempered, and anxious
- Bright yellow: Raises blood pressure, pulse, and respiration
- Drab gray: Slows heartbeat; causes lethargy and depression
- Brown: A relaxing color, associated with comfort
- Dark shades: Affect people's sense of time passage; make time seem to pass more slowly
- Light shades: Affect people's sense of time passage; make time seem to pass faster
- Pink: A temporary pacifier, after a short time period, it seems to foster aggressiveness

An issue dealt with by many organizations is audio levels. The acoustics and sound systems in a room present challenges to even professional audio companies. Sound levels are measured in decibels (dB). To avoid hearing damage, the noise level should be no more than 74 dB for an average 8-hour day. Damage to hearing begins at 75 dB.

The layout of buildings, especially large complexes, may create problems for clients/patients, newcomers, and visitors. Many organizations have built additions or new buildings as growth has occurred. Unless carefully planned, these additions can make people feel disoriented or lost. The use of signs and greeters at strategic points to guide people through the complex is extremely important in these situations.

# Attitude Measurement

Organization decision makers might want to determine the attitudes or opinions of clients/patients, recipients of services, prospective clients/patients, organization leaders, people in the community, and so on. In such instances, knowledge of the appropriate research methodology for attitude measurement is important.

Attitudes are one of the most frequently measured items of interest to marketing decision makers. Why the interest in attitudes? Because marketing decision makers believe that the way people think (i.e., their attitudes), and what they are likely to do (i.e., their behaviors) are closely related. Why, then, don't we just study behaviors, since we are ultimately interested in understanding and influencing a person's behavior, not just his or her attitude? Several reasons why we focus on attitudes instead of exclusively on behavior are:

1. Marketers may not have access to observation or self-reports of a person's behavior. The behavior may occur over a long period of time or in private settings only, and therefore observation is either not possible or is prohibitively expensive. Also, sometimes the behavior itself is of a nature that people will not voluntarily report it, but will answer attitude questions related to the behavior.
2. Sometimes the behavior cannot be reported because it has not yet occurred. If, for example, organization decision makers are considering significant changes in payment policies, they might prefer measuring attitudes toward the change instead of making the changes and measuring the popularity of the change.
3. Attitudes can help us understand why certain behaviors are likely to occur. This diagnostic quality to attitudes can be very helpful when designing new services intended to influence the behaviors of a target audience.
4. Under certain circumstances, attitudes can be loosely related to behavior. Research has shown that the usage rate for a product or service is associated with the favorableness of a person's attitude; when attitudes are unfavorable, a person is more likely to discontinue use of a product

or service; and when attitudes are based on actual experience rather than exposure to an advertisement, attitudes have been shown to more accurately predict behavior. (McDaniel and Gates, 2002, p. 314)

Several factors determine just how well attitudes can predict behavior, including the following:

- Level of involvement of the person with the program: Prediction increases with involvement level
- Quality of the measurement process: Measuring specific rather than abstract attitudes, measuring closely in time to the behavior, and using valid and reliable measuring devices all increase predictive ability
- Influence of other people on the person: How motivated the individual is to comply with norms versus act on their own attitudes toward something
- Interference of situational factors: Prediction decreases when situational factors such as illness intervene between attitudes and behavior
- Strength of the attitude: The more strongly held the attitude the more predictive it is of behavior (McDaniel and Gates, 2002, p. 315)

## WHAT TO MEASURE

A primary consideration in the measurement of attitudes is whether to measure a person's attitude toward an object or toward a behavior. Under the attitude-toward-object model, a person's attitude toward an object—an organization, or services—is a function of how much he or she knows about the object of attention, what he or she feels are important characteristics of the object, and whether he or she believes a particular version of the object possesses those characteristics. So, for example, if you were measuring someone's attitude toward an organization using the attitude-toward-object model, you might use an approach similar to the following:
Compared to other medical facilities, Medco is:

Friendly       Unfriendly
Conservative  Liberal
Pleasant       Unpleasant
Youthful       Old
Vibrant         Stuffy

Another consideration of what to measure concerns the subcomponents of attitudes. Specifically, attitudes consist of three components—affective, cognitive, and conative—and any measures of attitudes should include

questions that measure all three parts. The affective component involves feelings, the cognitive involves beliefs, and the conative involves a predisposition to behave in a particular way.

## HOW TO MEASURE

Attitude measurement is typically accomplished in a survey intended to measure other variables of interest such as behavior, intentions, awareness, knowledge, demographics, and so on. By measuring multiple variables of interest in the same survey, cross-tabulation can be used to compare answers by different types of respondents. For example: Do young clients hold different attitudes toward the organization than older people? Do people who use services regularly have different attitudes about the organization than sporadic users?. Attitudes are measured using one of several scales designed for their purpose. (See also SCALES for details.)

## REFERENCE

McDaniel, Carl and Roger Gates, Marketing Research, Fifth Edition (Cincinnati: South-Western), 2002.

## SUGGESTED READING

Ajzen, Icek and Mortin Fishbein, Understanding Attitudes and Predicting Social Behavior (Upper Saddle River, NJ: Prentice-Hall), 1980.

# Benefits of Marketing

The basic reason an organization should be interested in applying marketing principles is that they will enable it to achieve its objectives more effectively. Organizations in our country depend on voluntary exchanges to accomplish their objectives. Marketing is the discipline concerned with managing exchanges effectively and efficiently.

Marketing produces several major benefits for the organization and its clients/patients.

1. Many organizations lack the tools needed to satisfy their clients/patients, and may deliver unsatisfactory services, which people accept because there are no alternatives. In many instances, administrators simply do not know how to improve on what they are currently offering. Marketing, which focuses on the importance of measuring and satisfying clients/patients needs, tends to produce an improved level of service and satisfaction.

2. Organizations, in striving to satisfy a set of clients/patients, must attract various resources, including clients/patients, volunteers, employees, funds, and sometimes public support. Marketing provides an approach to improving the organization's ability to attract needed resources.

3. Marketing places a great emphasis on rational management and coordination of services, fees, communication, and access. Many organizations make these decisions with insufficient knowledge, resulting in either more cost for the given impact or less impact for the given cost. The scarcity of funds in most organizations and services means that the maximum results must be achieved per dollar expenditure.

4. Marketing's focus on the coordination of activities and concentration on clients'/patients' needs usually produces more efficient efforts from activities. If clients/patients receive the right communications, the amount can be reduced. Marketing aids in identifying what the right messages are and, therefore, improves efficiency.

# Brand Equity

A brand is a name, term, or method of identification that distinguishes a product, service, or organization from all others. Equity is the value of property above and beyond what is owed on it. Therefore, brand equity is the intangible value of a product or an organization above and beyond the physical net assets. The name of an organization or (its brand) has value just as a brand of product has value. Brand equity is the added value that a name gives an organization. In effect, it is what people think and feel, in total, about the organization. "Goodwill" is synonymous with brand equity.

For an organization, brand equity helps produce awareness, perceived quality, and loyalty. An organization with a good name in the community will have more people considering it as an organization home. Its clients/patients will be more committed and less likely to leave. An organization with a high level of brand equity will not suffer from as much client/patient-switching behavior because other organizations may not be viewed as being of equal quality.

To increase brand equity, an organization must develop its strategy, communicate its uniqueness, and deliver on its promises. It must differentiate itself, promote itself, and perform in such a way as to positively touch people's lives. Often, brand equity is built on a characteristic or benefit that is superior to the competition. Investments of time, effort, and money are generally required, but the benefits of brand equity can be extremely valuable and result in a competitive advantage.

# Branding Decisions

A good brand name is not only a necessity for consumer recognition but also a valuable asset to a company. A brand name is important because consumers can associate satisfaction with a brand thereby repeating their purchase or recommending it to others. A brand is anything used to identify a product, whereas a brand name is that part of a brand that can be pronounced. A trademark is a brand name that has been registered and becomes the property of one company.

There are three basic attributes of a good brand name: It is easy to pronounce, easy to recognize, and easy to remember. It is important that consumers are able to pronounce the brand name in only one way. Nissan Motors of Japan had this problem with the Datsun automobiles. Some people pronounced it Datsun with an a, and others pronounced it Dotsun with an o. It is also advantageous if the brand name is suggestive of the product's use or some attribute of the product. Kleenex and Sear's Craftsman are examples of brand names that are easy to pronounce and suggest a product a tribute—clean for Kleenex and quality for Craftsman.

When international markets are involved, it is especially important to choose a name that is pronounceable in other languages and also one that does not have a negative connotation. "Body by Fisher" translated to "corpse by Fisher" in Flemish.

Another branding decision is whether to use a family brand name or an individual one for new product additions. Family branding means using one brand name for many products, for example, Heinz Tomato Paste, Heinz Ketchup, and Heinz 57 Sauce. With individual brands, each new product receives its own distinctive brand name. Procter & Gamble uses this approach with Cheer, Tide, Dash, Crest, Gleem, and so forth.

Individual brands cost more to market because the identity of each must be established, but there are also several positive reasons for this choice. If a differentiated or segmentation approach is used, with different brands developed for different segments, the identification of which products are designed for which segments is improved. If a firm is moving outside its established product type, individual brands might be more advisable. General Electric is well established in electrical appliances and other electrical

products, but if it started to market cake mixes, for example, the use of General Electric family brand might be detrimental. Pillsbury might have similar difficulties in developing a line of electrical appliances.

When family brands are used, a transference of the favorable image of one product to another is possible. This is especially true when a new product represents the extension of an existing line—such as another flavor of a candy product—or a complementary product such as icing for cakes. Also, retail shelf space may be easier to attain when a new product bears the name of current products already stocked.

Another branding decision revolves around manufacturer, dealer, and generic brands. A manufacturer must decide whether to produce its own brands, private brands for dealers (wholesalers and retailers), or generic brands. The decision to produce dealer and/or generic brands usually boils down to a "Do we need the volume?" question, since a manufacturer can assume that if it doesn't make the product, someone else will. However, the manufacturer is losing its identity in the process. Large retailers such as Sears, A&P, and J.C. Penney market many products under their own private brands. This gives them control over the product and builds store loyalty in the process. Generic brands, a relatively new form of private brands, have met with only limited success in the United States, although they have been popular in Europe for several years. Generic brands have no brand names and are characterized by plain labels, no advertising, and prices of 25% to 35% less than brand name products.

Private brands are more common in some industries (groceries and shoes, for example) but appear to be spreading to all industries. Although some manufacturers still shun private and generic brands, both have made substantial inroads in some industries.

# Budgets

Marketing efforts require expenditures of funds that need to be budgeted. In other words, an administrator should budget these expenditures to ensure that the financial support needed to undertake marketing activities is available. The three most commonly used methods are: the percentage of revenues approach, the "all you can afford" approach, and the task or objective approach.

One of the most common budgeting approaches for marketing is to use a percentage of revenue. The budget is determined by applying a fixed percentage to either past or forecasted income. The proportion of revenues allocated to marketing may be based on past results or on administrative judgments about the future.

This method is widely used for many reasons. Besides being simple to calculate, it is exact and is easy to define by administrators who are used to thinking of costs in percentage terms. Also, it is financially safe, because it ties expenditures directly to contributions.

The major problem with the percentage approach is its inherent fallacy to view marketing as a result rather than a cause of contributions. But this method can legitimately be used as a starting point for budgeting and can offer good direction in this process.

Some organizations set marketing budgets on the basis of available funds. In this instance, the organization spends as much as it can afford without impairing financial stability. Thus, the budget adopted and the monies needed to accomplish the required marketing task may be totally unrelated. On the one hand, the organization could miss opportunities because of under-spending, whereas on the other hand, it could easily spend too much.

None of the methods are without major fault, and none closely approximates a good standard. The task or objective approach—or the build-up approach, as it is often called—has the most merit. This method requires that marketing objectives be stated well, and then the expenditures necessary to reach these objectives be determined. The implementation of such a method is somewhat more complex, but the end result is that only what is needed in a given time period is spent. Using this approach, you spend only

what is needed to accomplish the stated objectives. This approach requires a great deal of experience in terms of knowing what can be accomplished with a specific level of expenditures.

# Business Development (Rainmaking)

Business development is the process of expanding a practice through the use of various strategies aimed at increasing the number and types of clients/patients desired by the organization. Note that the definition includes both a quantity and a quality dimension. Most professionals want to increase the number of clients/patients the service has but also want the types of clients/patients that fit the nature of the practice. Someone just getting started in their career may be willing to take "anyone who walks through the door" just to be able to make a living but as the practice grows, more attention is usually focused on the type of new business being acquired. The development of experience, training, or desire by the practitioner usually means that some clients/patients are more desirable than others. This of course is especially true of those who specialize in a certain type of practice, such as a surgeon or litigation attorney.

Three key strategies used by many professionals are networking, referrals, and name awareness. These strategies can be used simultaneously to develop new business and both involve developing relationships with others.

## NETWORKING

Networking involves developing relationships with others who can lead you to the types of clients/patients you desire to help you build your practice. These relationships include contact with previous and existing clients/patients, other professionals in your field, industry leaders, and community leaders. This should be a part of every practitioner's agenda and a clearly developed strategy with clear goals of what you want to accomplish helps keep you focused on the results you desire. Networking leads to direct contact with new clients/patients and referrals from these relationships.

Professionals can network through various venues. Common civic locations would include Rotary organizations, Lion clubs, and Kiwanis. Business organizations, such as the Chamber of Commerce, are also excellent opportunities because many have after-hour gatherings that allow for mingling of business and professionals.

**REFERRALS**

Referrals involve someone, a satisfied client/patient, another person in your field, and other acquaintances, telling someone about you and the services you offer. Referrals from a trusted source are a great way to develop a business. The prospective client/patient comes to you with a favorable attitude because someone they trusted recommended your services.

**NAME AWARENESS**

Clients/patients can be attracted through enhancing a professional's name. This can be done through writing a guest column in the local newspaper about topics relevant to the newspaper's readers. Television and radio interviews can be arranged on topics of interest to the public as well as potential prospects. Guest lectures can be given at colleges, universities, and high schools. All of these provide nonpaid exposure for the professional, which will increase name awareness among the public.

# Client/Patient Analysis

Client/patient analysis refers to the process of analyzing the various clients/patients groups, which are related to a professional service organization. One fundamental concept, which underlies this type of analysis, is what is sometimes referred to as a market for a service; this is actually a composite of smaller markets, each with identifiable characteristics. When we speak of medical markets, for example, we are making reference to a large market, which is composed of smaller submarkets or segments. This market can be segmented in several ways to identify the various submarkets. The types of trauma, for example, could be used to identify submarkets or segments.

This process of breaking up a market into smaller parts or segments is usually referred to as market segmentation. The basic premise is that the needs of clients/patients in one segment are different from those in another segment, and therefore different marketing strategies should be used to reach different segments. The results of the analysis should be an understanding of clients'/patients' needs by segment and some insight into the types of strategies needed to meet those needs. This is the basis of the entire planning process if a clients/patients-oriented approach is to be used in planning.

For each segment that is identified, two basic questions must be asked: (1) What are the identifying characteristics of that segment? and (2) What is its size? Answering the first question helps define clients'/patients' needs and helps develop a profile of clients/patients for each segment—the qualitative side of the market. The answer to the second question provides information on the size or quantitative side of the market. (See MARKET SEGMENTATION.)

# Clients'/Patients' Behavior

For the business firm, consumer behavior is the process involved when individuals or groups select, purchase, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires (Solomon and Stuart, 2003). An organization may refer to this process as clients'/patients' behavior. A marketer should understand the process that people go through when making choices and should also understand their needs and desires. Then, service offerings can be developed to satisfy those needs and desires.

For a person to use a service, one or more decisions must be made. Therefore, we should consider the decision-making process. This process is initiated when a person realizes that a difference exists between his or her current situation and a desired situation. That is, an individual recognizes that a problem exists. It may be that the individual feels a pain, gets a smaller tax refund than anticipated, and so on. .

Once the problem is noticed, the person may search for information about different alternatives that could be a solution to the problem. The search may involve looking in the yellow pages, asking friends about organizations, searching the Internet, newspaper, or just driving around neighborhoods. An organization's marketing may gain attention of those searching for information by a yellow page ad, Web site, signage, and so on.

The alternative choices are evaluated, a decision is made, and service use follows. These steps are followed by a post decision process. Is the problem solved? Are the needs and desires satisfied? If so, a commitment is made and a relationship is developed. If not, another search may be initiated. A number of variables influence the decision-making process. Personal factors and environmental factors have an impact on decisions.

Personal factors include learning, perception, motivation, attitudes, personality, self-concept, age, life-cycle stage, occupation, economic situation, and lifestyle. Environmental factors are social influences such as culture, social values, norms, roles, social class, status, reference groups, family, and situational influences such as physical surroundings and time. All of these factors go into the decision of what a provider will use. Organization management should consider these variables when developing strategies and offerings.
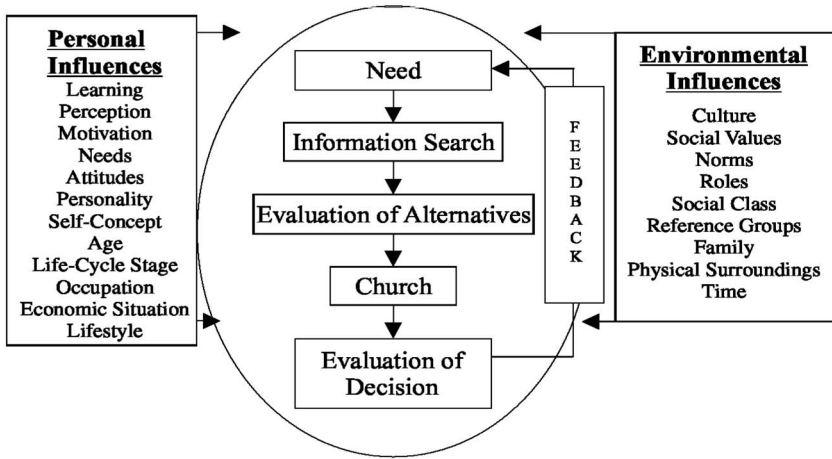
*Figure 1*    Simplified Version of Decision Process.

The decision process is very complex. A simplified version is shown in Figure 1.

# Clients'/Patients' Satisfaction

What does it mean for an attorney to have "satisfied" clients? It may mean that they are satisfied with his or her abilities as a counselor, administrator, communicator, aggressiveness, diligence, and so on. It may mean any of these things or all of them. But it must mean one thing: The clients want to continue to use his or her services. Client/patient satisfaction rarely occurs by chance or as a natural consequence of a provider discharging its duties.

Several actions taken by a provider will enhance the likelihood of internal marketing practices leading to having satisfied organization clients/patients:

1. The need for visible, personal leadership in instilling a "customer service" mentality in the organization.
2. Communicating a vision of the organization beyond clients'/patients' previous conception of the organization.
3. Understanding what constitutes satisfaction for the target public.
4. Having a clear service strategy instead of assuming that client/patient satisfaction will occur.
5. Researching client/patient attitudes.
6. Generating commitment throughout the organization.
7. Making sure the basics are well done.

# Clients'/Patients' Service

The elements of the marketing mix are promotion, access, fees, and services. A service can involve a tangible good, a service, or both. A service strategy should include the level of customer service. For an organization to grow, it needs to attract new clients/patients and retain present clients/patients. Retention of present clients/patients is significantly influenced but the organizations have long been concerned with delivery of a satisfactory level of clients'/patients' service, but it is safe to say that the level of concern has increased in recent years. Competitive forces and the more demanding nature of clients/patients have combined to put clients'/patients' service at, or near, the top of most marketers' list of important issues. Research indicates five dimensions used by clients/patients to define the quality of service they perceive they are receiving.

1. Tangibles: Appearance of physical facilities, equipment, personnel, and communications materials
2. Reliability: Ability to perform the promised service dependably and accurately
3. Responsiveness: Willingness to help customers and provide prompt service perceptions of the services received by the clients/patients.
4. Assurance: Knowledge and courtesy of employees and their ability to convey trust and confidence
5. Empathy: Caring, individualized attention the firm provides its customers (Zeithaml et al., 1990, p. 26)

Further research has revealed that although respondents rank all five toward the "very important" end of the scale in defining service quality, when asked, they said that reliability was the most critical. This result suggested that organizations must accomplish the following tasks with regard to their service strategy:

1. Determine the specific service expectations of the target market.
2. Design a service strategy grounded in meeting or exceeding those expectations.

3. Deliver on those promised service levels consistently when dealing with clients/patients.
4. If steps 1 through 3 are done better than competitors, a competitive advantage exists in the area of clients'/patients' service and should be exploited as such.

A vexing challenge for management, given the importance of reliability in defining service quality, is to close any gap that exists between expectations and ultimate delivery of service to clients/patients. Four service-related gaps should be of concern to marketing planners:

1. Gap between clients'/patients' expectations and management's perceptions. Research into what clients/patients are actually thinking is needed; we cannot just assume what those expectations are without conducting the proper research.
2. Gap between management perception and service quality specifications. Knowledge of clients'/patients' expectations is but the first link in a chain of steps leading to clients'/patients' satisfaction with service delivery. Specifications of policies and tasks of service should be developed based on that knowledge, communicated to employees, and employees should know that their job performance will be based in part or in whole on meeting those specifications.
3. Gap between service quality specifications and service delivery. Highly motivated, trained, and well-informed employees are needed to actually perform the tasks specified as necessary for delivery of quality service. Control systems that are capable of measuring any gap between desired and actual service delivery should be in place to indicate where excellence or shortfalls are occurring.
4. Gap between service delivery and external communication. Excellent delivery of service specifications can still disappoint clients/patients if marketers have caused those clients/patients to have unrealistically high expectations of service. (Boyd et al., 1995, pp. 453–454)

In business, most customers who are dissatisfied do not complain. Instead, they search for alternatives and switch to another store (Richins, 1987, pp. 24–31). Therefore, service providers should carefully study customer satisfaction and dissatisfaction (Parasuraman et al., 1990, pp. 34–44). Organizations should do the same thing, using a clients'/patients' satisfaction measurement program. Management tracks attitudes and feelings over time and develops program improvements as a result of the feedback. Get feedback by surveying people who have left the organization. The information gathered can be useful in reducing future defections and possibly reattracting those who have defected.

A system should be developed for dealing with dissatisfaction. Helpful guidelines are as follows:

1. Make it easy for dissatisfaction to be expressed.
2. Conduct satisfaction research on a clients/patients basis.
3. Train employees to properly respond to dissatisfaction.
4. Respond quickly and minimize hardships when a problem does occur.
5. Evaluate complaints to pinpoint the core causes of dissatisfaction.
6. Identify patterns and opportunities for improvement for the future. (Berry and Parasuraman, 1991)

Satisfaction measurement is part of the concept of customer/client/patient relationship management (CRM). CRM uses marketing to build long-term relationships with clients/patients to keep them satisfied and returning. Successful organizations do a great job of getting clients/patients involved with the life of the organization and getting the organization involved with the lives of the clients/patients.

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# Communication Methods

Communication methods refer to the way an organization communicates to its clients/patients. An organization can use two basic communication methods to promote its programs and services: nonpersonal contact and personal contact.

Nonpersonal contact includes advertising, signs, brochures, displays, and publicity. Because most organizations use more than one method, they develop a communications mix to provide a complete communications program. The relative emphasis on personal contact and nonpersonal contact is determined by the type of information to be delivered.

Personal contact permits a chance for an exchange of information—a give-and-take situation. The personal contact allows clients/patients to ask questions important to them. Although nonpersonal contact may be used to build clients'/patients' awareness and provide information on the organization and its services, the complete communications message may need to be delivered by an individual. This is especially true when there are complex questions or special needs of clients/patients. If an extremely large and diverse group of clients/patients exists, the importance of nonpersonal communications may increase, but personal contact is still important in many cases. For example, many national television evangelists have area representatives who provide personal contact and counseling.

For other services, the major emphasis is on nonpersonal contact because of large geographically dispersed groups of clients/patients. Although the cost of an individual TV program may be $100,000, if 5 million clients/patients were reached by the message, the cost per contact would be very low compared to the cost of a personal contact with each client/patient. Personal contact may also include telephone calls or responses to letters.

Thus, the mix of the various methods is determined by the nature of the service and the needs and location of the clients/patients. Although both methods are needed and used, one is usually emphasized more heavily in one organization than another.

# Communication Process

Promotional efforts are the most visible manifestation of the strategy at the heart of a marketing plan. Some observers might think of the promotional strategy as the marketing strategy. However, much planning and strategizing must precede promotional decisions. As we've seen, the four elements of the marketing mix (product, place, price, and promotion) are the strategic and tactical tools by which we implement a positioning strategy, which is in turn the product of an extensive situation analysis. Until a solid positioning strategy is articulated to reach a clearly defined target audience, it is not appropriate to begin consideration of promotional decisions.

Promotional decisions center on what is to be communicated, to whom, through what methods and media, and at what appropriate costs. Promotion is necessary to inform, persuade, and remind consumers that a product exists and that they can benefit from the purchase of the product. For a market to exist, exchange must be possible, which necessitates buyers and sellers be able to meet together at a particular place to engage in an exchange of information. Promotion may be defined as an organization's activities that are designed to inform, persuade, or remind consumers about the organization and the products it offers.

Insight into the types of decisions involved in promotion can be gained by viewing it as a communication process (see Figure 2). In the communication process, a source (firm) sends a message by using a certain method or medium. This message reaches a receiver (consumer), who, by his or her words and actions, sends a message back to the source about what
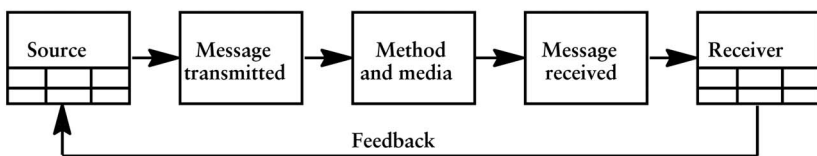


*Figure 2*   The Communication Process.

was received and his or her willingness to respond to that message. This process is always goal oriented. The sender is communicating to get a response from the receiver. The response may be internal, such as learning certain information or having certain attitudes, or it may show itself in more overt behavior through immediate or precipitant acts. Regardless, a response is desired.

The checkered areas in the sender's and receiver's boxes represent common frames of reference. A common frame of reference is a prerequisite to effective communication. Unless there is a common area of understanding between the sender and receiver, no communication takes place. The simplest example is a language barrier. If the message is sent in English and the receiver understands only Spanish, no communication takes place. The symbols (words) used to communicate are not common to the two parties in the process.

One point that must always be included in the planner's thinking is that promotion from a planning perspective involves sending the right message to the right audience through the right medium by using the right methods at the right costs. Deciding what is "right" constitutes the marketing planner's work in the communications part of the marketing plan.

# Competition

The subject of competition could well be the topic most likely to make many of the readers of this book uncomfortable. This could be because they prefer to think of all like organizations as contributing to achievement of goals common to professional service organizations rather than as competitors. Such a perspective is understandable and perhaps even laudable, although it has been known to vanish when other organizations competing for the same resources, do not play fair, or are seen as succeeding at the expense of one's own organization. Understanding the nature of competition allows professional service organizations to make a more informed decision about whether, how, and when to react in a competitive situation.

## LEVELS OF COMPETITION

A professional service organization can face competition on several levels:

1. Generic competition—other basic ways in which a person can satisfy a desire. Over-the-counter medicines, tax software, and legal forms are examples.
2. Institution competitors—other institutions offering the same form of satisfaction. (Other law firms, medical services providers, etc.)

Seen in this light, most professional service organizations do desire to more effectively compete at least at some level or levels in order to achieve their basic mission. Competitive activity will take different forms at each competitive level.

# Competitive Advantage

The search for competitive advantage lies at the heart of all marketing strategy. In fact, if you have no sustainable competitive advantage you will not be able to succeed.

Thus, the question that is central to the search for a competitive advantage has relevance for organizations of all types: "Why should someone engage in exchange with us rather than another organization?" The answer must be "Because they value what we do more than they do our competitors." (See COMPETITION to learn of the various levels on which professional service organizations can conceptualize competition.) Having a competitive advantage, therefore, hinges on providing something that is seen as having greater value in the eyes of your target audience than anything else they could obtain from another source to address the need they are seeking to have satisfied. This thinking may be alien to most leaders of professional service organizations, but most will recognize that the answer to the central question of "Why should someone engage in exchange with us rather than any other organization?" must be something other than "Because we really, really want them to." Thus, at some level the concept of searching for and establishing a reason to justify why limited resources (time, money, effort, etc.) should be provided to your organization could be a fruitful exercise.

Several conditions have been established for determining if you have a "real" competitive advantage (Cohen, 1995, p. 36):

1. The advantage(s) must be real. Just wishing it to be there does not make it true. This means you must be objective and dispassionate when looking at what your organization's special competencies are when compared to other organizations competing for the same resources. Perhaps getting someone who is outside your organization to appraise your organization's ability to perform the competency in question would be helpful in determining how "real" the advantage is.

2. The advantage(s) must be important to the person (or organization) that you wish to engage in exchange. (See EXCHANGE for more on the

nature of exchange processes for professional service organizations.) In for-profit enterprises, competitive advantages exist only when they ultimately translate into a benefit that the customer seeks and values. Merely being different from competitors along some dimension that you, the organizational decision makers, think is important does not mean that you have a true competitive advantage. The implication here is that you must have a means of understanding how your target audience thinks, feels, attaches value and makes choices. Obtaining that understanding requires knowledge of CLIENTS'/PATIENTS' BEHAVIOR and research methods. (See ATTITUDE MEASUREMENT, PRIMARY DATA, QUESTIONNAIRE, and SCALES.)

3. The advantage(s) must be specific. You can not be just a "good organization." You must be better at something specifically identifiable to your target audience than other organizations. So if you are "the best organization for trusts," for example, you must be able to back that up with some very specific things you do that are meaningful and valued by families seeking to set up a trust. What exactly makes you better than the other alternatives that your target audience will consider? Combining condition numbers 1, 2, and 3 together means you must be "really" good (not just in your opinion) at something specific that you know to be valued highly by a particular group of people whom you wish to engage in some form of exchange.

4. The advantage(s) must be promotable, meaning you must be able to communicate the advantage to your target audience in language that they not only understand, but that is also highly motivating. The previous three characteristics must be present before this fourth characteristic has relevance, but unless this fourth point is implemented, the value of the first three goes wanting. Also implied in point number four is that you have a budget in place so that the competitive advantage can be promoted with enough frequency and reach to attract the target market audience. Since most professional service organizations must rely more on both personal communications and paid promotion methods, this point means that providers must clearly and consistently communicate the competitive advantage to the organization's clients/patients and constituencies in internal messages that are easily and accurately passed along to target-market clients/patients via word-of-mouth. (See INTERNAL MARKETING.)

5. The advantage(s) should be sustainable, not transitory. Ideally, competitors should not easily copy the advantage(s). In some instances an organization can acquire such a well-entrenched image in the minds of the target audience that even if competitors copy the advantage it is still sustained in the eyes of the audience. An example of this in the commercial world is Wal-Mart's image as the low-cost retailer of consumer goods. Even if another competitor matches or beats

Wal-Mart's prices, Wal-Mart's image as the lower-cost provider could be sustained because it is so well-entrenched in the minds of consumers. Sustainability is a goal worthy of strategic thought by the professional service organization even if it is elusive, simply because it continues to focus attention on the central question "Why should they continue to engage in exchange with us rather than another organization?"

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# Controlling Marketing Activities

Many organizations fail to understand the importance of establishing procedures to monitor and control the marketing process—a failing that leads to less than optimal performance. Control should be a natural follow-through in developing a plan. No plan should be considered complete until controls are identified and the procedures for recording and transmitting control information to administrators are established

Planning and control should be integral processes. In fact, planning can be defined as a process that includes establishing a system for feedback of results. This feedback reflects the organization's performance in reaching its objectives through implementation of the marketing plan. The relationship between planning and control is depicted in Figure 3.

The planning process results in a specific plan being developed for a provider or service. This plan is implemented (marketing activities are
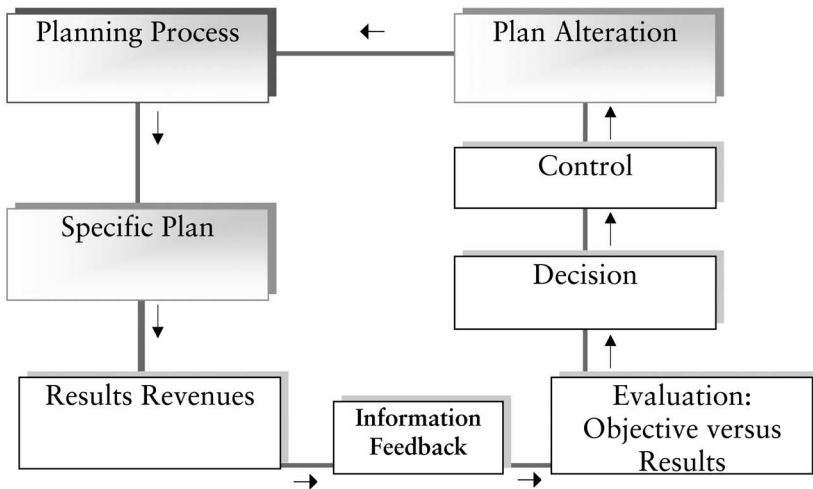
*Figure 3*   Planning and Control Model.

performed in the manner described in the plan) and results are produced. These results are revenues and accompanying clients'/patients' attitudes, preferences, and behaviors. Information on these results and other related factors are given to administrators, who compare the results with objectives to evaluate performance. This performance evaluation identifies the areas where decisions must be made. The actual decision making controls the plan by altering it to accomplish stated objectives and a new cycle begins. The information flows are the key to a good control system. Deciding what information is provided to which managers in what time periods is the essence of a control system.

The long-run marketing plan is composed of many short-run plans. An economist once noted that "We plan in the long run but live in the short run." If each of our short-run plans is controlled properly, the long-run plans are more likely to be controlled. The administrator cannot afford to wait for the time period of a plan to pass before control information is available. The information must be available within a time frame, which is long enough to allow results to accrue, but short enough to allow actions to align results with objectives. Although some types of organizations may find weekly or bimonthly results necessary, most organizations can adequately control operations with monthly or quarterly reports. Cumulative monthly or quarterly reports become annual reports, which in turn become the feedback needed to control the plan.

# Costs to Target Audience

By "costs" we are referring to those sacrifices that are incurred by clients/patients of the target audience in order to obtain the offering of the professional service organization. In an exchange process between two parties both must have something valued by the other party and be willing to give that "something" in exchange for what the other party has that is valued. The something the target audience gives up is, therefore, a cost to them of engaging in exchange with the professional service organization. These people face two types of costs, as follows:

1. Economic costs (e.g., to give up money or goods as tithes or offerings, or simply to buy a product or service)
2. Sacrifices of time and energy (e.g., to travel, wait, call, or revisit)

In return for these types of sacrifices, consumers of professional services receive benefits of physical relief, protection, representation, and document preparation.

An increased understanding of the nature of perceived costs from the perspective of the target audience will aid the professional service organization marketers seeking to enhance the prospects of exchange. Marketers who focus primarily on informing the target audience of the benefits from the exchange may fail to motivate many people in the target audience. They might acknowledge the benefits' existence and value, but fear incurring the costs more than they desire the benefits. Understanding the target audience's perception of costs requires research by the organization.

# Data Collection

Data collection refers to the process of obtaining data from those individuals or organizations selected to be included in a sample for a research project. This involves several related decisions. The first choice is between observation and interrogation, and the second choice is which specific observation or interrogation technique to use. These decisions, in turn, depend on what information is needed, from which sample elements, in what time frame, and at what level of cost.

Data collection can be the single most costly element in a research project or it can be of low relative cost, depending on the nature of the project. However, data collection is always an important determinant of research value because of the influence of the conditions surrounding data collection on the validity of the results obtained.

The most common data-collection techniques are self-administered questionnaires, telephone interviews, and personal interviews. The Internet can also be used to collect data. Each of these techniques has advantages and disadvantages and can be evaluated on speed, costs, sample size, accuracy, and reliability.

# Data Collection and Analysis

Data collection and analysis refers to the tools and techniques used to turn data into meaningful information. The major criterion is the nature of the data to be analyzed. The purpose of the analysis is to obtain meaning from the raw data that have been collected.

The analysis can be formal or informal. Informal analysis would involve looking through responses or databanks made by clients/patients. However, this can produce bias and also is impractical when large amounts of data are to be analyzed. Formal analysis usually involves the use of analytical tools such as statistics, to summarize and test the data. Such analysis may reserve the use of consultants.

Once the data are collected and analyzed, the researcher must interpret the results of the findings in terms of the problem studied. This means determining what the results imply about the solution to the problem and recommending a course of action to solve it. If the purpose of the research project was to determine the feasibility of introducing a new service and the results of the research project show that the program will produce an acceptable number of new clients, then the researcher should recommend introduction of the program unless known internal or external barriers cannot be overcome.

The researcher must move beyond the role of the scientist in objectively collecting and analyzing data. Now the role is as a consultant in a framework that states: "Given these facts and this interpretation, I recommend this action." This does not, of course, mean that the action recommended will be pursued by the organization. The researcher usually only makes recommendations. Other administrators have the prerogative of accepting or rejecting the recommendations. However, the researcher must still recommend the action. Failure to do this is analogous to a dog chasing a car—the dog would not know what to do with the car once he caught it.

# Database Marketing

True database marketing creates customer intelligence that contributes to the development of effective clients/patients relationships. Database marketing is an organizational process that is customer research-driven. The information base is dynamic and evolving, preferably with two-way dialog with the customer. This measure of the importance of creating and maintaining a good database of market information is what Business Week devoted the cover story of its September 5, 1994, issue to, calling it "one of the biggest changes in marketing since 'new and improved'" ("Databased Marketing" 1994, p. 56) Since that time the concept of database marketing, coupled with new technologies, has grown to the point that a new generation of marketing professionals has been created. These new database marketing professionals offer skills in four primary areas:

1. Secondary data acquisition, including analysis of the value of lists
2. Database building, including the understanding of computer hardware and software
3. Target marketing, including maximizing database record use
4. One-to-one marketing, managing and refining the targeting process to customize contacts for every client/patient

The popularity of database marketing is grounded in the belief that marketing planning begins by understanding the customer—his or her buying and consumption patterns, location, interest, and other aspects of buying behavior discernable from databases—and then formulating plans that attempt to weave the firm's product or service into the consumer's pattern of behavior. The basic idea behind use of databases is, "If that is what consumers are doing, how can we make them want to do that more often and with our product?" This approach to satisfying customers adheres to the belief that the best indicator of future behavior is past behavior.

The process of data collection and manipulation, which allows such powerful tactical marketing actions to occur, consists of several steps:

1. Clients/patients action. The process begins with constituents taking some form of action—they make an appointment, send a letter or e-mail, they telephone, or use a service. This behavior may be combined with other information to identify a broad profile of each client/patient in the database.
2. Digesting the data. Sophisticated statistical techniques are used to merge data on the consumer into a coherent, consolidated database. Other software allows the marketer to "drill down" into the data to reveal patterns of behavior for classes of clients/patients.
3. Profiling the ideal clients/patients. Neural networks that "learn" from the data are used to identify model clients/patients (i.e., the common characteristics held by the high-donor clients/patients). This allows the marketer to find clients/patients or potential clients/patients who share those characteristics in common with the high donor.
4. Using the knowledge. This data can be used in many ways: to determine who gets which mail-outs, to develop attributes for new services with a targeted list of clients/patients, for new service/ product introduction announcements, and to tailor ad messages and target them by client/patient group, etc.

Modern technology has made it possible for marketers to do extensive searches through a large database, essentially mining the data. Data mining is the process of sorting through the data to find hidden patterns, potential trends, and correlations between clients/patients, or within a single client's/patient's data. Data mining is predominantly accomplished through mathematical and statistical processes and is typically done utilizing software developed for this purpose.

Although modern technology, including neural network software and parallel processor hardware, makes the use of such database marketing possible, it is old-fashioned objectives that drive the interest in databases—marketers are seeking to know their clients/patients so well that they can anticipate their needs and provide those products and services to clients/patients before they even know they want them. This is relationship marketing at its most efficient evolutionary stage. Computer technology allows the marketer to acquire knowledge of the purchasing habits of millions of individual clients/patients and to "weave relationships" with them by anticipating their needs and informing them of need—satisfying products specifically suited to their situation. To some degree, the marketing plans of companies actively engaged in database marketing are driven by the desire to maximize the use of their databases and the technology that allows manipulation of those databases. In other words, the ability to use the database in certain ways means those uses will become the implementation of the marketing plan (i.e., the plan conforms to fit the technology available). This is not necessarily an inappropriate or "backward" approach to marketing as long as marketers do not lose sight of the fact that the ultimate

goal of any use of technology or objective of a marketing plan is to identify how you can gain a competitive advantage in satisfying clients'/patients' needs and wants.

Jackson and Wang (1995) identified fifteen ways to use a marketing database. Many of these concepts can be applied to professional service organizations. The concepts are listed here to illustrate the spectrum of possibilities for the use of databases in data-based marketing planning.

1. Identify your best customers.
2. Develop new customers.
3. Deliver a message consistent with product usage.
4. Reinforce consumer purchase decisions.
5. Cross-sell and complementary-sell products.
6. Apply three-tiered communications.
7. Improve delivery of sales promotion.
8. Refine the marketing process.
9. Increase the effectiveness of distribution-channel marketing.
10. Maintain equity.
11. Establish a management resource.
12. Take advantage of stealth communications.
13. Conduct customer, product, and marketing research.
14. Personalize customer service.
15. Provide program synergy and integration.

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# Demographics

Demographics are statistical characteristics of the human population. These observable characteristics can be personal, economic, and social. Examples are age, gender, income, occupation, race, education, religion, marital status, family size, age of children, home ownership, and residence location.

Demographics help in understanding and assessing a market and in developing marketing strategy. These quantifiable factors are good predictors of behavior and therefore can be used as a way to segment a market. In fact, demographic segmentation is the most common type of segmentation. Demography can help in identifying potential customers and selecting target markets. The knowledge of statistical characteristics can serve as a basis for advertising decisions such as what appeal and media to use.

The marketer's use of demographics is based on the thought that people with different characteristics have different needs. Service providers can develop services to meet the needs of individual demographic groups, such as living wills, tax shelters, and retirement planning for clients over 50 years old.

Demographic data are widely available. The United States Department of Commerce provides information through the U.S. Census Bureau. This source is available at the Web site, www.census.gov, and is available in many public libraries. Private companies such as Claritas (www.claritas.com) and ESRI, Inc. (www.esri.com) also provide demographic information and many other services.

# Descriptive (Quantitative) Research

Descriptive research, sometimes referred to as quantitative research, is one of three types of research designs (see EXPLORATORY, descriptive, and causal).

As the name implies, descriptive research seeks to describe something. More specifically, descriptive research is conducted when seeking to accomplish the following objectives:

1. Describe the characteristics of relevant groups such as the 20 percent of our clients who generate 80 percent of our revenues.
2. Determine the extent to which two or more variables covary. For example, does use of our services vary by age of respondent?
3. Estimate the proportion of a population who act or think a certain way. For example, how often do childless couples seeks professional counsel on fertility issues?
4. Make specific predictions. For example, we might want to forecast the number of people who would use the services of a satellite clinic.

Descriptive research is highly structured and rigid in its approach to data collection compared to exploratory research's unstructured and flexible approach. As such, descriptive research presupposes much prior knowledge on the part of the researcher regarding:

- who will be targeted as a respondent,
- what issues are of highest priority to be addressed in the study,
- how the questions are to be phrased to reflect the vocabulary and experience of the respondents,
- when to ask the questions,
- where to find the respondents, and
- why these particular questions need to be answered in order to make decisions.

Thus, exploratory research may often be needed to allow descriptive research requirements to be met.

The best known and most frequently used descriptive design, cross-sectional analysis, involves a sampling of a population of interest at one point in time. This technique is sometimes referred to as a sample survey, because it often involves a probability sampling plan intended to choose respondents who will be representative of a certain population. As with all descriptive research, sample surveys are characterized by a high degree of structure—in both the data-collection instrument and in the data-collection process itself. The only way we can be sure we are measuring frequency or variation in the phenomenon under investigation is to build a high degree of structure into the instrument and process. That structure was not needed in exploratory research. It would have been a deterrent to achieving our objectives of insight, ideas, hypotheses, clarification, and so on.

Cross-sectional surveys do not always have to involve selection of a one-time sample of respondents from the population. Several firms such as The Home Testing Institute, Market Facts, and National Family Opinion (NFO) operate omnibus panels that consist of hundreds of thousands of U.S. households that have been selected to proportionately represent the U.S. population along key dimensions such as age, income, sex, ethnic composition, and geographic dispersion. Clients/patients of such households are recruited to serve on the panel and agree to participate in answering questionnaires or trying products when requested to do so by the company maintaining the panel. Using such a panel allows an organization to select certain demographic characteristics for respondents (e.g., single males under age thirty-five) and send a questionnaire to them, knowing that the cost of finding and getting a response from a targeted number of this group (e.g., 1,000 completed questionnaires) is much less than trying to complete such a project in the general population where response rates may be as low as 1 or 2 percent.

These panels are particularly cost-effective when research is being conducted on a topic where the incidence rate in the population is very low (e.g., vegetarians, people with three-car garages, people with home movie theaters, etc.). In such cases it is possible to buy a few screening questions on the monthly questionnaire sent to, say, 50,000 panel clients/patients to identify those clients/patients who fit the desired profile, then send only those qualified panelists a longer questionnaire to obtain the detailed information being sought. Firms maintaining such omnibus panels turn over clients/patients frequently to avoid participating households becoming "professional respondents," which would reduce the respondents' representativeness for the general population. (See also QUESTIONNAIRE and SAMPLING.)

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# Direct Marketing

The business definition of direct marketing is "any direct communication to consumer or business recipient that is designed to generate a response in the form of an order, a request for further information, and /or a visit to a place of business for purchase of a product" (Direct Marketing Association, 2002). This is sometimes referred to as direct-response marketing, direct-response retailing, direct-response advertising, direct-response promotion, and non-store retailing.

For a service provider, direct marketing is simply the direct communication with a potential client/patient in an effort to generate a response. The communication may be by mail, telephone, person-to-person, direct-response television, the Internet, or any combination of these methods.

Direct marketing has several advantages. Depending on the method of communication contacts can be made efficiently and relatively inexpensively. Potential clients/patients can be targeted and specifically pinpointed, and the contact can be personalized. Also, recipients can respond at a time that is convenient to them. Direct marketing has its disadvantages. Often, a low response rate can lead to a higher cost per response. Another problem is clutter. For example, because so much direct mail is sent, many pieces are never opened. Although some people have a low opinion of direct marketers, a long-term growth is projected for direct marketing.

A comprehensive up-to-date database of potential contacts is extremely important for direct marketing. Names, addresses, telephone numbers, and background data should be collected, stored, and used in an appropriate manner. Experienced personnel, current technology, and good equipment are needed to adequately manage the database.

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# Environmental Scanning

Environmental factors can have a substantial impact on marketing and on the managing of an organization. Therefore, marketers should monitor developments, trends, and changes in the environment.

Environmental scanning is "the process of collecting information about the external marketing environment in order to identify and interpret potential trends" (Boone and Kurtz 2002, p. 41). It involves identifying those realities in an organization's operating sphere that directly or indirectly influence its plans and operations. Environmental information can be helpful in decision making, as this information can lead to seizing opportunities or dodging threats.

An organization's operating sphere includes economic, technological, cultural, social, legal, political, competitive, and organizational environments. The most important point a manager can learn from an analysis of environmental factors is the answer the following question: "How do these factors influence marketing plans being developed or precipitate changes in an existing plan?" The answer involves keeping in tune with the operating environment and relating environmental changes to the planning process. Managers continually need to ask themselves two basic questions: "Are we doing the right things?" and "Are we doing things right?" The first question is concerned with direction and adaptation, or keeping in the mainstream of what is going on in the worlds in which we operate. The second question is concerned with effectiveness and efficiency.

Of course, environmental factors and trends are not always so easy to recognize. Because the environment is so large and complex, a manager must establish a standard of relevance in the analysis, which means developing an approach to determine whether or not an environmental factor is important to the organization. This approach can be accomplished by developing a list of words that can be used as a focus when shifting through various sources of information. In developing a list of key words or phrases, and in the information search stage, a basic question continually should be asked, "Could this factor directly or indirectly influence our market or marketing strategy?" If the answer is "yes," the factor is examined. If the answer is "no," the factor is omitted. This

question is the standard of relevance used to judge the importance of various environmental factors.

**REFERENCE**

Boone, Louis E. and David L. Kurtz, Contemporary Marketing (South-Western Thomson Learning), 2002, p. 41.

# Exchange

The concept of exchange helps us to understand how a professional service organization can fulfill its mission by interacting with various targeted publics. For an exchange to occur between two or more parties (e.g., between a professional service organization and an individual, or between two organizations), all parties must have something of value (SOV) in the eyes of another party and be willing to exchange that SOV for the other party's SOV. This exchange of SOV's can be graphically depicted in the figure below:

Not all of the interaction between a professional service organization and its publics can be characterized as exchange, but it is safe to say that virtually all professional service organizations must successfully manage some exchange processes to attract the resources needed for survival and/or to achieve their fundamental mission. Marketers believe that the exchange process is at the core of what defines marketing itself. Witness the American Marketing Association's definition of marketing: "The process of planning and executing the conception, pricing, promoting, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives" (Nichols, 1985, p. 1).
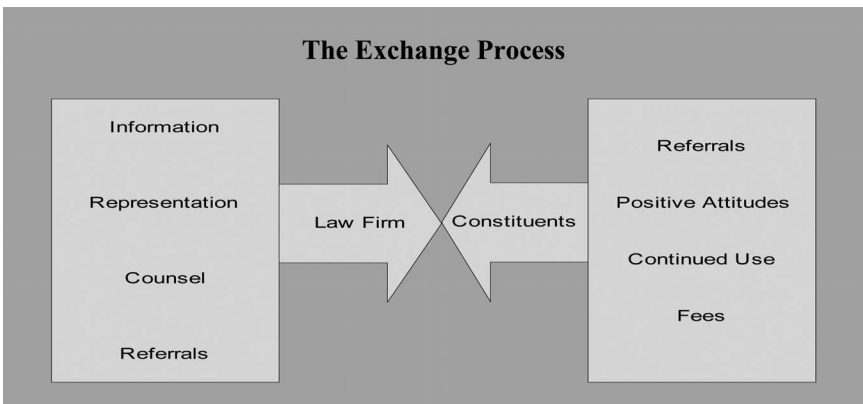


*Figure 4* The Exchange Process.

Many professional service organizations adopt a selling or product orientation that assumes everyone will recognize the obvious and inherent value of their service. This is an inside-out perspective. In contrast, a MARKETING ORIENTATION always takes an outside-in perspective by looking at services from the perspective of the other party (the consumer).

# Exploratory (Qualitative) Research

Exploratory research, sometimes referred to as qualitative research, is one of three types of research designs: exploratory, descriptive, and causal.

Exploratory research is in some ways akin to detective work. It involves a search for "clues" to reveal what happened or is currently taking place. A variety of sources might be used to provide insights and information, and the researcher/detective "follows where his or her nose leads" in the search for ideas, insights, and clarification. Researchers doing exploratory research must adopt a very flexible attitude toward collecting information in this type of research and be constantly asking themselves what lies beneath the surface of what they are learning and/or seeing. An insatiable curiosity is a valuable trait for exploratory researchers.

Such curiosity will serve the exploratory researcher well when, for example, he or she sees the need to ask a follow-up question of a respondent who has mentioned some unanticipated answer to a researcher's query. The follow-up question is not listed on the researcher's interview guide, but the curious interviewer instinctively knows that the conversation should begin to deviate from the guide because the unexpected response may be revealing much more important issues surrounding the topic for investigation than were originally anticipated by the researcher. A willingness to follow one's instincts and detour into new territory is not only acceptable in exploratory research, but commendable! Inspired insight, new ideas, clarifications, and revelatory observations are all the desired outcomes from exploratory research and decision makers should not judge the quality of the idea or insight based on its source.

Although we do not want to give the impression that any approach is acceptable for doing exploratory research, or that all methods are of equal value in providing desired information, exploratory research is characterized by a flexibility of method that is minimal with other research design types.

Exploratory research is needed whenever the decision maker has the following objectives:

1. More precisely defining an ambiguous problem or opportunity

2. Increasing the decision maker's understanding of an issue
3. Developing hypotheses that could explain the occurrence of certain phenomena
4. Generating ideas
5. Providing insights
6. Establishing priorities for future research or determining the practicality of conducting some research
7. Identifying the variables and levels of variables for descriptive or causal research

## TOOLS USED TO CONDUCT EXPLORATORY RESEARCH

### Literature Review

More often than not the proper place to begin a research study is to investigate previous work related to the research issues under study. Exploratory research seeks to generate ideas, insights, and hypotheses, and reading what others have done and discovered about the topic in which you are interested can save valuable time and resources in the search for those ideas.

### Personal Interviews

One of the best ways to obtain desired insights, hypotheses, clarifications, etc., is to talk with someone whose experience, expertise, or position gives him or her unique perspective on the subject of interest. The key to achieving your research objective of gaining insight, ideas, etc., through exploratory personal interviews is to be flexible and think about what you are hearing.

Researchers should never confuse the exploratory personal interview with one conducted in descriptive research. Descriptive research interviewing requires a consistency in the questions asked and the way the questions are asked that is not conducive to achieving exploratory objectives. With exploratory interviewing, we are not trying to precisely measure some variable; we are trying to gain penetrating insights into some important issue. Hence, each of our exploratory interviews may take a different tack as we seek to probe and query each key informant to gain full benefit of their unique experiences.

### Focus Groups

One of the most popular techniques for conducting exploratory research is focus groups, a small number of people (usually eight to twelve) convened

to address topics introduced by a group moderator. The moderator works from a topic outline developed with input from moderator, researcher, and decision maker. Focus groups have proven to be of particular value in the following:

1. Allowing researchers to see how their subjects act, think, and respond to the Organization's efforts
2. Generating hypotheses that can be tested by descriptive or causal research
3. Giving respondent impressions of new programs
4. Suggesting the current temperament of a target audience
5. Making abstract data "real"—such as seeing how a "strongly agree" response on a survey appears in the faces and demeanor of "real" people

Focus groups are popular because they not only are an efficient, effective means of achieving these goals but also because decision makers can attend them, observing the responses of the participants "live." This observation can be a double-edged sword, for while it does make the abstract "real," it can deceive the novice into believing that the entire audience is represented by the respondents in the focus group. Conducting more focus groups to see a larger number of respondents does not convert the exploratory findings into descriptive data. Focus groups are one of several means of achieving the objectives of exploratory research and should not be overused or believed to be generating results that were never the intent of this technique.

## Analysis of Selected Cases

Another means of achieving the objectives of exploratory research is to conduct in-depth analysis of selected cases of the subject under investigation. This approach is of particular value when a complex set of variables may be at work in generating observed results and intensive study is needed to unravel the complexities. Here again, the exploratory investigator is best served by an active curiosity and willingness to deviate from the initial plan when findings suggest new courses of inquiry might prove more productive. The exploratory research objectives of generating insights and hypotheses would be well served by use of this technique.

## Projective Techniques

Researchers might be exploring a topic in which respondents are either unwilling or unable to directly answer questions about why they think or act as they do. Highly sensitive topics involving their private lives are obviously in this category, but more mundane behaviors may also hide deep psychological motivations. The method used to uncover these hidden motives is one of the so-called projective techniques, named because respondents

project their deep psychological motivations through a variety of communication and observable methods.

One must be skilled not only in structuring these approaches, but also must be an experienced professional in interpreting the results. Although shown to provide intriguing new insights into behavior, they are best left to experts to operate and interpret.

**REFERENCE**

Wrenn, Bruce, Robert Stevens, and David Loudon, Marketing Research: Text and Cases (Binghamton, NY: The Haworth Press), 2002.

# Facility Design

Service providers have to make decisions on the design of their facilities because this can affect clients'/patients' attitudes and behavior. Consider how the "atmosphere" of an organization can affect clients/patients. Many older organizations have gothic designs with drab wall colors that may create a cold, unfriendly feeling, especially among visitors. Newer facilities can be designed with colors, textures, furnishings, and layouts to reinforce positive feelings of warmth, openness, and so on.

An organization that is designing a service facility for the first time faces four major design decisions:

1. What should the building look like on the outside? The building can look like a Greek temple, a villa, a glass skyscraper, or another genre. It can look awe-aspiring, ordinary, or intimate.
2. How should the building be laid out? The rooms and corridors must be designed to handle the expected number of clients and provide privacy.
3. What should the building feel like on the inside? Every building conveys a feeling, whether intended or unplanned, awesome and somber, bright and modern, or warm and intimate. Each feeling will have a different effect on visitors and their overall satisfaction with the facility.
4. What materials would best support the desired feeling of the building? The feeling of a building is conveyed by color, brightness, size, shape, volume, pitch, scent, freshness, softness, smoothness, and temperature. The planners must choose colors, fabrics, and furnishings that create or reinforce the desired feeling.

Each facility will have a look that may add to or detract from clients'/patients' satisfaction and staff performance. Because the staff must work in the facility all day long, the facility should be designed to support them in performing their work with ease and cheerfulness. Many of the decisions discussed in this section require outside assistance.

The selection of building color, for example, is a task for the expert designer, not the layperson. Color is a highly technical subject and, when approached from the lay point of view, choice may be influenced by the preferences of the individual. Sometimes those colors that we personally like or feel would be suitable are incompatible with wall texture or atmosphere.

People are known to react significantly to certain colors and their combinations. As a result, appropriately color-coordinated buildings attract better responses than do those with hit-or-miss color schemes. The color of a building or walls can make people feel that it is weak or strong, dirty or clean, heavy or light, and even masculine or feminine.

Modern buildings use intensive fluorescent illumination ranging upwards from fifty-foot candles. Colors must be designed with lighting in mind. When the same color is viewed under incandescent light, the colors appear to change.

This discussion should point out the need for the use of assistance in building design, color selection, and so on. This assistance does come with a price, but in the long run it is easier to do things right the first time.

# Family Life Cycle

The family life cycle is the process of family formation and dissolution. Using this concept, the marketer combines the family characteristics of age, marital status, and number and ages of children to develop programs and services aimed at various segments.

A five-stage family life cycle with several subcategories has been proposed. The characteristics and needs of people in each life cycle stage often vary considerably. Young singles have relatively few financial burdens, and are recreation oriented. By contrast, young marrieds with young children tend to have low liquid assets, and are more likely to watch television than young singles or young married couples without children. The empty-nest households in the middle-aged and older categories with no dependent children are more likely to have more disposable income, more time for recreation, self-education, travel, and more than one member in the labor force than their full-nest counterparts with younger children. Similar differences are evident in the other stages of the family life cycle.

Analysis of life cycle stages in market segmentation often gives better results than reliance on single variables such as age. For example, the needs of a twenty-five-year-old bachelor are very different from those of a father of two of the same age. The family of five headed by parents in their forties is more interested in retirement planning, maintaining health, and needs of children than younger families.

# Fee Level Decisions

Pricing decisions provide the most visible example of the need for a firm to consider both internal (costs and profit objectives) as well as external (customer demand and competition) factors when making decisions. Although the level of influence of these and other factors will vary from firm to firm, it is not unusual for some factors to dominate the price-setting process. For example, one approach to price decisions is pricing a product in relation to its competition. Three alternatives are possible for that decision: above competition, equal to competition, and below competition.

When the product or service is substantially above competition, the quality and/or prestige of the product must be such that consumers are convinced that the value represented is worth the higher price. In some cases, this is due to higher product quality represented by better engineering or better quality raw materials being used in production. In the case of services, this may be higher skill levels passed by the provider. Curtis Mathes, Inc., has advertised for years that it is the most expensive television on the market because of the quality materials and workmanship involved in production. Although most consumers cannot judge quality differences in televisions during purchase, Curtis Mathes has a four-year warranty on the product, which is longer than that normally given by other companies. The warranty backs up the claim of better quality.

Pricing with the market does mean very similar prices. When prices are set in this manner, price is in effect neutralized and non-price components of the marketing mix must be used to differentiate a product from its competitors. This is a common approach used by firms because price changes are the easiest for competitors to copy. If a unique product or a successful advertising campaign is developed, competitors may never duplicate these efforts. If price is the same between alternatives, the consumer must make a choice on the basis of other factors, and it is these other factors that planners alter to differentiate their offering in the marketplace. This approach is also used in oligopoly situations because of fear of retaliation from competitors if prices are altered.

Pricing below the market implies that price will be used as the active variable in the marketing mix. If lower levels of quality are used, this may

be the average price in a different market rather than a lower price for competing products. Firms often use below-market pricing when entering a new market or when trying to capture a large market share. Demand for the product must be elastic enough to offset the lower price per unit with increased volume or a lower level of profits will result. Because many consumers associate price with quality, a price substantially below the market may suggest reduced product quality. When this happens, lower prices produce lower levels of volume—a positive sloping demand curve.

# Geodemographics

Marketers segment markets (see MARKET SEGMENTATION) in order to be more effective and efficient in finding and communicating with those groups of people with whom the marketer has the greatest chance of engaging in mutually beneficial exchange. The segmentation "base" refers to the particular variable or set of variables used to divide the market into groups that are homogeneous within the group, and heterogeneous between groups (e.g., if "age" were the segmentation base we might identify four segments: <18, 18–25, 26–50, 51+ years old).

Geodemographics is a segmentation base that reflects the "lifestyles" of the U.S. population. Although geodemographics is the generic term used to describe this base, several companies operate proprietary geodemographic segmentation services. Claritas' PRIZM is perhaps the best known of the geodemographic segmentation systems that divide the U.S. population into specific lifestyle segments. All of these systems begin with U.S. Census data and then add other databases to develop detailed descriptions of consumer segments. The PRIZM system divides the U.S. adult population into sixty-two separate lifestyle segments or "clusters" and ranks these clusters in socioeconomic order, giving them snappy names that reflect their ranking, such as "Blue Blood Estates," "Kids and Cul-de-Sacs," "Bohemian Mix," and "Shotguns and Pickups." Each residential address in the United States is classified into one of the segments based on what the Census data and other databases indicate as the socio-economic, housing, and aggregated consumer-demand information for that household. A "Young Literati" household in Portland, Maine, is more similar in the lifestyle of its clients/patients to a "Young Literati" household in Portland, Oregon, than it is to a "Shotguns and Pickups" household located two miles away in the same city. Marketers can identify segments they wish to target and then get a map that shows the geographic areas where those segments are in highest concentration or they can identify specific geographic areas where they desire to penetrate and get a profile of the segments located in that area. For example, PRIZM identifies the following segments present in the zip code 90210, Beverly Hills, California.

| PRIZM Rank | Name |
| --- | --- |
| 1 | Blue Blood Estates |
| 2 | Winner's Circle |
| 7 | Money + Brains |
| 10 | Bohemian Mix |

The "Blue Blood Estates" are described as:

Elite, Wealthy families' Age group: 45–64
Professionally employed
1.2 percent of U.S. households belong to this segment
They are likely to:
      Watch Wall $treet Week with Fortune
      Read Architectural Digest

Geodemographic segmentation has been successfully used by a large number of professional service organizations seeking to identify and better understand those groups of people they wish to engage in exchange processes. For a detailed description of how one denomination has used this approach to better understanding and reaching a target audience see Shawchuck et al. (1992, pp. 184–196). One organization exclusively dedicated to serving professional service organizations with demographic and geodemographic data is Percept. See www.percept1.com/pacific/HOMEfront.asp

**SUGGESTED READING**

Weiss, Michael J. The Cultured World: How We Live What We Live, What We Buy, and What It All Means About Who We Are (Boston: Little Brown), 2000.

# Grid Analysis

A market grid is a two-dimensional view of a market that is divided into various segments based on characteristics of potential clients/patients. Two important concepts in grid analysis are: first, that characteristic of potential clients/patients are used to segment the market rather than product characteristics. This ensures a clients/patients-oriented view of the market rather than a service-oriented view. Second, characteristics of potential clients/patients rather than existing clients/patients are used to focus on clients/patients that the organization may not currently serve.

A series of grids must normally be used to describe a market completely, so the planner must begin with a set of characteristics thought to be useful in differentiating clients'/patients' needs. Each characteristic must be analyzed to determine its probable effect on clients'/patients' satisfaction.

Two types of characteristics are frequently used in the analysis: socioeconomic and stage in the family life cycle. Some examples of each of these types of characteristics are listed here. Using these characteristics to divide and assign a large group into smaller subgroups enables the planner to

*Table 2.* Grouping of Characteristics Used in Grid Analysis

| Characteristic Type | Characteristics |
| --- | --- |
| Socioeconomic | Age |
| | Sex |
| | Income |
| | Education |
| | Marital status |
| Spiritual Life Cycle Stage | Committed/not committed Maturity level |
| | Service orientation |
| | Single |
| | Married with no children |
| | Married with children |
| | Older married with no children home |
| | Older single |

isolate the needs of very specific segments and then design programs and services for these segments.

The examples shown are not all-inclusive, of course, but are intended to illustrate the types of characteristics that can be used. A planner must select a specific list of characteristics from the many possible by assessing the impact of a client/patient characteristic on need satisfaction. Only those characteristics useful in differentiating needs are used in the market grids.

# Implementation

Implementation puts marketing plans into operation. Marketing implementation involves the daily activities that transform the plan to work. Whereas marketing planning addresses the what and why of marketing activities, implementation addresses the who, where, when, and how (Kotler and Armstrong 2001).

A Harvard Business Review article carried the title "Hustle As Strategy" (Bhide, 1986), and the point of the article was that more is gained from a good strategy with great implementation than from a great strategy with good implementation. "Hustle," or implementation, can make or break a company in many marketing situations. The firm that achieves excellence in the skills needed for implementing a marketing plan may be achieving a competitive advantage that perhaps has eluded it in the strategy development stage of the planning process. However, excellent implementation of a poorly conceived strategy is akin to great advertising of a terrible product—the disaster occurs much sooner than if the excellence was not there! Thus, successful organizations have found ways to be good at both the development and implementation of marketing plans.

Management should place emphasis on developing marketing plans that focus on delivering value to its clients/patients. From an implementation perspective, the aim is to accomplish this feat by translating the strategy into a series of assigned activities in such a way that everyone can see their job as a set of value-added actions. These actions should be seen as a contribution to the organization by the people assigned to those tasks, because the ultimate result of the actions is greater value being delivered to the customer.

Bonoma (1985) suggested four types of skills that must be utilized in order for such a strategic goal to be successfully translated into implementation activities:

1. Allocating skills are used by marketing managers to assign resources (e.g., money, effort, personnel) to the programs, functions, and policies needed to put the strategy into action. For example, allocating

funds for special-event marketing programs is an issue that requires managers to exhibit allocating skills.

2. Monitoring skills are used by marketing managers who must evaluate the results of marketing activities. These skills can be used to determine the effectiveness of the marketing plan.

3. Organizing skills are used by managers to develop the structures and coordination mechanisms needed to put marketing plans to work. Understanding informal dynamics as well as formal organization structure is needed here.

4. Interacting skills are used by marketing managers to achieve goals by influencing the behavior of others. Motivation of people internal as well as external to the company is a necessary prerequisite to fulfilling marketing objectives.

Implementation of the marketing plan includes turning the strategic elements of the marketing mix into tactics. These elements—product, place, promotion, and price—should be viewed from a clients'/patients' orientation.

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Bonoma, Thomas V., The Marketing Edge: Making Strategies Work (New York, NY: The Free Press), 1985.
Kotler, Philip and Gary Armstrong, Principles of Marketing, Ninth Edition (Upper Saddle River, NJ: Prentice-Hall), 2001.

# Improving Customer Perceptions of Service Quality

The most vexing challenge for management, given the importance of reliability in defining service quality, is to close any gap that exists between expectations and ultimate delivery of service to customers. There are five particular service-related gaps that should be of concern to marketing planners:

1. Gap between customers' expectations and management's perceptions. Research into what customers' are actually thinking is needed—we cannot just assume that absent such research we know with clarity what those expectations are without conducting the proper research.

2. Gap between management perception and service quality specifications. Knowledge of customer expectations is but the first link in a chain of steps leading to customer satisfaction with service delivery. It is important that specifications of policies and tasks of service delivery be developed based on that knowledge, communicated to employees, and that employees that see their job performance will be based in part or in whole on meeting those specifications.

3. Gap between service quality specifications and service delivery. Highly motivated, trained, and well–informed employees are needed to actually perform the tasks specified as necessary for delivery of quality service. Control systems that are capable of measuring any gap between desired and actual service delivery should be in place to indicate where excellence or shortfalls are occurring.

4. Gap between service delivery and external communication. Excellent delivery of service specifications can still disappoint customers if marketers have caused those customers to have unrealistically high expectations of service. For example, photos that suggest the accommodations at a resort are more spacious or luxurious than they really are will likely raise expectations higher than can be delivered, resulting in disappointed customers.

5. Product quality and customer-service decisions should be the cornerstone of product decisions in the marketing plan for existing products.

# Internal Marketing

Internal marketing focuses on marketing the organization to employees who in turn are the representatives of the organization to clients/patients, suppliers, etc. If employees don't understand the vision of the organization and the importance of delivering high levels of service to attract and retain clients/patients, then they can not convey this to others and external marketing efforts will be less effective and may simply create customer dissatisfaction when external marketing efforts promise more than the organization can deliver.

Professional organizations, and in fact all organizations, must successfully satisfy the needs of the members of the organization if they are to remain viable and achieve their mission. Satisfying such needs means that the organization successfully manages its exchanges with employees (i.e., it is successful at internal marketing).

## BENEFITS OF INTERNAL MARKETING

1. Internal marketing encourages the internal market (employees) to perform better.
2. Internal marketing empowers employees and gives them a sense of accountability and responsibility.
3. Internal marketing creates common understanding of the business organization and the focus on satisfying client/patient needs.
4. Internal marketing encourages employees to offer superb service to clients/patients by showing appreciation for their contribution to the success of the business.
5. Internal marketing helps all staff members learn and be able to perform their tasks in a marketing-like manner.
6. Internal marketing improves client/patient retention and individual employee development.
7. Internal marketing integrates all elements of the business; culture, structure, human resources management, vision and strategy with the employees' own professional and social needs.

8. Internal marketing creates better coordination and cooperation among departments of the business when each department or specialty understands what others are contributing to the organization.


## WHAT ARE SATISFIED CLIENTS/PATIENTS?

For example, what does it mean for a doctor to have satisfied patients? It may mean that they are satisfied with the services, interactions with employees, atmosphere of the office, etc. It may mean any of these things or all of them. But it must mean one thing: they want to continue to remain patients of the doctor. Patient satisfaction rarely occurs by chance or as a natural consequence of a doctor discharging medical duties. It would be a mistake to assume that a doctor has more satisfied patients because the *doctor* is better. Patients are satisfied because the doctor made *them* better. Doctors should see what they do as value-added activities, adding something of value to the lives of their patients along some dimension that is significant *from the patients' perspective*. This illustrates the need for a shared frame of reference to exist between doctors and patients. Doctors must be able to perceive value in services from the patients' viewpoint so that patient satisfaction can be truly delivered by building value into the relationship.

To continue with an example of a doctor, several actions taken by a doctor will enhance the likelihood of internal marketing practices leading to having satisfied patients:

- *The need for visible, personal leadership in instilling a customer service mentality in an organization.* A doctor must take the lead in building a customer service mentality throughout his or her business. Doctors should be. . . .
- *Communicating a vision of the organization beyond employees' previous conception of the organization. . . .*
- *Creating an understanding what constitutes satisfaction of patients' needs.* Professionals must focus on understanding their patients and being in tune with the needs, attitudes, perceptions, values, and motivations. Professionals should make a point of understanding what it is that their patients/clients really value. He or she should develop a sixth sense about what constitutes their satisfaction.
- *Have a clear service strategy instead of assuming that satisfaction will occur.* Professionals must not assume that just because they enthusiastically support high levels of satisfaction that it will be put into action whenever a service encounter occurs. Professionals must develop a service strategy for themselves and their organization. An effective service strategy is one that noticeably differentiates your organization from others, has value in your patients/clients' eyes, and is deliverable by the professional or the staff.

- *Research customer attitudes.* Soliciting patient/clients' attitudes not only yields the benefit of knowing where you stand on delivering satisfaction, but it also involves them more actively in the service. Making patients/clients a part of the process of building a responsive organization builds ownership of the business, and has the side benefit of generating new ideas and suggestions, which can result in even greater satisfaction producing activities for the organization. A satisfaction survey which sits unanalyzed and unused is worse than not doing one at all; it generates a lot of unrealized expectations for changed behavior on the part of the professional and the staff.

- *Generate commitment to high quality service throughout the organization.* Any attempt to dramatically alter the orientation of an organizations' employees must face the task of turning the unheard of into the routine. If a professional and his/her staff are to begin to think in terms of nurturing patients/clients, then they must be routinely talking about the values and ways of making the patients/clients' experience satisfying. A professional must get employees to think in terms of their roles in service encounters. Routinely talking about the need for and value of nurturing experiences can help staff members become accustomed to looking for ways to enhance the service experience.

- *Make sure the basics are well done.* The excellent service organizations never forgets that no amount of extras, special touches, or fancy packaging can overcome failure to deliver the core benefits sought from their service by patients/clients. Changing the hours of operation to be more convenient, enlarging the parking lot, sending out a newsletter, etc., will not overcome the limitations of an unfulfilling service experience. Successful organizations never lose sight of the basics; they know what they have to do and are obsessive about making sure it is done right. Again the perspective of "right" should be that of the client/patient and not just the provider.

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# Location Analysis

One of the most crucial decisions an organization must make is choosing a location. In most instances, this decision cannot be altered for many years, so great care must be exercised in choosing a location. For existing organizations the decision is whether to relocate. This section analyzes this important decision area.

One of the serious risks of any location, no matter how carefully researched and selected, is that conditions may change, making a good location a poor one. Population shifts occur, sometimes rather quickly. Sometimes a big new shopping mall can affect traffic patterns and parking facilities. This means that a long-term perspective must be used in the location decision.

Organizations need to reevaluate existing locations periodically to determine whether conditions have changed or are likely to. If changing locations begins to appear as an alternative, the sooner a new location can be identified, the more time to develop an approach to acquiring the land and/or buildings.

Once the general area has been selected, a major decision facing the organization is the specific place to locate. Even though an area of a city has great potential, if the specific site has inadequate parking or other negative features, then the decision to locate there was a bad one.

## THE BEST LOCATION

Retailers often speak of the "100 percent location"—the best location for the particular kind of store. Service providers can use this same concept. This means trying to identify the best location and then several alternatives that can be pursued if the best location cannot be acquired.

## ACCESSIBILITY OF SITE BY TRANSPORTATION

With the maze of streets that characterize most cities, we tend to take transportation facilities for granted. Yet there are great differences, and these

can attract to or detract from a particular site. In major cities, nearness of public transportation (buses and subways) is important, especially with such clients/patients groups as the elderly. Traffic congestion and variations during certain periods of the day or week are significant. For example, crowded streets that are made more crowded with factory workers dispersing or with baseball or football crowds can be detrimental to night services or preschool traffic.

The matter of accessibility is rather complex, however. In most larger cities, it is measured in driving time. For example, a location may not be considered if it is over twenty minutes from a major residential area served by an organization. This would limit the search for potential sites to those that meet that criterion.

## PARKING ADEQUACY

Related to the accessibility of a site is its parking situation. The decline of downtown business is partly due to the scarcity of parking facilities and the expense of such parking. Many large organizations have attempted to improve the parking situation by constructing their own garages and ramps, or by arranging for parking at nearby lots. In many downtown areas, it is common to see organization signs calling attention to free parking and shuttle service to the organization. However, it is difficult to match the parking convenience of the newer suburban locations.

## GROWTH PATTERN OF THE AREA

Most locations involve long-term commitments. Therefore, location analysis should consider the direction and growth of the area. Are these improving or going downhill? New stores or buildings and modernization efforts are an encouraging sign. On the other hand, a lack of such updating efforts suggests that present facilities are becoming obsolete, with merchants intending to move to the suburbs as their leases expire. New residential construction and new construction permits should be investigated. For larger cities, projected subway routes can provide a long-term indication of the viability of particular sites.

## COMPATIBILITY OF EXISTING ORGANIZATIONS

Some organizations are compatible with each other—that is, they benefit from being close together. Others are detrimental. Many cities have specific rules for types of businesses that can be located close to an organization or professional service organization, but others do not. Nightclubs and liquor

stores are examples of businesses usually not compatible with professional service facilities. Certain things can be detrimental to a particular site and should be evaluated in making a location decision. Vacant buildings create an atmosphere of neglect and poverty. Poor sidewalks, smoke, or unusual noise from nearby factories can be detrimental. Proximity to a bar/nightclub or X-rated movie house flaws a site. If the general area is run-down or poorly lighted, organizations located there probably will suffer. Even a somewhat more intangible factor, the reputation of a particular neighborhood for crime or vandalism, will be a negative influence.

# Market Exposure Decisions

The degree of market exposure refers to the number of retail outlets in a given geographical area that carry a product or service. There are three basic degrees of market exposure: intensive, selective, and exclusive. The decision on the degree of market exposure is closely related to the classification of the product.

Intensive distribution means that the product is carried by all acceptable outlets for the product type. It does not mean that all stores carry the product, but rather that all acceptable stores carry it. What makes a store acceptable is that the consumer expects to find the product at that type of store. This expectation changes over time, however, and departure from the usual can be an important strategy variable. Consequently, the consumer must learn to shop for different products at different stores. Consumers do not go to an automobile dealer to buy bread because they don't expect to find it there. Thus, consumer shopping patterns determine what acceptable outlets are in a given time period. Intensive distribution is usually used for convenience goods because consumers want to spend little time and effort acquiring these products. Bread, beverages, candy, and grocery products are distributed intensively in most areas and in a variety of outlets.

Selective distribution involves selecting only a few outlets in a market area to carry a product. Selection is usually based on the retail firm's ability to do a good marketing job with the product. This distribution policy is normally used for shopping goods because consumers are willing to put forth more effort to acquire these goods. The number of outlets in a market area is determined by the size of the market in terms of potential and the availability of retail firms that could carry the products. Thus, a given area may support only two Chevrolet dealerships but twenty outlets for suits because of the potential in units for the two products, yet both manufacturers may be using a selective distribution policy.

Exclusive distribution is limiting the products to one middleman in a given market area. Exclusive distribution has not received favorable treatment in the courts because it represents monopoly power on the part of a manufacturer who can refuse to sell to potential distributors. It has been permitted for new products or companies who are new to an industry.

"New" has been interpreted to mean only six months. In some instances, what may look like exclusive distribution is in reality only a failure to find other suitable outlets for a product. The decision to use exclusive distribution may be the result of limited market potential for the product rather than the most desirable choice.

# Market Potential

Once a market has been divided into various segments, and characteristics and motivations of consumers in each market have been analyzed, the planner can then estimate the size of the market. The term "market potential" is used to refer to the expected sales of a product or service for an entire market over a specific time period. More simply, if everybody who could buy would buy, how many units or dollar sales would occur? The answer is the market potential. Marketers are interested in identifying not only consumers' needs but also those market segments that can be served profitably. For a new product, this analysis would be part of a feasibility study, which should precede introduction of the product. A market segment that does not have enough consumers spending enough dollars does not justify marketing effort, unless a firm is seeking to accomplish some nonrevenue–related objective. Market potential is a quantitative measure of a market's capacity to consume a product in a given time period, which is a prerequisite to assessing profitability.

Market potential can be measured in either absolute or relative terms. An absolute measure is one that can be expressed in units or dollars, whereas a relative measure relates one part of a market to another and is expressed as a percent.

# Market Segmentation

The process of breaking up a market into smaller parts or segments is referred to as market segmentation. The basic premise is that the needs of clients/patients in one segment are different from those in another, and therefore different marketing strategies should be used to reach different segments. The results of the analysis should be an understanding of clients'/patients' needs by segment and some insight into the types of strategies needed to meet those needs. This is the basis of the entire planning process if a clients/patients-oriented approach is to be used in planning.

For each segment that is identified, two basic questions must be asked: (1) What are the identifying characteristics of that segment? and (2) What is its size? Answering the first question helps define clients'/patients' needs and helps develop a profile of clients/patients for each segment—the qualitative side of the market. The answer to the second question provides information on the size or quantitative side of the market.

Bases for segmentation include geographic, demographic, service usage, benefits sought, and stage in the family life cycle. The most commonly used are geographic and demographic variables.

# Marketing

Marketing is the management of an organization's exchanges with its various clients/patients. A client/patient is someone who works for, is a member of, attends, supports, or is affected by an organization. Most people really do not understand marketing and view it as selling, advertising, or public relations. This is readily understandable when you consider the large number of television and radio commercials a person is exposed to every single day. Administrators are often surprised when they discover that selling and advertising are only a part of marketing.

In today's environment, professional service organizations must know how to analyze their clients'/patients' needs, attract resources, and use these resources to develop the programs, services, and ideas that will attract and maintain their clients/patients.

In our definition of marketing, exchange is the central element. Two or more parties enter into an exchange for the mutual benefit of all parties. Each party has something of value to the other, and the parties are better off after the exchange than they were before it took place.

A marketer is someone who has the knowledge and skills to understand, plan, and manage exchanges. The marketer knows how to go about assessing needs of clients/patients, developing programs to meet these needs, and then effectively communicating what is offered to the clients/patients.

A more formal definition of professional service marketing is as follows:

> Professional service marketing is the analysis, planning, and management of voluntary exchanges between a professional service organization and its clients/patients for the purpose of satisfying the needs of both parties. It concentrates on the analysis of clients'/patients' needs, developing services to meet these needs, providing these services at the right time and place, communicating effectively with clients/patients, and attracting the revenues needed to meet the needs of the service provider.

Several things need to be emphasized in this definition. First, marketing is grounded in the analysis of the needs of clients/patients. A marketer

does not concentrate on trying to "sell something," but rather identifying and providing for clients'/patients' needs. This need-oriented approach is a fundamental difference between marketing and selling.

Second, marketing concentrates on exchanges that are mutually beneficial for both parties. It does not promote a "win-lose" philosophy but a "win-win" philosophy in which both parties are better off for being involved in the exchange.

Third, marketing's focus is on carefully formulating services, times, places, communications, and fee structures in relation to the needs of clients/patients. In this sense, marketing is the response mechanism of the organization. As the needs of clients/patients change, services, communication, funding, etc., must change.

Finally, marketing's focus is on the needs of an organization's clients/patients. The organization does not attempt to meet the needs of everyone, but only those clients/patients it is best equipped to serve. Marketing helps an organization carefully identify whom it wants to serve. Then the organization's activities are oriented to serve specific clients/patients groups that are identified through marketing analysis.

# Marketing Communications

Marketing communication deals with decisions about what is to be communicated, to whom, through what methods and media, and at what appropriate costs. Promotion of services and activities is necessary to inform, persuade, and remind clients/patients that a service or activity exists and that clients/patients can benefit from their participation. For a market to exist, information must be exchanged. Information brings providers and users together at a particular place to engage in an exchange. Communication may be defined as an organization's activities, which are designed to inform, persuade, or remind clients/patients about the organization and the services it offers.

Insight into the types of decisions involved in communication can be gained by viewing it as a process (see Figure 5). In the communication process, a source (professional service organization) sends a message by using a certain method or medium. This message is received by a receiver (clients/patients), and the receiver's words and actions send a message back to the source about what was received and the receiver's willingness to respond to that message. This process is always goal oriented. The sender is communicating to get a response from the receiver. This response may be holding certain information or attitudes, or it may show itself in behavior—immediate acts or precipitant acts—but a response is desired nonetheless.
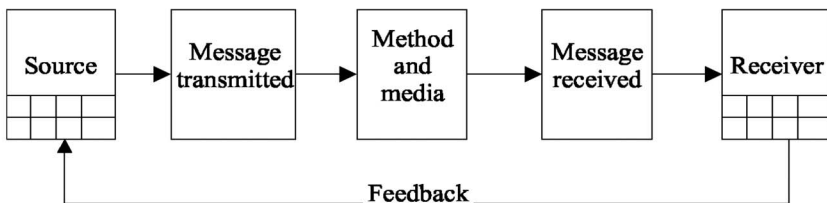


*Figure 5*   The Communication Process.

The checkered areas in the sender's and receiver's boxes represent common frames of reference. A common frame of reference is a prerequisite to effective communication. Unless a common area of understanding is established between the sender and receiver, no communication takes place. The simplest example is a language barrier. If the message is sent in English and the receiver understands only Spanish, no communication takes place. The symbols (words) used to communicate are not common to the two parties in the process.

One point that must always be in the planner's thinking is that promotion from a planning perspective involves sending the right message to the right audience through the right medium by using the right methods at the right costs. Deciding what is "right" constitutes the marketing planner's work in the communications part of the marketing plan.

# Marketing Mix

The marketing mix refers to the elements or variables used to meet the needs of clients/patients. Marketing orients organizational thinking toward the clients/patients to be served rather than services or promotion of existing programs. This is the first step in developing a marketing organization. The second step involves identifying what constitutes marketing variables within an organization. Within an organization/ setting, these variables are shown in Figure 6.

The needs of the organization's clients/patients become the focus of the programs offered by the organization. Information about the nature of the organization and the services offered is then communicated to these clients/patients. Clients/patients must have access to these services at the right time and the right place for their needs to be met. Finally, fees must be charged to these clients/patients to support the services that are offered. Marketing concentrates on meeting the needs of clients/patients through providing the right services, with the right communication, at the right time and place, and by generating the right level of revenue from clients/patients.
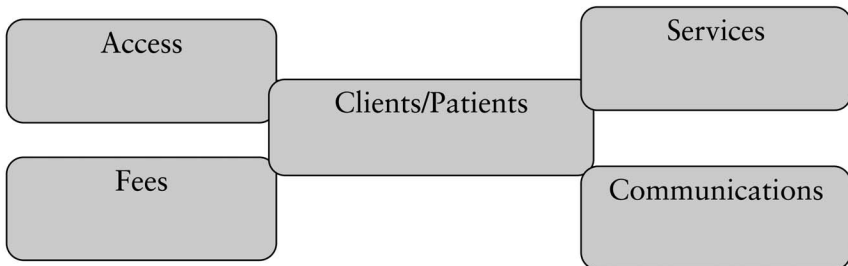


*Figure 6*   Marketing Mix Variables.

# Marketing Orientation

Achieving a marketing orientation demands three components to be present:

1. A professional service organization must have strong individual marketing orientation among all its key personnel. The organization's marketing orientation is only as strong as the collective sum of the orientation of these people.
2. A professional service organization must have its leaders lead by example and reinforce a marketing orientation by the way it adopts a client/patient philosophy in all its interactions with employees and clients/patients.
3. Leaders who believe in adopting a marketing orientation will formalize that approach to managing exchanges by obtaining measures of success in generating satisfied, loyal clients/patients and other exchange partners via surveys, retention data, and other active listening methods. (Best, 2000, p. 21)

**REFERENCE**

Best, Roger J., Market-Based Management, Second Edition (Upper Saddle River, NJ: Prentice-Hall), 2000.

# Marketing Plan

A marketing plan is an operating plan that spells out in detail the results of a situation analysis; a set of objectives to be attained at the end of the year; a detailed tactical statement explaining what must be done, when, and how. In other words, the organizational plan deals with what is to be accomplished in the long run while the marketing plan deals with what is to be done in the marketing area in a given time period, usually a year.

The marketing plan does not necessarily differ in format from the organizational plan. In fact, it must cover some of the same basic topics—objectives, strategies, and so forth. The difference is in scope and time frame. The organizational plan is broad in scope and may lay out a strategy that is never departed from if successful. The marketing plan focuses on the tactical marketing decisions needed to carry out the overall plan. The time frame for the marketing plan is usually a year and normally coincides with the organization's fiscal year. The situation analysis deals only with the current operating environment, and details only important events that influence changes; and the strategy portion contains the detailed tactical decisions that spell out changes in such items as advertising themes, new programs, and so on.

The marketing plan is a written document that contains four basic elements:

1. A summary of the situation analysis, including general developments, clients/patients analysis, and opportunity analysis
2. A set of objectives
3. A detailed strategy statement of how the marketing variables will be combined to achieve those objectives as well as the financial impact
4. A set of procedures for monitoring and controlling the plan through feedback of results.

The logic of this approach to planning is clear. We must:

1. Determine where we are now (situation analysis),
2. Decide where we want to go (objectives),

3. Decide how we are going to get there (strategy), and
4. Decide what feedback we need to let us know if we are keeping on course (monitor and control).

A complete marketing plan provides the answers to these questions.

# Marketing Planning

Marketing planning is the process of analyzing an organization's environment, setting objectives, developing marketing strategies, and setting up monitoring and controlling mechanisms.

For marketing administrators, the marketing planning process becomes paramount. The marketing concept or philosophy has no impact on an organization's operating procedures unless it is reflected in the performance of the administrative function of planning. The clients'/patients' needs are the focus of an organization's operations under the marketing philosophy, and this is made evident in the planning process. Which clients/patients segments will the organization try to serve? How will the marketing functions be performed? Who will perform them? What level of revenue will be achieved? These are all questions that are answered by a well-thought-out and well-written marketing plan. In essence, the plan becomes a tool through which the marketing concept is implemented into the decision-making procedures.

An understanding of the marketing planning process is also an invaluable aid in helping administrators organize their thinking about the marketing process and the various methods and procedures used. When they talk about billable hours, for example, administrators relate these items to objectives to be accomplished. A study reporting clients'/patients' attitudes toward the organization becomes another aspect of situation analysis. Administrators begin to think systematically and analytically about the marketing process in their organizations, and this in itself may be one of the most crucial contributions of an administrator's involvement in marketing planning.

# Marketing Research

Research is defined as an organized, formal inquiry into an area to obtain information. When the adjective marketing is added to research, the context of the area of inquiry is defined. Marketing research, then, refers to procedures and techniques involved in the design, data collection, analysis, and presentation of information used in making marketing decisions. More succinctly, marketing research produces the information administrators need to make marketing decisions.

Although many of the procedures used to conduct marketing research can also be used on other types of research, marketing decisions require approaches that fit the decision-making environment to which they are being applied. Marketing research can make its greatest contribution to management when the researcher understands the environment, organization, management goals and styles, and decision processes that give rise to the need for information.

Although the performance of the activities that constitute marketing research requires a variety of research techniques, the focus should be on the decisions to be made and not the techniques used to collect the information. Nothing is more central to understanding the marketing research function and to effectively and efficiently using research in decision making. Any user or provider of marketing research who loses sight of this central focus is likely to end up in one of two awkward and costly positions: (1) failing to collect the information actually needed to make a decision, or (2) collecting information that is not needed in a given decision-making context. The result of the first situation is ineffectiveness—not reaching a desired objective. The result of the second is inefficiency—failing to reach an objective in the least costly manner. The chances of either of these problems occurring are greatly reduced when the decision itself is the focus of the research effort.

To maintain this focal point, one must understand the purpose and role of marketing research in decision making. The basic purpose of marketing research is to reduce uncertainty or error in decision making. The uncertainty of the outcomes surrounding a decision is what makes decision making difficult. If you knew for sure the outcome of choosing one alternative

over another, then choosing the right alternative would be simple, given the decision-making criteria. If you knew for sure that alternative A would result in a $100,000 increase in income and alternative B would result in a $50,000 increase, and if the decision criterion was to maximize income, then the choice of alternative A would be obvious. However, most decisions must be made under conditions of uncertainty—you do not know for sure if alternative A will produce $50,000 more than B. In fact, it may be that neither alternative is effective. The degree of uncertainty surrounding a decision, the importance of the decision, and the amount of uncertainty that the information will reduce causes information to have value.

Decision making involves choosing among alternative courses of action. It can be viewed as a four-step process that involves:

*Table 3.* Decision Making Steps

| | |
|---|---|
| Step 1 | Identifying a problem or opportunity |
| Step 2 | Defining the problem or opportunity |
| Step 3 | Identifying alternative courses of action |
| Step 4 | Selecting a specific course of action |

# Mass Communication Media

Advertising messages must reach clients/patients through some medium: pamphlets, radio announcements, newspaper ads, yellow pages ads, and so on. Selecting the most appropriate media is an important decision. Although the details of the specific medium used, messages sent, timing, and frequency are usually spelled out in the marketing plan, the planner must also evaluate various alternatives because of the cost involved and the resulting impact on the organization. In many strategies, communications expenditures represent the largest single cost.

Media selection has two broad alternatives—print media and broadcast media. As with many other decisions in marketing, choosing the right mix is what is essential rather than choosing one alternative and not the other.

Even within a category—print, for example—there will usually be a mix of various print media rather than just one type. Media selection begins with the characteristics of the clients/patients to be reached. Different media have different characteristics, and therefore a matching process must take place. The characteristics of the media used must match the needs of the clients/patients to which the effort is directed. This is done to maximize reach—the number of different people or households exposed to a particular medium at a given time. For television, the audience varies depending on the time of week, the day, and the specific types of programs offered.

In addition to reach, the frequency and impact of various media must be analyzed. Frequency refers to the number of times an audience is exposed to a particular message in a given time period; impact is the quality of the exposure in a given medium. The importance of additional exposures of the same message or type of message, and the impact of each exposure together with reach, determines media effectiveness; various media costs determine efficiency. The planner is searching for a media combination that is both effective and efficient.

# Measurement

Measurement refers to the process of assessing the characteristics of individuals or organizations from whom we need to collect data. This is a key issue in marketing research projects. The question is "How will we measure what we need to measure?" The answer is one of the most difficult ones facing the researcher. The researcher must often rely on what has been used in past studies and on his or her own judgment to decide on the appropriate technique.

The researcher must develop operational definitions of the concepts to be measured, and these definitions must be stated explicitly. Even seemingly simple concepts, such as awareness, can be defined in several ways, with each definition having different meaning and relative importance. For 60 percent of the respondents to say they have heard of your organization is not the same as 60 percent saying that your organization is what comes to mind when they think of a organization. Yet both of these approaches measure awareness.

# Media Decisions

Advertisements must reach consumers through some medium. Selecting the most appropriate one is an important strategy decision. Although the details of the specific medium used, messages sent, timing, and frequency are usually spelled out in the operating marketing plan, the planner must evaluate various promotional alternatives because of the costs involved and the resulting impact on profitability. In many strategies, promotional expenditures represent the largest single marketing cost.

There are two broad alternatives in media selection: print media and broadcast media. As with many other decisions in marketing, it is choosing the right mix that is essential rather than choosing one alternative and not another.

Even within a category—print, for example—there will usually be a mix of various print vehicles rather than just one. The advantages and disadvantages of media types are shown in Table 4.

*Table 4* Relative Costs, Advantages, and Disadvantages of Major Kinds of Media

| Kinds of Media | Typical Cost Range (1986) | Advantages | Disadvantages |
|---|---|---|---|
| Newspaper | $5,000–$20,000 for one page, weekday | Flexible<br>Timely<br>Local market<br>Credible source | May be expensive<br>Short life<br>No "pass-along" |
| Television | $1,800–$3,500 for a 30-second spot, prime time | Offers sight, sound, and motion<br>Good attention<br>Wide reach | Expensive in total "clutter"<br>Short exposure<br>Less selective audience |
| Direct mail | $35–$150 per 1,000 names plus material and postage | Selected audience<br>Flexible-can personalize | Relatively expensive per contact<br>"Junk mail"—hard to retain attention |

*(continued)*

*Table 4  (continued)*

| Kinds of Media | Typical Cost Range (1986) | Advantages | Disadvantages |
| --- | --- | --- | --- |
| Radio | $100–$200 for one– minute drive time | Wide reach<br>Segmented audiences<br>Inexpensive | Offers audio only<br>Weak attention<br>Many different rates<br>Short exposure |
| Magazine | $3,000–$10,000 for a one page, four-color ad | Very segmented audiences<br>Credible source<br>Good reproduction<br>Long life<br>Good "pass-along" | Inflexible<br>Long lead times |
| Outdoor | $4,000–$5,000 (painted) prime billboard, 30- to 60-day showings | Flexible<br>Repeat exposure<br>Inexpensive | "Mass market"<br>Very short exposure |

# Message Content

Message content refers to what is said and/or seen in an advertising message or personal contact message. Although the sender is the initiator of the communication process, the process really begins with the receiver— the clients/patients. This should be obvious, but it is often overlooked in many an organization's desire to tell its "story." Effective communication involves sending the right message, and the right message is the one that will produce the response desired by the organization from the clients/patients. This is not manipulative, but integrative. The needs and wants of clients/patients for certain types of information are integrated into the messages that are sent. A simple way to approach this concept is to look at the individual adoption process for new services. This process is made up of the stages a client/patient goes through in adopting a service. These stages and the questions a client/patient wants answered are shown in the following:

As individual clients/patients move through these adoption stages in larger numbers, the service provider begins to move through its own life cycle—which brings up the need to align the promotion messages with

*Table 5*   Questions to Be Answered in the Adoption Process

| *Stage in the Adoption Process* | *Questions to Be Answered* |
| --- | --- |
| 1. Awareness: Clients/patients first learns of organization | What are you all about? Who uses your services? |
| 2. Interest: Clients/patients considers whether to try the service | Why would anyone use your service? What benefits would they get? |
| 3. Evaluation: Clients/patients considers whether to try service | Why should I use your service? Will I get the same benefits? |
| 4. Trial: Clients/patients tries service on a limited basis | Will the service really deliver the benefits I expect? |
| 5. Adoption: Clients/patients decides to use service on a regular basis | Did I make the right choice? |
| 6. Repeat: Clients/patients will repeat behavior if needs continue to be met. | Should I evaluate other providers? |

stages in the life cycle. In the introductory stages, communications must inform potential clients/patients of the service provider. In the growth stage, messages must persuade clients/patients to use a specific service provider rather than competing services. The maturity stage brings the need for reminding clients/patients of the services to build repeat usage. Thus, messages must be developed that answer clients'/patients' questions and reflect the nature of the service at any given time.

Because different clients/patients will be at various stages of adoption and levels of knowledge and experience, a number of messages conveying different types of information are usually necessary to communicate effectively with different clients/patients. It should also be emphasized that whereas most clients/patients are concerned about the benefits received from a service, some clients/patients are interested in the detailed information that produces the benefits.

The information from the clients/patients analysis is vital in communication decisions on message content. The needs and motives of clients/patients become the center of content decisions. Information from testing, where alternate messages are evaluated and other research to test the message content and probable clients'/patients' responses are extremely valuable. If time and money permit, messages should be tested before use, and response measures indicative of clients'/patients' responses should be evaluated in the decision-making process.

# Moments of Truth

A professional service organization faces hundreds, if not thousands of moments of truth each day. A moment of truth is any encounter between the organization and a member of one of its publics where the individual gets an impression of the organization.

A moment of truth can be a phone call to the organization to ask a question or get an appointment. Although a professional service organization may not have as many moments of truth as some service organizations such as an airline has each day, it is safe to say that the professional service organizations' moments of truths are no less important in their contribution to organizational success, and must be managed toward a positive outcome.

All personnel should receive "customer service training" so that they see themselves as contributing to positive moments of truth for the organization. The organization's employees, officers, or clients/patients then become the managers of their moments of truth when encountering someone who will form an impression of the organization and its people. Likewise, because the moments of truth may sometimes not involve a person-to-person contact, the systems and "hardware" of each moment of truth occasion must be devised in such a way as to leave a positive impression. For example, what does an organization's listing in the yellow pages suggest in the eyes of someone seeing it for the first time? What impression would someone have of an organization when driving by? What is the impression left by the moment of truth when someone hears the recorded message on the telephone answering machine at the organization office? In all of these and similar moments of truth we must be capable of seeing things through the eyes of the beholder rather than our own.

When considering how to mange the moments of truth, see them as events or specific occurrences rather than as traits. That is, the trait of courtesy for a receptionist is not the same as a moment of truth for me when I come to your organization. If the receptionist is generally courteous but is just having a bad day when I arrive, a failed moment of truth will occur. A moment of truth is an episode—a specific event in time—in which someone will encounter the organization in some way and form an impression based on that encounter. It means the difference between being satisfied that you

are "generally" leaving the impression you desire and being concerned that each moment of truth will, as far as you can manage it, turn out positive. It might not be too great an exaggeration to say that getting personnel to see their role in the organization in terms of managing their moments of truth as positive events could become the single most significant step in improving your "customer service."

**SUGGESTED READING**

Carlzon, Jan, Moments of Truth (Cambridge, MA: Ballinger), 1987.

# New Service Development

New service development is the process of adding new services to an organization's existing services. Developing successful new services is the key to continued progress for most organizations and a key way to avoid decline.

Most services reach a point of saturation, and without new services or changes in existing services, they tend to decline over time. Research into program failures and successes and the experiences of many marketing administrators have led to the idea that development of a new program or service should be viewed as a series of stages. The completion of one stage leads to a decision of "go" or "no go" concerning the next stage. Each additional stage undertaken represents more investment in time and money, and it should not be taken unless the outcome of the previous stage has been positive. At any stage, a service that fails to measure up to predetermined standards is dropped or altered before moving to the next stage. The six stages in new service development are the following:

1. Idea generation
2. Feasibility analysis
3. Program development
4. Clients/patients tests
5. Test offering
6. Full-scale program offering

If the marketing plan calls for new services, these developmental stages should be followed in the order specified when possible.

## IDEA GENERATION

Ideas for new services come from many sources. Clients/patients, other services, seminars, and literature are some of the most common. Some organizations consciously set out to create new ideas, whereas others do not. It usually depends on the perceived importance of new service ideas to an organization's success and the imaginativeness of the administrators. Ideas

for new services must be evaluated by comparing the program or service with clients'/patients' needs and resources. This analysis should end with the decision to proceed to the next step, drop the idea, or gather more information.

## FEASIBILITY ANALYSIS

If the service passes the idea stage, the next stage is a feasibility analysis. Feasibility analysis involves answering a series of questions about the new program:

1. What are the anticipated benefits of this service to clients/patients?
2. How many people are likely to use the service?
3. What costs (dollars, time, or effort) are associated with the service?
4. What level of revenues will the new service generate?

Answering these questions provides a preliminary assessment of the viability of the service.

## SERVICE DEVELOPMENT

Given that the questions about the service are answered favorably in the feasibility analysis, the next stage is actual service development. The objective of this stage is to develop the service to determine if there are any insurmountable problems and to generate detailed descriptions of the service for further testing. For example, what specific skills are needed to carry out the service? Who within the organization possesses these skills? Detailed descriptions of who, what, when, where, why, and how the service will result in a detailed outline of the potential service that can be evaluated by others.

## CLIENTS/PATIENTS TESTS

If the developmental process proceeds to this point, we are ready to bring in clients/patients in a direct way. Clients/patients testing can range from a trial program to a roundtable discussion with clients/patients who are likely to use the service. These tests are especially beneficial because the service can be evaluated by the clients/patients who will participate in it. This can lead to discovery of both positive and negative elements of the service before it is introduced to an entire group.

Results of these tests may lead to ideas for other new services, or may necessitate substantial changes to overcome clients'/patients' resistance.

Remember, it is much easier to correct problems at this stage than after the service is implemented. The rush to get a service started can cost an organization dearly when the service fails to live up to expectations. Some ideas take years to develop into successful services offerings, and may mean new staff is needed before successful development can take place.

## TEST OFFERING

After completion of the clients/patients tests and any alterations in services, the next stage is test offering. In a test offering, the service is offered on a limited basis, in a form as close as possible to the final one. This stage offers an answer to a question vital to a program's success: Will clients/patients participate in the offering in sufficient numbers to justify full-scale service development? This can be considered the acid test for new services. No matter how well conceived or designed, the final choice is with the clients/patients. Their votes in participation are the determining factor of success. Unless it is impossible to test offer the service, this stage should not be omitted regardless of how promising the earlier stages have been. Again, the organization has an opportunity to get "up on the learning curve" for the program or service. Given the high failure rate of new services, it is critical that information from a test offering be available for adjusting the service offering to increase the chances of success.

In addition to a more realistic estimate of participation by test offerings, alternate services can be tested to determine their impact. For example, alternate locations of a tax seminar by an accounting firm can aid in estimating clients'/patients' sensitivity to location. Such information is invaluable in determining the best location.

## FULL-SCALE PROGRAM OFFERING

Once the service reaches this stage, substantial investment has already been made, but the chances for success have been substantially increased. The marketing tasks, however, are still substantial. The decisions at this stage hinge on when to introduce the service, and with what specific strategy. The answers to these questions depend on the seasonality of the service, resources, policies, and results of the test offerings.

# New Service Pricing Decisions

Pricing new products is an extremely difficult process unless substantial marketing research using surveys and/or test market data has helped identify consumer expectations about prices. When test markets are used, it is possible to generate market data on quantities demanded at various prices. This method provides an initial estimate of the demand curve that can be used to equate marginal cost and marginal revenue.

Two common approaches to new-product pricing, which reflect different marketing objectives and market conditions, are penetration pricing and skimming pricing. Penetration pricing refers to a new–product price set close to what the planner feels the long–run price, after competitors enter the market, will be. As was pointed out in an earlier chapter, firms entering the market late may use price as the active variable in their marketing mix in order to gain market acceptance. This lower price is anticipated by the planner who uses it as the initial price for the new product. Sometimes called a "stay out" price, it discourages competitors from entering the market because of the low profit margin. This low price also may encourage product trial and speed penetration of the entire market for the product or service.

A skimming approach places a high initial price on the product or service and assumes some price inelasticity that a substantial number of consumers will pay a high price, for example. This creates a very high profit per unit in the introductory stage of the product life cycle and helps recoup product development and early market development costs. The price is then lowered over time as the market expands and sales volume increases. This approach can attract competitors unless there is a unique product or a strong patent is obtained on the product, which slows market entrance by competitors. One unique feature of the skimming approach is that it becomes possible to estimate points on the demand curve as price is lowered. This technique provides the data needed to estimate the marginal revenue curve and therefore a profit-maximizing price.

One increasingly popular management science tool for helping marketers set prices for new products is conjoint analysis. This technique is sometimes referred to as trade-off analysis because research respondents in a conjoint

study indicate preference for different combinations of product attributes (for example, for a car battery with a $60 price, lifetime warranty, and that is maintenance free versus one with a $55 price, five-year warranty, and that is maintenance free), which reveals where they are or aren't willing to make trade-offs (e.g., will they "trade-off" $5 more expense to get a life-time rather than five-year warranty?).

Conjoint analysis has proven its value in thousands of studies as a means of helping marketers identify a price that target market consumers perceive as providing a good trade-off with the desired product features. It forces consumers to reveal how valued the product features really are to them by indicating when they will or won't pay more to get those features. This analytical tool overcomes the problems inherent in research methods, which merely ask participants to indicate independently the importance they attach to a product feature (e.g., most features are rated as important) and what they think the price should be (always low). Interested read-ers should refer to one of the more detailed descriptions of how conjoint analysis is conducted and the results used for setting prices and fixing product features.

# Niche Marketing

Niche marketing is the selection of a single marketing segment and the development of strategies to uniquely address the wants and needs of the selected single segment. A marketing mix is developed to appeal exclusively to that one part of the market. This practice is also referred to as concentrated marketing.

Why would an organization choose one segment only? This approach is often used by smaller organizations that lack the resources of competitors. For example, a law firm could concentrate its efforts on building an outstanding real estate closing service. Another reason for the use of niche marketing is that the organization leadership may believe that it has a competitive advantage in meeting the needs of the selected segment. If the organization considers its location as a strong competitive advantage, it may develop a marketing mix to appeal to the people who live near the organization.

An advantage to serving a niche market is that it narrows and clarifies the focus of the marketing organization. It could be viewed as following the KISS principle—Keep It Simple Stupid. If an organization develops a specific expertise, it can be extremely good at serving the wants and needs of the single market.

The danger of selecting and serving one segment of the market is that all of the organizations hope rest with that one segment. If the segment is too small, shrinking, not easily accessible, or if competition can successfully target the niche, severe problems could result. Therefore, care should be used in selecting the segment.

In addition to niche marketing, a marketer has two other targeting strategies available. One option is undifferentiated marketing. This mass marketing approach treats all customers with the same marketing mix. It uses the same appeals to a broad range of customers, and can be beneficial if the wants, needs, and perceptions of all the people are the same. The advantages of using this method are that cost savings are possible in both the marketing and the development of programs.

Undifferentiated marketing offers one product/service for everyone. The risk of this option is that competitors may develop specialized programs that may better satisfy some segments of the market.

The last targeting strategy available is differentiated marketing. This strategy selects several segments of the market to target and develops different marketing mixes for each segment. If programs are designed specifically for each group, an organization can provide a higher level of satisfaction for each individual segment than would have been provided under an undifferentiated approach. In addition, the organization can positively appeal to more people than under the niche approach. Again, new staff and/or equipment may be needed to use this strategy.

The downside of the differentiated marketing strategy is that it increases costs. More services are involved, and more administration and organization are required.

# Objective Areas

Marketing plans for organizations/services usually contain three types of objectives—number of patients/clients or billable hours, revenues, and clients/patients. Short-term objectives are stated for the operating period only, normally one year, whereas long-term objectives usually span five to twenty years. Examples of both types will be given in this section.

## NUMBER

Number or user objectives relate to an organization's impact on an area, and are a basic measure of the level of activity for a service. User objectives are closely tied to scheduling of services, budgeting, and so on.

These objectives may be stated numerically or as a percent of the total number. If the objectives are stated in percents, they also need to be converted to numbers for budgeting and estimating the audience size. Examples of such objectives can include

1. Have an increase of 100 new clients/patients by December 31.
2. Have a 20 percent increase in new clients/patients by July 1.

The way objectives are stated must reflect what the organization can realistically expect to attain under a given plan. Also, the steps of setting objectives and developing strategy in preparing a marketing plan should be viewed as interactive. In setting objectives, they are first stated in terms of what we want to accomplish, but as we develop the strategy we may discover that we cannot afford what we want. The available resources committed to a given service may not be sufficient to achieve a stated objective; if the planning process is resource controlled, the objectives must be altered. It must be remembered that objectives are not fate, but they are direction. They are not commands, but they become commitments.

Each of the objectives should be clear, concise, quantifiable, and stated within a given time period. This creates the ability to measure results against stated objectives.

**REVENUES**

Revenue objectives are a vital part of any organization. They may also be needed to justify new staff or equipment. The following are sample statements of contribution objectives:

1. Produce net income of $300,000 by December 31.
2. Generate a 20 percent increase in revenues by September 1.
3. Produce a dollar increase of $185,000 for the new service by the end of the fiscal year.

Again, nebulous statements such as "acceptable revenue levels" or "reasonable revenues" should be avoided because of the possible variations in definition and the lack of quantifiably. The objective of a percentage increase in revenue is the only one requiring additional information for its evaluation. The total previous revenue would be required to determine whether this objective has been reached.

Again, the interactive processes of setting objectives and developing strategies must be used to set objectives that are realistic. The costs of many aspects of strategy cannot be estimated until a written statement of strategy is developed. If the marketing strategy calls for a new brochure, for example, that strategy must be spelled out in detail before production and media costs can be estimated.

**CLIENTS/PATIENTS**

Clients'/patients' objectives may seem unusual to some, but their inclusion should be obvious. They serve as enabling objectives in revenue objectives, and also represent specific statements of clients'/patients' behaviors and/or attitudes an organization would want their clients/patients to have toward the organization and its services, as seen in the following sample statements:

1. Create at least 80 percent awareness of the existence and nature of our new service in the over 50 age segment of the market by December 31.
2. To have at least 80 percent of our clients/patients favorably rate our programs in our next survey by September 1.

Clients'/patients' objectives are especially important in providing direction to the development of the promotional strategy section of the marketing plan. As previously shown, they specify results desired of clients/patients in terms of behaviors and attitudes, and should have the same characteristics as other objectives. They must be stated in objectively measurable terms

and should be evaluated in relation to their accomplishment as a part of the monitoring and control system used in the plan.

# Objectives

Marketing objectives can be defined as clear, concise written statements outlining what is to be accomplished in key areas in a certain time period, in objectively measurable terms that are consistent with overall organizational objectives. Objectives are the results desired upon completion of the planning period. In the absence of objectives, no sense of direction can be attained in decision making. That is, "If you don't know where you are going, any road will get you there."

Marketing objectives answer one of the basic questions posed in the planning process: Where do we want to go? These objectives become the focal point for strategy decisions.

Another basic purpose served by objectives is in the evaluation of performance. The objectives in the marketing plan become the yardsticks used to evaluate performance. As will be pointed out later, performance cannot be evaluated without some standard with which results can be compared. The objectives become the standards for evaluating performance because they are the statement of results desired by the planner.

Objectives have been called "the neglected area of management" because in many situations there is a failure to set objectives, or the objectives that are set forth are unsound and therefore lose much of their effectiveness. In fact, an approach to management, called management by objectives (MBO), has emphasized the need for setting objectives as a basic managerial process.

One approach to writing marketing objectives that contains these characteristics is to apply a set of criteria to each statement to increase the probability of good objectives. One such list follows:

1. Relevance. Are the objectives related to and supportive of the basic purpose of the organization?
2. Practicality. Do the objectives take into consideration obvious constraints?
3. Challenge. Do the objectives provide a challenge?
4. Measurability. Are the objectives capable of some form of quantification, if only on an order of magnitude basis?

5. Schedule. Are the objectives so constituted that they can be time phased and monitored at interim points to ensure progress toward their attainment?

6. Balance. Do the objectives provide for a proportional emphasis on all activities and keep the strengths and weaknesses of the organization in proper balance?

Objectives that meet such criteria are much more likely to serve their intended purpose. The resulting statements can then serve as the directing force in the development of marketing strategy.

Consider the following examples:

*Poor:* Our objective is to maximize revenue.

*Remarks:* How much is "maximum?" The statement is not subject to measurement. What criterion or yardstick will be used to determine if and when actual revenue is equal to the maximum? No deadline is specified.

*Better:* Our target for revenues in the next calendar year is an average of $10,000 per week.

*Poor:* Our objective is to increase revenue.

*Remarks:* How much? A $1 increase will meet that objective but is that really the desired target?

*Better:* Our objective this calendar year is to increase revenues from $300,000 to $350,000.

*Poor:* Our objective next year is to boost advertising expenditures by 15 percent.

*Remarks:* Advertising is an activity, not a result. The advertising objective should be stated in terms of what result the extra advertising is intended to produce.

*Better:* Our objective is to boost the number of new clients/patients by 10 percent next year with the help of a 15 percent increase in advertising expenditures.

# Organization and Program Life Cycles

Professional service organizations and specific services go through a predictable cycle. The potential of such a cycle points out the need for continually reviewing what an organization offers its clients/patients in terms of programs and services. These must be evaluated regularly to determine if new programs and services are needed, or if existing ones should be changed.

The organization or program is founded at some point and grows slowly. This is usually followed by a more rapid period of growth if the organization is successful. The growth eventually slows down and the organization or program enters maturity. This is followed by a period of decline unless new staff is added. This life cycle model has been used not only to describe organizations, but also the history of services and specific activities. As service providers begin to age, they may want to slow down their practice especially if their financial goals have been achieved. Fewer days in the office usually mean fewer clients/patients are seen. Many older providers bring in new staff to continue to grow the organization and may take on a different role, such as mentor, in the firm.

# Organization Structure

The organizational structure is simply the relationship of activities, authority, and responsibility at a given time within the organization. The nature of the organization greatly influences not only who will be responsible for marketing, but also how much assistance the individual can expect from others in the organization.

Two basic types of marketing organizational structures are the line organization and the line and staff organization. The distinctions between the two are the separation of planning and operating tasks in the staff and line organization. The line organization is the simplest form and will be described first.

In a line organization, authority flows directly from the chief administrator to the first subordinate, then to the second, and so forth. Few, if any, specialists are present in the organization, and the same individual usually performs planning and operating activities. In fact, the chief administrator may do all the planning for all areas and maintain primary authority and responsibility for all areas.

In the marketing line organization, the marketing administrators are responsible for planning and for the operations in marketing. The two people reporting to the chief marketing administrator are responsible for the activities indicated by their titles. No additional personnel are available to provide support to these marketing administrators. Although this type of
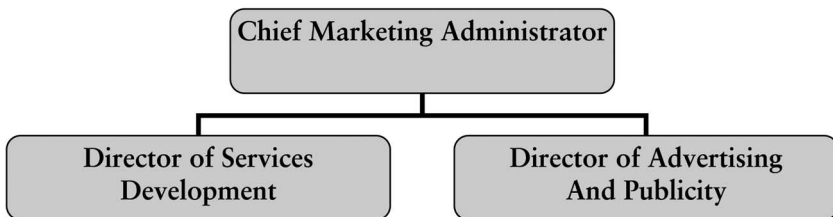


*Figure* 7    A Line Organization.
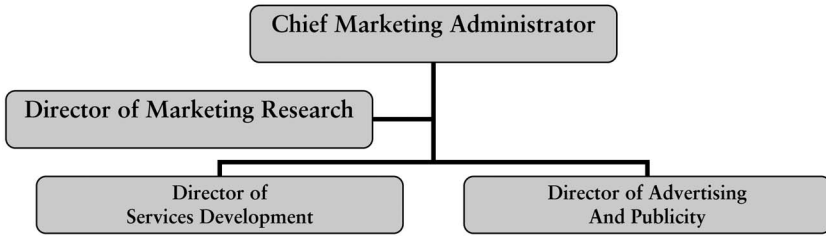
*Figure 8*    Line and Staff Organization.

organization may be successful for small organizations, its usefulness in larger, more complex situations is limited.

To be effective, there must be a division of effort, and this is exactly what additional positions provide. Additional personnel are added to help the existing personnel to perform the various functions carried on in an organization, especially the planning function. A marketing administrator in a line organization must not only develop plans but also carry them out. This means there is less time available for planning, because the administrator is involved in operating tasks of the organization. Good planning procedures can be used under these conditions, especially if there are only a few programs and/or clients/patients groups. However, the analysis done as a part of the planning process usually will not be as thorough, simply because of less time and fewer resources available to the administrator.

The line and staff organization adds specialists to the organization to support line positions. This permits separation of planning and operating activities, which in turn means more time and resources available for marketing planning. The result should be more thorough plans.

These staff specialists are available to undertake efforts in their areas of specialization. Of course, there are many other ways to specialize staff personnel—services offered, clients/patients types, and so on. A wide variety of potential organizational structures can be adapted to a specific organization's needs.

# Performance Evaluation and Control

Performance evaluation and control refers to the process used to evaluate the effectiveness of marketing activities. Performance should be evaluated in many areas to provide a complete analysis of what the results are and what caused them. Two key control areas are (1) the number of clients served and revenue generated, and (2) clients'/patients' attitudes. Objectives should be established in all of these areas within the plan.

## NUMBER OF CLIENTS/PATIENTS CONTROL

The client/patient control data listed in the table below are from an analysis of billable hours for an individual law firm. Billable hours can be evaluated on a service-by-service basis by developing a performance report as shown in the table. When such a format is used, the attendance objectives stated in the plan are broken down on a quarterly basis and become the standard against which actual attendance results are compared. Number and percentage variations are calculated, because in some instances a small percentage can result in a large number variation. A law firm could develop a table like the one below to analyze billable hours by service.

A performance index can be calculated by dividing actual billable hours by the billable hours objective. Index numbers of about 1.00 indicate that

*Table 6*   Billable Hours Performance Report Quarter 1 (By Service)

| Service | Billable Hours Objective | Actual Billable Hour | Actual Variation | Percent Variation | Index |
|---------|--------------------------|----------------------|------------------|-------------------|-------|
| A | 1,000 | 900 | -100 | -10.0 | .90 |
| B | 950 | 1,020 | +70 | +7.4 | 1.0 |
| C | 1,200 | 920 | -280 | -23.0 | .77 |
| D | 2,000 | 2,030 | +30 | +1.5 | 1.00 |

expected and actual performances are about equal. Numbers larger than 1.00 indicate above-expected performance, and numbers below 1.00 reveal below-expected performance. Index numbers are especially useful when a large number of services are involved, because they enable administrators to identify programs that need immediate attention. This table could also be adjusted to analyze the performance of individual attorneys.

# Planning Audits

The concept of a marketing planning audit was derived from accounting, where audits have traditionally been used as a procedure for internal financial control. The term has been defined in a number of ways: from simply (1) "a marketing audit is a systematic and thorough examination of a company's marketing position," (2) to "a marketing audit is a comprehensive, systematic, independent, and periodic examination of a company's—or business unit's—marketing environment, objectives, strategies, and activities with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance." (3) But, in essence, a planning audit is a critical, unbiased review of the philosophies, personnel, organization, purpose, objectives, procedures, and results associated with some activity. It is a review of everything associated with the marketing planning process within a company.

Audits are appropriate for virtually any type of organization—new to old, small to large, health or ailing, engaged in service or physical products. The need for a marketing planning audit may stem from a number of reasons: changes in target markets, in competitors, in internal capabilities, in the economic environment, and so forth. Consequently, an audit may have many purposes:

- It appraises the total marketing operation.
- It centers on the evaluation of objectives and policies and the assumptions that underlie them.
- It aims for prognosis as well as diagnosis.
- It searches for opportunities and means for exploiting them as well as for weaknesses and means for their elimination.
- It practices preventive as well as curative marketing practices.

The marketing audit process can be lengthy and complex. A great deal of prior planning and preparation are necessary. Ultimately, it involves (1) deciding who will do the audit; (2) agreeing on its objectives, scope, and breadth; (3) identifying sources of data; and (4) deciding on the format used to present its results.

# Positioning

Positioning is the process of creating an image of an organization. A position is the perception people have of a particular organization relative to other organizations and professional service organizations. Generally, an organization should attempt to differentiate itself from others.

How does an organization want to be viewed? For example, several items to consider are length of time in operation, convenience of hours/location, specialties offered, and so on. An organization should determine how it wants to be perceived and should build its services related to these and many other dimensions to achieve the desired position. The target market strategy and positioning decision provide a basis for the development of the marketing mix.

Marketing research can identify perceptions of market offerings. Positioning maps are sometimes used to locate opportunities in the market. For
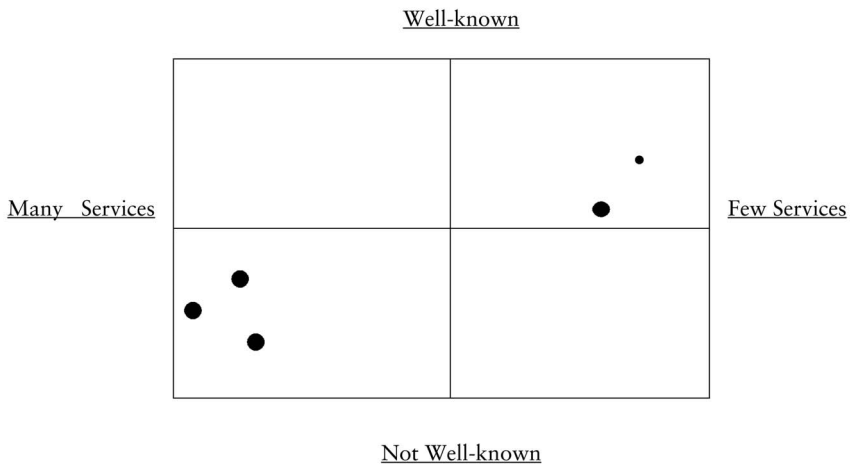


*Figure 9*  Sample Positioning Map.

example, if perceptions are measured on services offered and well-known in the community, the positioning map shown in the figure below may result.

The dots on the map represent specific organizations in the community. No organization in the area is perceived to have many services and perceived to be well-known. Therefore, an opportunity is identified in the market. If other factors (such as demographics) are positive, an organization could develop its marketing mix to increase awareness of the firm in the community.

# Primary Data

Research conducted to get answers to our research questions, or to test our hypotheses to determine whether or not they are supported by the information we collect, may require us to go beyond the examination of existing data. When we find ourselves in such a situation, we are in need of primary data—data not available in a secondary form and must be collected to address the specific needs of our research. Research studies can be at any point on a continuum, which at one end answers all research questions with secondary data, and at the other end (where) no existing secondary data can be used to answer the research questions.

## TYPES OF PRIMARY DATA

Primary data come in a variety of forms. Some of the more common types of primary data are discussed here.

### Demographic/Socioeconomic Data

Information such as age, education, occupation, martial status, sex, income, ethnic identification, social status, and so on, are of interest to marketers because when combined with other types of primary data (e.g., service usage, attitudes, etc.), these descriptions help marketers profile target market clients/patients or other groups of interest.

### Attitudes

Attitudes refer to a person's feelings, convictions, or beliefs about an object, idea, or individual. Attitudes are a common object of measurement for marketing researchers because it is believed that they are precursors of behavior. (See ATTITUDE MEASUREMENT.)

## Psychographics/Lifestyle Data

This type of data is concerned with people's personality traits, what interests them, how they live, and their values. It is sometimes referred to as a person's AIOs—activities, interests, and opinions. Marketers find that combining psychographics and lifestyle information with demographics provides a "three-dimensional" perspective of a target market, permitting a much better focus to a marketing program.

## Intentions

Intentions refer to the anticipated future behaviors of an individual. This is a subject of interest to marketers who factor the planned behavior of their target audience heavily into marketing plans.

## Awareness/Knowledge

Referring to what subjects do or do not know about an object of investigation, awareness, and knowledge is of interest to marketers who wish to distinguish the image, experience, feelings, etc., of subjects who are familiar with a program from those who are not.

## Motivations

Motives consist of inner states that direct our behavior toward a goal. Other terms used to describe motives are urges, drives, or impulses. Our concern with motives centers around an interest in why people act as they do. When we ask respondents to indicate how important each of several service attributes is in influencing their choice we are attempting to identify what motives are influencing their behavior.

## Behaviors

Behaviors are the actual actions taken by respondents. Obtaining information about a person's behaviors might be accomplished through either self-report, or observation, either disguised or undisguised, of a subject's behavior as it occurs.

## METHODS OF COLLECTING PRIMARY DATA

The main methods of collecting primary data are communication and observation. Communication includes various direct approaches of asking questions of respondents by either personal interview, telephone survey, electronic survey, or mail questionnaire. Observation, on the other hand,

involves the process of viewing behavior either in the field or in laboratory settings. In this method of data collection, an observer records activities of the entity being observed, either in a structured (descriptive or casual research) or unstructured (exploratory) fashion. Sometimes mechanical devices are used instead of an observer to record the actions of interest.

## SUGGESTED READING

Wrenn, Bruce, Robert Stevens, and David Loudon, Marketing Research (Binghamton, NY: The Haworth Press), 2002.

# Product Market Analysis

## KEY SUCCESS FACTORS

An important component of a thorough market analysis is the identification of key success factors (KSF)—the resources and skills the market dictates companies must have to successfully compete (i.e., the factors they are key for success). The most basic of these factors are like an "ante" in a game of poker—if you can't come up with them, you can't be a "player." Establishment of an intensive distribution system would be a basic key success factor for a manufacturer of chewing gum, as would time slots and gates at airports for an airline. Obviously, these key success factors will vary by industry and product/market within an industry. The failure of Philip Morris and P&G to gain entry into the soft-drink market was due to a lack of access to soft-drink bottlers, a KSF for that industry. Other examples of key success factors follow:

Book (or Movie) Market:

- Relationships with authors (or producers), with a balance between established and emerging talents.
- The capacity to market the resulting product effectively, coupled with a quick response system to exploit a hit when it occurs.
- The ability to control fixed and marginal costs and to obtain scale economies.
- Relationships with the distribution channel.
- A strategy for the Internet, including an e-book route to market.

It is vitally important that firms understand the KSFs for each product/market in which they operate or are considering future entry. Studies have shown that firms having strengths that match the market's KSFs outperform other firms in those markets by a substantial margin. It is important to note that KSFs can change as product/markets evolve over time. Therefore, it is necessary that market analysis, including marketing research, be ongoing to identify in a timely fashion those changes that can impact an organization's ability to gain and maintain a competitive advantage. The objective

is to discover the KSFs at the "crest of the wave" as a market evolves to a new stage; that is, when the KSF is changing from one that constitutes the "ante" to one that is emerging and when capitalizing on it will grant a firm a competitive advantage in the market's next evolutionary stage. For example, those car companies that foresaw the shift in financing from purchase to leasing were able to develop attractive leasing programs and gain a competitive advantage over companies who continued to think their business was in "selling" autos. Such an advantage must be aggressively pursued, however, before the wave crests and the KSF becomes the basic condition that everyone must meet in order to be a viable firm in the market.

# Product Positioning Strategies

One of the most obvious ways in which the previously conducted situation analysis affects the development of a product (service) strategy is in the positioning process. The term positioning refers to the place the product occupies in the minds of customers relative to a set of criteria the customers use to think about the product and relative to a group of competitors that the customers have as an evoked set when considering the product. While a product's position is achieved through the use of the entire marketing mix (i.e., the services provided, fees, promotion, and place decisions) it is generally referred to as product positioning because it reflects the decisions made when developing product or service strategy.

The process used to determine the product positioning strategy reveals the reliance on information gained during the situation analysis phase of the marketing planning process:

1. Determine the product features/benefits used by members of your target market to evaluate product offerings.
2. Determine what positions existing competitive products occupy along those dimensions.
3. Identify those niches where customers have desires for a product with that combination of features/benefits where you can deliver the desired combination better than can competitors who occupy that space (i.e., where you can deliver satisfaction of their needs at a competitive advantage).
4. Write a positioning strategy that spells out how the product should be configured and promoted to occupy the targeted position.
5. Don't lose sight of your intended position when developing and marketing the product.

This last point is emphasized because there have been occasions where the actual service has strayed from the intended position due to compromises made in its development or in the marketing mix used to establish its position. Such deviation from the objective can be unintentional and subtle, but can contribute to the dilution of the planned positioning strategy.

Whatever approach is used in executing the positioning strategy, the end result must be a strategy that reflects both the market realities revealed by the situation analysis (i.e., will your target market segment favorably respond to your positioning message because it addresses an unsatisfied need of theirs?), and the firm's distinctive competencies (i.e., can you deliver the promised benefits better than competition?). A positioning strategy can not be a way to "hype" your services. It is the way to stake out your territory in the market, and you must be able to hold that ground against competition and generate satisfied customers along the dimension by which you've established your position.

# Promotion Budget

An organization must determine the amount of funds it should spend on promotion. Ideally, a marginal analysis would be used when budgeting; that is, more dollars should be spent on promotion as long as benefits exceed the costs. However, the benefits of promotion are often delayed and difficult to measure. Also, the reality of most organizations is that they want to spend more on promotions than they have the capacity to spend. Therefore, a method should be developed to determine the level of spending.

The percentage of revenues method is popular. This is developed by taking a certain percentage of last year's revenues or this year's expected revenues. The advantage of this method is that it is simple and, if based on reliable past information and a stable environment, it can work well. The disadvantage is that this method may not consider the objectives and strategies of the organization; if these factors or the revenues are changing, this method may not be appropriate. If, for example, revenues are declining for whatever reason, this method may not provide the needed funding for special organization promotions that may be deemed to be necessary.

Another way of determining the promotion budget is called the match competitors method; an organization would spend about the same amount of dollars as other organizations in their community. This system helps an organization "keep up" with its competition, but the downside is that it may produce a budget that is not in accordance with its vision. Again, each organization has its own objectives, needs, and strategies that demand a particular level of promotion.

Many organizations use an available funds method, in which they will spend as much as they can afford. The advantage is that this system controls expenses. The problem is that it does not recognize and gain the possible benefits of promotion and marketing.

The objective-task method establishes promotion objectives and then determines the costs to achieve the objectives. This rational approach is businesslike and can work well when a particular campaign can be easily measured. However, this method is difficult to implement and is based on estimates.

Other methods that can be used are share of market, share of voice, empirical research, amount per member, and quantitative mathematical models. These generally are not appropriate for organizations and are not discussed here.

Once the promotion budget is established, the organization then can divide the funding into each area—advertising, public relations, and other organization promotions. The organization management should establish specific objectives for each area and should evaluate each for costs and benefits.

# Promotional Mix

The promotional mix is the combination of the communication elements—advertising, public relations, and other organization promotions—that an organization selects to achieve its promotional objectives. These elements should be integrated and coordinated with the marketing mix. The diagram in the figure below depicts the marketing mix and the promotional mix.

Each of the promotional mix components has advantages and disadvantages. An organization should choose an optimal blend of these variables based on its goals, resources, personnel, abilities, and promotion budget.
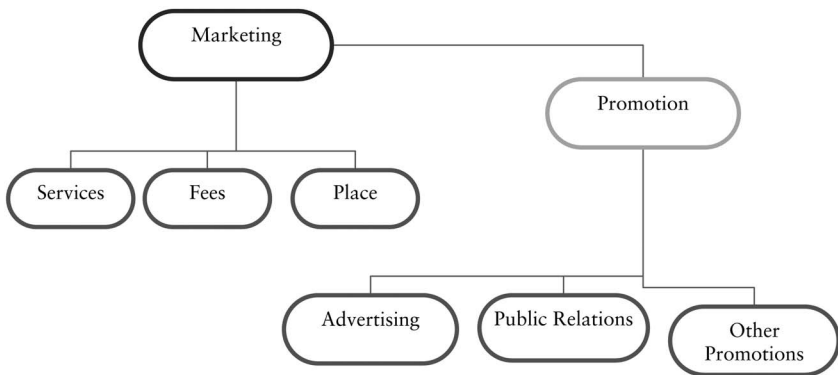


*Figure 10*  Marketing Mix and Promotional Mix.

# Publicity

Publicity refers to communications about an organization that appear in or are heard about in nonpaid space or airtime. Publicity, when properly managed, offers another opportunity to promote an organization's services, but in a way unlike those discussed thus far. Publicity involves mass communication transmitted through the media in editorial space rather than paid space. Any time an organization or its services creates news through the media, the organization is using publicity. Publicity has been called "the velvet hammer" of communications because it can drive home a point in a different manner.

An organization or professional service organization having a well-known provider on staff, offering a new service, or moving to a new location are examples of events that are usually newsworthy to the community or media audience. When properly publicized, many people can be informed about the organization through the media, and the time or space does not cost anything.

Publicity can also be negative, since mistakes, fires, thefts, failures, and so on also make the news. Publicity should be managed as a part of the organization's communication efforts. Publicity offers a way to impact clients/patients in new and meaningful ways.

# Quality- and Value-Based Marketing

One of the most significant trends in marketing at the turn of the century has been the emphasis on value—the right combination of product quality, service support, and timely delivery at a reasonable price. This concern with value by customers has forced many firms to reconsider their views of product quality and customer service in order to meet the demands of a global marketplace. For example, consider the differences between the traditional view of product quality and the view the TQM approach provides in Table 7.

Marketing plans must reflect the emphasis on value demanded by the market with respect to the quality of product and level of customer service.

*Table 7*  Traditional View Versus Total Quality Management View

| *Traditional View* | *Total Quality Management View* |
| --- | --- |
| • Productivity and quality are conflicting goals. | • Productivity gains are achieved through quality improvements. |
| • Quality is defined as conformance to specifications or standards. | • Quality is defined by degree of satisfaction of user needs. |
| • Quality is measured by degree of conformance. | • Quality is measured by continuous process/product improvement and user satisfaction. |
| • Quality is achieved through inspection. | • Quality is determined by product design and is achieved by effective process controls. |
| • Some defects are allowed if the product meets minimum quality standards. | • Defects are prevented through process-control techniques. |
| • Quality is a separate function and focuses on evaluating production process and output. | • Quality is part of every function in all phases of the product life cycle. |
| • Workers are blamed for poor quality. | • Everyone is responsible for quality. |
| • Supplier relationships are short-term and cost-oriented. | • Supplier relationships are long term and quality oriented. |

# Questionnaire

A questionnaire is the main type of data-gathering instrument in descriptive research designs. A questionnaire is a set of questions for obtaining useful information from individuals. Because poor questionnaire design is a primary contributor to nonsampling errors—specifically, response errors—the questionnaire should be well designed. The questions should minimize the possibility that respondents will give inaccurate answers. The questions asked are the basic essence of a research project. Inquiring by way of interrogation through specific questions forms the basic core of survey research. The reliability and validity of survey results are dependent on the way the specific questions are planned, constructed, and executed.

Constructing a questionnaire that generates accurate data that are relevant to solving the research problem is not a simple matter. A questionnaire can flow well from part to part, contain questions easily understood by respondents, address the issues identified in the study's research objectives, and lend itself to the appropriate analytical techniques, but may totally fail to present an accurate picture of reality conducive to making decisions that lead to a solution of the management problem. How is this possible? A questionnaire is more than just a series of well-worded questions. It is a totality, a system in which each part is vital to every other part of the whole instrument.

## GOALS OF A QUESTIONNAIRE

Researchers should take great care in designing this data-collection instrument. A good questionnaire should accomplish the following goals:

### Contextualize the Information Collected

The researcher should include any questions that will aid in the interpretation of those questions that are directly related to the research objectives. In other words, include questions that can be used by the decision maker in the decision-making process, even if those additional questions are not

directly related to the research objectives. A questionnaire is more than merely a conversion of research objectives into survey questions.

## Express the Study Objectives in Question Form

The questionnaire must capture the essence of the study objectives and ask questions that will gather the data that will provide the information needed to answer the various research issues. Quite often, a set of study objectives is adapted to an existing questionnaire that has been effective in the past. Each project with its unique set of study objectives should have a custom-made questionnaire designed especially for that project. The design of the questionnaire is the wrong place to try to economize during the research process.

## Measure the Attitude, Behavior, Intention, Attributes, or Other Characteristics of the Respondent

The questions must be specific and reported in a form that will allow for comparisons to be made and results to be analyzed. The responses to the questions must provide the information that is necessary to answer the research questions and in a format that can be subjected to the appropriate analytical technique.

## Create Harmony and Rapport with the Respondent

A well-designed questionnaire targeted at the correct population sample should provide an enjoyable experience for the respondent. The frame of reference of the respondent must be considered in the design, wording, and sequencing of a questionnaire. Occupational jargon, cultural background, educational level, and regional differences can alter the effectiveness of a questionnaire if they are not taken into consideration. Not only should the questionnaire appeal to the respondent, it should be designed so the respondent can easily understand it, be able to answer it, and be willing to answer it.

## Provide Just the Right Amount of Information: No More, No Less

This is a trite statement, but it has much truth to it. Opinions differ on just how much information is needed to answer a set of research questions. However, in designing a questionnaire the two basic mistakes are leaving an important question unasked, which makes the survey incomplete, and asking too many irrelevant questions, which makes the survey too long and unwieldy. A researcher must learn to economize in asking questions to avoid respondent burnout, which leads to early termination and incomplete and inaccurate information. However, care must be taken in the design

process to be sure the quantity of information is gathered to accomplish the research objectives.

## Designing a Questionnaire

Many methods are accepted for designing a questionnaire. Various research texts suggest procedures ranging from four to fourteen sequential steps. Questionnaire design, no matter how formalized, still requires a measure of science and a measure of art with a good dose of humility mixed in. In designing a questionnaire, presumption must be set aside. Although for simplicity of format, the sequence for developing a questionnaire is given on a step-by-step basis, rarely is a questionnaire constructed in such a routine way. Quite often it is necessary to skip from one step to another and to loop back through a previous series of steps.

The following steps represent a sequential procedure that needs to be considered for the development of an effective survey instrument.

Step 1: Determine the specific information needed to achieve the research objectives.
Step 2: Identify the sources of the required information.
Step 3: Choose the method of administration that suits the information required and the sources of information.
Step 4: Determine the types of questions to be used and form of response.
Step 5: Develop the specific questions to be asked.
Step 6: Determine the sequence of the questions and the length of the questionnaire.
Step 7: Predetermine coding.
Step 8: Pretest the questionnaire.
Step 9: Review and revise the questionnaire

# Research Design

A research design is similar to a road map—you can see where you currently are, where you want to be at the completion of your journey, and can determine the best (most efficient and effective) route to take to get to your destination. We may have to take unforeseen detours along the way, but by keeping our ultimate objective constantly in mind and using our map we can arrive at our destination. Our research purpose and objectives suggest which route (design) might be best to get us where we want to go, but there is more than one way to "get there from here." Choice of research design is not like solving a problem in algebra where there is only one correct answer and an infinite number of wrong ones. Choice of research design is more like selecting a cheesecake recipe—some are better than others but there is no one that is universally accepted as "best." Successfully completing a research project consists of making those choices that will fulfill the research purpose and obtain answers to the research questions in an efficient and effective manner.

Choice of design type is not determined by the nature of the strategic decision faced by the administrator such that we would use research design A whenever we need to evaluate the extent of a new opportunity, or design B when deciding on which of two advertising programs to run. Rather, choice of research design is influenced by a number of variables such as the decision maker's attitude toward risk, the types of decisions being faced, the size of the research budget, time frame, the nature of the research objectives, and other subtle and not-so-subtle factors. Much of the choice, however, will depend on the fundamental objective implied by the research question.

- conduct a general exploration of the issue, gain some broad insights into the phenomenon, and achieve a better "feel" for the subject under investigation.
- describe a population, event, or phenomenon in a precise manner where we can attach numbers to represent the extent to which something occurs or determine the degree two or more variables covary.

- attribute cause and effect relationships among two or more variables so that we can better understand and predict the outcome of one variable when varying another.

These three broadly different objectives give us the names of our three categories of research designs: exploratory, descriptive, and causal. Exploratory research usually called for if the management problem is vague or can be only broadly defined. Research at this stage may involve a variety of techniques (literature review, focus groups, in-depth interviews, psychoanalytic studies, and case studies) and is characterized by the flexibility allowed to researchers in the exploration of relevant issues. Descriptive Research is conducted when there is a need to measure the frequency with which a sampled population behaves, thinks, or is likely to act or to determine the extent to which two variables covary. Research must be highly structured in descriptive research so that any variation in the variables under investigation can be attributed to differences in the respondents rather than to variations in the questioning, which is acceptable in exploratory research. Causal research is also highly structured, and includes exercise of control over variables in order to test cause-and-effect relationships between variables. Exploratory research is used to generate hypotheses, and both descriptive and causal research is used to test hypotheses.

**REFERENCE**

Wrenn, Bruce, Robert Stevens, David Loudon, Marketing Research (Binghamton, NY: The Haworth Press), 2006.

# Research Methodology

Research methodology refers to the steps or sequence of events needed to plan what marketing data are to be collected, from whom, and how they are to be analyzed. Research methodology is part of the overall marketing research process shown in the following outline:

1. Define the management problem
2. State research objectives
3. Develop research methodology
    a. Define specific information needs
    b. Define population to be studied
    c. Develop sampling technique and determine sample size
    d. Determine how to measure variables or attributes to be studied
    e. Determine how to collect data
    f. Determine how to analyze data
4. Collect data
5. Analyze and interpret data
6. Present findings

The first step in developing the research methodology is to identify the specific types of information needed to accomplish the research objectives. Although this might appear to be an inherent part of the process of developing the objectives, it is usually wise to approach this in a more formal way by identifying specific information types. For example, let's say a research objective was stated as follows: Identify the characteristics of heavy users, light users, and nonusers to a service. The word "characteristic" can take on a wide variety of definitions—socioeconomic, psychological, behavioral, and physical. What specific types of information are needed in this particular research project? Answering this question forces the researcher to evaluate information sought with objectives and the management problem in mind. This step could be completed under the measurement area—deciding what is to be measured—and this is acceptable. However, since every aspect of research methodology is directly influenced by the type of

information to be collected and analyzed, there are advantages to using this as the initial step in methodology.

The other steps in developing the research methodology follow the definition of information needs. The research population, sampling methods and size, measurement, data collection, and analysis are all based on the types of information to be collected

# Revenue/Cost Controls

A revenue/cost control refers to the mechanisms an organization uses to manage these elements. Several tools are available for establishing cost control procedures, including budgets, expense ratios, and activity costs analysis. Budgets are a common tool used by most organizations for anticipating expense levels on a yearly basis. The budget is often established by using historical percentages of various expenses as a percent of sales. Thus, once the total level of expected revenues is established, expense items can be budgeted as a percent of total sales. If zero-based budgeting is used, the objectives to be accomplished must be specified and the expenditures necessary to accomplish these objectives estimated. The estimates are the budgeted expenses for the time period.

Revenues are controlled by tracing income on a weekly or at least a monthly basis. A prerequisite to controlling revenues is an annual projection of operating expenses. This projection, broken down on a quarterly or monthly basis, becomes the standard from which deviations are analyzed. For example, an organization with a projected budget of $500,000 for the next fiscal year would be expecting about $125,000 per quarter, or $41,667 per month. If there were large variations related to certain times of the year, even the variations can be analyzed to determine the proportion of the budgeted amount given per month. If, historically, 40 percent of the revenue came during the first quarter of the year, then 40 percent of next year's budget becomes the expected level of revenues to be used as the standard.

The same type of analysis used to control service usage can be used to analyze data on revenue. This type of analysis should be performed on a timely basis to enable expansion or cutbacks of services when revenue levels go above or below the expected amounts for the period.

Once the budget is established, expense variance analysis by line item or expenditure category is used to control costs. Although it is not possible to establish standard costs for marketing expenditures, the budget amounts are the standards used to perform variance analysis. A typical procedure is to prepare monthly or quarterly budget reports showing the amount budgeted for the time period and the dollar and percentage

variation from the budgeted amount, if any exists. Expenditure patterns that vary from the budgeted amounts are then analyzed to determine why the variations occurred.

Expense ratio analysis is another tool used to control costs. An important goal of every plan is to maintain the desired relationship between expenditures and results. Calculations of expense ratios provide information on what this relationship is at any time. Monthly, quarterly, and yearly ratio calculations should satisfy most administrators' needs for this type of data.

Common ratios are as follows:

1. Administrative expense ratio
2. Promotion expense ratio

Activity cost analysis is also very useful. This type of analysis permits evaluation of cost by individual activity, such as a seminar. Analysis of these costs in relation to new clients produced is a key type of analysis for identifying effective and ineffective activities

# Sampling

Sampling refers to the process of selecting individuals or organizations from which to collect data. Two separate decisions are called for in this step. The first is to determine how specific sample elements will be drawn from the population. The approach selected depends on the nature of the problem and the nature of the population under study. For probability sample designs, the objective is to draw a sample that is both representative and useful. For nonprobability designs, the objective is to select a useful sample even though it may not be representative of the population. The sample design influences the applicability of various types of analysis; some types of analysis are directly dependent on how sample elements are drawn.

Sample elements must be drawn from a sampling frame (i.e., a list of all the elements in the population). Building such a list is a basic need for most organizations. Some organizations have no formal technique to list even their own clients/patients much less potential clients/patients groups.

The sampling frame should include all clients/patients of the population. Failure to meet this requirement can result in bias. If, for example, you were trying to determine the number of Hispanic surnames in an area and were going to use the telephone book as your list of families, three problems would be encountered. First, not everyone has a land-line telephone, and some of those who do not tend to be in a low-income bracket. Second, 15 to 20 percent of phone owners have unlisted numbers. Third, new residents would not be listed. The difference between your list (telephone book) and area Hispanic surnamed residents could be substantial and could bias the results.

Sample size represents the other side of the decision. Determining how many sample elements are needed to accomplish the research objectives requires both analysis and judgment. Such things as costs, response rate, and homogeneity of sample elements must be considered when deciding on sample size. In some studies, the cost may dictate the sample size.

# Scales

The term "scale" can refer to the method of expressing the value or magnitude by numbers (i.e., a nominal, ordinal, interval, or ratio scale), or the measuring device itself (e.g., a Likert, semantic differential, Thurstone, or rank-order scale). We will refer to it in the latter sense here.

No one scaling device is considered best under all measurement circumstances. We will discuss the most commonly used scales along with some guidelines for their use. The following are some commonly used scales to measure variables of interest for professional service marketers.

Several choices confront the researcher using one of these scales.

1. The number of item statements and scale points. Research indicates that scale reliability improves, up to a point, with increases in the number of item statements and scale points. So, for example, a questionnaire that uses twelve attitude item statements is more reliable than one that uses only three item statements, but thirty item statements is probably less reliable than twelve. Why? Because of the fatigue factor—respondents get fatigued in answering too many questions and their responses are made more to "get it over with" rather than as a true representation of their state of mind. The same is true for response points on the scale—five is better than three, but more than ten points does not improve reliability. Typically, the number of scale points varies between five to seven.

2. Odd or even number of points. Is a scale with an even number of points preferable to an odd number, or is the odd number preferable? No hard evidence supports either choice. The odd number provides a midpoint on the scale; while the even number forces respondents to "choose sides" (lean toward one end of the scale or the other). This remains a matter of research preference.

3. Use of "don't know" and "no opinion." The general tendency for interviewers is to discourage respondents from choosing a "don't know" or "no opinion" option when responding to a scaled item statement. Many respondents then select the midpoint of an odd-number scale as the default option. Obviously, researchers analyzing the data are

*Table 8* Scales to Measure Variables of Interest

| ATTITUDES | | | | |
|---|---|---|---|---|
| Strongly Agree | Agree | Disagree | Strongly Disagree | Neither Agree nor Disagree |
| 5 | 4 | 3 | 2 | 1 |

| PERFORMANCE OR QUALITY | | | | |
|---|---|---|---|---|
| Excellent | Very Good | Good | Fair | Poor |
| 5 | 4 | 3 | 2 | 1 |

| SATISFACTION | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Very Satisfied | | Somewhat Satisfied | Satisfied | | Dissatisfied | | Somewhat Dissatisfied | | Very Dissatisfied |
| 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |

| IMPORTANT | | | | |
|---|---|---|---|---|
| Very Important | | | Very Unimportant | |
| 5 | 4 | 3 | 2 | 1 |

| EXPECTATIONS | | | | |
|---|---|---|---|---|
| Far Exceeded My Expectations | Met My Expectations | | Did Not Met My Expectations | Far Below My Expectations |
| 5 | 4 | 3 | 2 | 1 |

| INTENTIONS | | | | | | |
|---|---|---|---|---|---|---|
| Very Likely to Buy Again | | | | Very Unlikely to Buy Again | | |
| 7 | 6 | 5 | 4 | 3 | 2 | 1 |

| BEHAVIOR | | | | |
|---|---|---|---|---|
| Always | Frequently | Occasionally | Infrequently | Not At All |
| 5 | 4 | 3 | 2 | 1 |

| FREQUENCY | | | | | | |
|---|---|---|---|---|---|---|
| More Than Once a Week | About Once a Week | Two or Three Times a Month | Once a Month | | About Once a Month | Never |
| 7 | 6 | 5 | 4 | 3 | 2 | 1 |

then unable to determine how many people marked "3" on the five-point scale because that expressed the intensity with which they held an attitude, and how many marked "3" because they did not know how they felt, and chose the midpoint because it was the safest option available. These kinds of compromises to the validity of the instrument argue persuasively for a scale that provides for both a "don't know" and a "no opinion" option for respondents, and for instructions to interviewers to accept these responses from respondents.

Researchers who plan to use specific analytical techniques to test hypotheses or determine the relationship between variables of interest (e.g., what best explains level of satisfaction with a particular service among clients/patients of a target audience) must have collected data using the appropriate scale for that technique. In other words, the scale used must generate the data in the form required by the statistical process being used to analyze the results—not all scales will generate data in the proper form. Consequently, the wise researcher will anticipate how the data need to be analyzed when designing the data collection instrument, not after the data have been collected.

# Secondary Data

Research design is the "road map" for the researcher, indicating the route he or she will take in collecting the information to ultimately solve the problem or evaluate the opportunity in question. The types of data collected in executing this research design will be either primary data or secondary data. Primary data are those that are collected for the first time by the researcher for the specific research project at hand. Secondary data are data previously gathered for some other purpose.

Secondary data can be used in several ways, even though the research design might require the use of primary data. The most common uses are:

1. In some cases the information and insights gained from secondary data are sufficient to answer the research questions.
2. Secondary data can provide the background necessary to understand the problem situation and provide an overview of the market dynamics.
3. Secondary data often can provide exploratory information that can aid in the planning and design of the instruments used to gather primary data.
4. Secondary data can serve as a check and standard for evaluating primary data.
5. Secondary data can give insight into sample selection.
6. Secondary data can suggest research hypotheses or ideas that can be studied in the primary data phase of the research process.

The extensive use of secondary data reduces the possibility of "reinventing the wheel" by gathering primary data that someone else has already collected.

## DISADVANTAGES OF SECONDARY DATA

Since secondary data, both internal and external, were generated for some purpose other than to answer the research question at hand, care must

be taken in their application. The limitations of secondary data must be considered. Secondary data have the following potential limitations or disadvantages:

1. A poor "fit." The secondary data collected for some other research objective or purpose may not be relevant to the research question at hand. In most cases, the secondary data will not adequately fit the problem. In other cases, secondary data collected from various sources will not be in the right intervals, unit of measurement, or categories for proper cross-comparison. The secondary data may not be collected from the correct or most representative sample frame.
2. Accuracy. The question of accuracy takes several things into consideration. First of all, there is the question of whether the secondary data came from a primary or secondary source. Secondary sources of secondary data should be avoided. The next consideration is the organization or agency that originally collected the data. What is the quality of the organization's methodology and data-gathering design? What is its reputation for credibility?
3. Age. A major problem with published and secondary data is the timeliness of the information. Old information is not necessarily bad information; however, in many dynamic markets, up-to-date information is an absolute necessity.
4. Quality. Information quality is sometimes unknown. The reputation and capability of the collecting agency is important to assessing the quality of the information provided. To verify the overall quality of secondary information, it may be necessary to know how the data were collected, what the sampling plan was, what data-collection method was used, what field procedures were utilized, what training was provided, what degree of no response was experienced, and what other sources of error are possible.

## SECONDARY DATA SOURCES

The first problem that confronts a researcher in initiating a secondary data search is the massive amount, wide variety, and many locations of secondary data. Some method of logically summarizing the sources of secondary data is helpful. Most textbooks on the subject divide secondary data sources into two groups: (1) internal data sources, and (2) external data sources.

Internal secondary data sources are closest at hand because they are found within the organization initiating the research process. These internal data have been collected for other purposes but are available to be consolidated, compared, and analyzed to answer the new research question

being posed. This is particularly true of organizations that have sophisticated management information systems that routinely gather and consolidate useful marketing, accounting, and clients/patients information.

Even though most research projects require more than just internal data, this is a very cost-efficient place to begin the data search. Quite often a review of all internal secondary data sources will inexpensively give direction for the next phase of data collection. The internal search will give clues to what external data sources are required to gather the information needed to answer the research question.

External secondary data originate outside the confines of the organization. An overwhelming number of external sources of data are available to the researcher. Good external secondary data may be found through libraries, Internet searches, associations, and general guides to secondary data. The Directory of Directories and the Encyclopedia of Associations are excellent sources for finding associations and organizations that may provide secondary information for a particular industry.

The Internet has become the first, and too often the only, source to be used by the marketing researcher in search of pertinent secondary data. It is reasonable to assume that the reader of this book has had experience "surfing the Web," and therefore is familiar with Web browsers (e.g., Netscape or Microsoft Internet Explorer); search engines or portals (e.g., AltaVista, Infoseek, HotBot, Google, Excite, Yahoo!, etc.); indexes of periodical literature (e.g., EBSCOhost); Web search strategies (e.g., use of parentheses, and/or, +, −, quotation marks, asterisk, etc.); and use of newsgroups (i.e., Internet sites where people can post queries or respond to other people's queries or post comments. Over 250,000 newsgroups exist, each devoted to a specific topic). The savvy researcher can harness these and other resources and methods of using the Internet to discover relevant secondary data available over the Internet. The following are some useful Web sites for professional service organizations:

### www.mra-net.org

The Marketing Research Association's site includes the latest edition of their Blue Book and a listing of research firms in the United States. Also, they have links to other marketing research sites, a newsgroup where researchers can post items of interest to other researchers, and an events calendar.

### www.marketingpower.com

The American Marketing Association includes a variety of resources for marketers and marketing researches with links to other marketing related sites.

**www.organization-marketing.com**

Organization Marketing Solutions was established to educate organizations on the basic process of marketing as well as provide organization marketing resources.

# Service Offerings

Although many organizations may start out by offering only one basic service, most develop a line of services that may not be complementary, or that even compete with each other.

Reasons for developing a line of services rather than concentrating on just one or two include (1) attract more clients/patients, and (2) cross-selling. Cross-selling refers to the process of a client/patient using one service who may be a potential client/patient of another service. For example, a client who uses the tax preparation services of a CPA firm may be a prospective client of estate planning services of the firm. Cross-selling is the process of informing the client about other services provided by the firm.

Two problems must be dealt with in developing a group of services—cannibalization and diversification into areas beyond the organization's abilities. Cannibalization occurs when a new service is added and it takes away from another service already established. In some cases this is unavoidable, but cannibalization must be evaluated in estimating participation in a new program.

The other problem occurs when an organization fails to evaluate its ability to handle a new service. Taking on more Medicare patients is a worthwhile cause, but the staff, paper work, and financial resources must be large enough to launch and sustain such an undertaking.

# Services Portfolio

A major decision to be made by service providers is what specific services will be offered and what services will be outsourced or referred to another provider. For example, a doctor may focus on pediatric patients but outsource lab work other than x-rays. Or a dentist may do general dentistry but not root canals. An attorney may specialize in personal injury cases and refer other cases to other providers. Thus, choosing what services to offer clients/patients forms the basis of the work and fee structure used by a provider. Professional service organizations must also use evaluative criteria based on a service's ability to cover its costs, be competitive, or ostensibly enter an attractive market as guidelines for establishing a product mix.

# Service Strategy

Companies have been concerned with delivery of a satisfactory level of customer service for decades, but it is safe to say that the level of concern has increased during the past decade. Competitive forces and the more demanding nature of customers have combined to put customer service at, or near, the top of most marketer's lists of important issues. Research has revealed five dimensions used by customers to define the quality of service they perceive they are receiving (see CLIENTS'/PATIENTS' SERVICE).

Further research has revealed that, although respondents rank all five toward the "very important" end of the scale in defining service quality, when asked they said that reliability was the most critical. This result suggested that firms must accomplish the following tasks with regard to their service strategy:

1. Determine the specific service expectations of the target market.
2. Design a service strategy grounded in meeting or exceeding those expectations.
3. Deliver on those promised service levels consistently when dealing with customers.
4. If Steps 1 through 3 are done better than competitors, a competitive advantage exists in the area of customer service and should be exploited as such.

# Survey Research

Surveys are frequently used to collect all the types of primary data. Surveys generate data that make it possible to test various types of hypotheses that suggest relationships between those variables and between respondent groups. For example, we might use a survey to segment a target audience and then test hypotheses that some segments are more conservative than other segments, or that some segments acquire more information by using the Internet than other segments. A test of a hypothetical relationship between variables might involve determining the degree of influence a set of demographic, attitudinal, or behavioral variables had in explaining a target audience decision (e.g., clients/patients). Statistical analytical techniques to test such hypotheses require that the data being analyzed be collected through descriptive or causal data-collection methods, and most frequently the method for descriptive research is a survey.

## SURVEY METHODS

Descriptive research surveys can be conducted in a variety of ways using many combinations of people and electronics and conducted in a variety of locations. The table below displays a few of the types of survey delivery methods possible from such combinations.

**NOTE: IVR = INTERACTIVE VOICE RESPONSE; WATS = WIDE-AREA TELEPHONE SERVICE.**

## Telephone Interviewing

Telephone interviewing is usually employed when the study design requires speedy collection of information from a large, geographically dispersed population that would be too costly to do in person, when eligibility is difficult (necessitating many contacts for a completed interview), when the

*Table 9*   Survey Delivery Methods

| Location of Interaction | Telephone | Mail | Personal | Computer or Fax |
|---|---|---|---|---|
| Work | WATS Or IVR | Or panels Or lock box | Door-to-door | By mail |
| Malls | WATS Or IVR | ——— | Executive interview | Internet Or Fax |
| Central | ——— | ——— | Mall intercept | Computer assisted |
| Facility | ——— | | On-site | Computer assisted |

*Note*: IVR = Interactive Voice Response; WATS = Wide-Area Telephone Service.

questionnaire is relatively short, or when face-to-face contact is not necessary.

## Mail Surveys

Mail surveys are commonly used in either ad hoc (one time) or mail panel research. In ad hoc research projects a sample of respondents is chosen to be representative of the population of interest and a questionnaire is sent by mail. The mail questionnaire may be preceded by and/or followed by a telephone call intended to encourage participation. The combination of telephone and mail is an attempt to reduce the high rate of no response that plagues ad hoc, and to a lesser degree, mail panel surveys.

## Personal Interviewing

This face-to-face method is employed when the survey may be too long to conduct over the telephone or there might be material to show the respondent. Personal interviews are effective when the sample necessitates contacting homes in a specific manner, such as every fourth home or going to every home until an interview is conducted, then skipping a specified number of homes before attempting the next contact as well as other applications.

Personal interviews allow for more in-depth probing on various issues and are the most productive, accurate, comprehensive, controlled, and versatile types of communication. The well-trained interviewer has ample opportunity to probe and interpret body language, facial expression, and other nuances during the interaction. Rapport can be developed that would put the interviewee at ease and gain his or her cooperation. The interviewer can explain any misunderstanding the respondent might have and keep the

respondent on track and in sequence in responding to the questionnaire. In spite of the advantages of greater depth and productivity, the personal interview does take more time and money to administer.

## Internet Research

Internet surveys can either be e-mail or Web-based approaches. E-mail surveys are simple to compose and send, but are limited to simple text (i.e., flat text format); allow for limited visual presentations (e.g., no photo or video-based stimuli) and interactive capabilities; and cannot permit complex skip patterns.

Web surveys, in comparison, are in HTML format and offer much more flexibility to the researcher, providing opportunity for presentation of complex audio and visual stimuli such as animation, photos, and video clips; interaction with respondent; skip patterns; use of color; pop-up instructions to provide help with questions; and dropdown boxes to allow respondents to choose from long lists of possible answers (e.g., "In which state do you currently reside?"). Based on answers to a set of screening questions, Web-based Internet surveys can direct respondents to customized survey questions specifically designed with those respondents' characteristics in mind. These types of HTML format surveys can also be downloaded to the respondent's computer for completion and then either mailed or electronically sent to another researcher. Of course differences in monitor screen size, computer clock speed, use of full or partial screen for viewing questionnaire, use of broadband versus telephone transmission lines, etc., may result in different presentations of the questionnaire for different viewers. Also, computer navigation skills still vary widely across the population and must be taken into account when designing a Web-based survey.

## SUGGESTED READING

Alreck, Pamela L. and Robert T. Settle, The Survey Research Handbook (Chicago: Irwin), 1995.

# SWOT Analysis

A SWOT analysis is an acronym for an evaluation of strengths, weaknesses, opportunities, and threats of an organization. The strengths and weaknesses are internal to the organization and the opportunities and threats deal with the external environment over which the organization has no control. A SWOT analysis helps an organization develop strategies to achieve its goals.

Strengths can be thought of as positive traits or competitive advantages. New, well-designed, and attractive physical facilities may be a strength. A weakness is a competitive disadvantage. For example, a small organization may not be well known in its area; very little public awareness could be considered a weakness.

An opportunity is a situation outside of the organization that may positively affect the organization, and a threat is a situation outside of the organization that may negatively affect the organization. These situations include cultural trends, competitive activities, and economic and social conditions. The following is an example of a SWOT analysis.

Since the SWOT analysis is used to help develop strategy, an organization should make an effort to ensure that the SWOT is accurate. Based

*Table 10*   Sample SWOT Analysis

| | |
|---|---|
| Strengths | Extremely qualified staff<br>An outstanding record of success<br>A strong financial condition with little debt |
| Weaknesses | A poor location<br>Dilapidated physical facilities<br>Public awareness |
| Opportunities | Strong economy<br>Large, growing population in the area<br>Closure of three other area organizations |
| Threats | Opening of new organization across the street<br>Unpopular publicity<br>New requirements of local government |

on the SWOT example previously listed, this organization may make a strategic decision to change locations. However, if the SWOT is not accurate, poor strategy obviously could be developed. Leaders will often have different perceptions of the SWOT. When these differences exist, member surveys and market research should be conducted in an effort to gather valid and reliable information.

# Target Audience

Target audience refers to the specific group of clients/patients toward which marketing communications are directed. Communication can be targeted toward many potential audiences. When the communication is directed toward employees, it is referred to as internal communications. External communications are used when the effort is directed toward potential clients/patients, the public at large, or current clients/patients. Normally organizations promote to both groups so it is not an either/or decision, but one of relative emphasis.

One basic approach to recognizing the differences in target audiences is to develop a profile of each potential audience. This means listing characteristics such as age, sex, professional service affiliation, stage in the family life cycle, etc. The resulting profile is then used to determine what messages to send to each group but also the best media to use to reach the target audience.

# Appendix
## Tips for Creating Effective Advertisements

**TO CREATE EFFECTIVE ADS**

1. Decide on what image you wish to convey. What image do you want viewers or listeners have of your professional service? Do you want to be known as the most professional service, providing the highest quality or do you want to be known as the most innovative service, or the friendliest, or the one that is the most technologically advanced?

2. Be consistent. Always convey the same image. That doesn't mean using the same ad theme. What it means is that the image being conveyed must be consistent across all advertisements.

3. Make sure you have an attractive, effective logo that matches the image you wish to convey. Consistently use this logo across all marketing information pieces.

4. Before preparing any ads, identify who will be the target market for the advertising piece. It makes a difference in how you design the ad. Ads targeted toward 20- to-30-year-old highly educated yuppies will look considerably different than one aimed at 40- to 60-year-old lower income individuals.

5. The ad not only needs to fit your customer profile, but it also must match the profile of the audience of the media that you will use. For example, if you are preparing an advertisement to reach college students, then you need to choose a media that college students utilize. An ad in the local town newspaper is not likely to reach many college students because they do not read local newspapers.

6. Your message must be simple and concise. Avoid putting too much information in your ad.

7. Decide before you create the ad what your objective is. An add designed to inform individuals about your service and where you are located will look different than an ad that is designed to encourage individuals to call you for a free consultation.

**TO CREATE EFFECTIVE PRINT ADS**

1. Design the ad from the perspective of your customer, client, or patient.
2. The headline is a primary key to your print ad. It needs to make a promise, an announcement, or ask a question. Make sure it only makes one statement, not more.
3. Use short, provocative, interesting, and eye-catching headlines.
4. Your headline should highlight a benefit the reader will receive from your service.
5. Remember, people buy benefits not attributes. Do not discuss the attributes of your service, but the benefits a person can receive. Think about your service from the viewpoint of the client, patient, or customer. What benefit is it to him or her?
6. People tend to react emotionally to advertising, not to logic. Use your headline to create an emotional reaction.
7. Use visuals, such as photos, to attract attention to the ad. Make sure the visual draws a person into the ad, not away from it. The visual must match the message!
8. You can increase the credibility of your ad by

   • Using a third party endorsement
   • Quoting survey or test results
   • Citing experiences of other customers, clients, or patients
   • Offering a money-back guarantee
   • Offering a free consultation

9. Make ads short and to the point. Avoid putting too much information in the ad. Ads that look busy or cluttered convey the wrong message and are normally skipped.
10. Hammer home one message, one promise, or one announcement.
11. Don't wear ads out. Change them. Rotate them. Viewers quickly get bored with ads and will tune them out if they are used too long and too much.
12. If you use a question in your ad, make sure the answer is "yes." A "no" response leads the viewer to make a "no" response to your service.
13. Guide the viewer's eyes throughout your ad by designing what you want them to look at first, second, etc.
14. Ads that surprise the reader with something unusual will hold a viewer's attention. But, make sure it fits your professional service and relates to your target audience.
15. Use the language of your customers, clients, or patients. Write the ad in the way they would speak, not the way you would speak.
16. Test your ad with individuals that represent your target audience. Get their reactions.

## TO CREATE EFFECTIVE NEWSPAPER ADS

1. Keep in mind who reads the newspaper and make sure your ad matches the newspaper's audience. If you are trying to reach young people, few read the paper.
2. Locate the ad in the newspaper relative to the target audience and to the material that is in that particular section. Ads in the sports section will reach more male readers while ads in the entertainment section will reach more female readers. The placement of the ad is critical for its success.
3. Place the ad in the same place in the newspaper over a period of time. Readers are more likely to notice the ad and it increases the chances it will be noticed.
4. Placing multiple ads within the paper will also increase the probability the ad will be seen and noticed.
5. In most cases a smaller ad run repeatedly will be more successful at conveying a message than a larger ad that is run only a few times.
6. The Sunday paper is read by more people than any other day of the week. But keep in mind that it is also the most cluttered with ads, free standing inserts, and other material.
7. Avoid putting too much information in the ad. Remember, keep it short and to the point. Make it stand out.
8. Be creative in getting the reader's attention. Use a unique visual, design, ad size, ad placement, or headline. If a number of ads appear on a page, yours is likely to go unnoticed unless it is different in some way.
9. Before designing the ad, think about what response you want from the viewer. Make sure your ad encourages that response. Do you want them to call you? Do you want them to stop by your office or go to your Web site?
10. Don't use technical jargon in your ad or discuss attributes. Remember benefits sell! What can you offer the reader?
11. Keep some white space in your ad. It will help it to stand out.
12. Newspaper advertising space is normally sold by the column inch. Make sure your ad fits the column spacing of the newspaper.

## TO CREATE EFFECTIVE RADIO ADS

1. Each radio station has a format that attracts a particular segment of listeners. Be sure to match your target market with the audience of the radio station.
2. Decide how the radio ad will be created. Options include:

   - The DJ reading or doing your ad. This adds a personal intimacy for the ad because listeners develop a relationship with DJs.

- Have the ad prepared by professionals (either at the radio station or at an agency). Although this option is more costly, it will result in a professional ad that utilizes sound effects.
- You be the voice of the ad. Unless you are really good at talking on the radio, let the professionals do it.

3. Messages have to be simple and to the point for listeners to grasp the information.
4. Your brand name should be prominent in the ad and repeated several times.
5. Avoid providing any information that has to be written down. Most listeners are in situations where they cannot take down information (such as riding in their vehicle).
6. Phone numbers, if used, should be very easy to remember.
7. Decide on the best time to run the ad. This will depend on your message, the type of radio station, and your professional service.
8. Examine the possibility of being a sponsor, such as for the early morning news or weather.
9. Change radio ads on a regular basis. The ad will wear out quickly with the regular listeners. You may want to create a series of ads that can be rotated to avoid wear out.

## TO CREATE EFFECTIVE TELEVISION ADS

1. Although national television ads are expensive, advertising on local cable TV is normally affordable.
2. The average TV viewer watches less than 15 channels, so target your ads to specific television shows that match your target market.
3. Because you are competing with national TV ads, you must pay close attention to the quality of your ad. Be prepared to pay for ad production. A quality ad will be more expensive but worth the price. Remember, the quality of ad must match the quality of the service you are offering.
4. Although you may be tempted to be the star of your television ad, make sure you can do it professionally. Get honest opinions concerning your ability to act.
5. Consider using customer testimonials.
6. Keep your ad simple. Remember, it should contain one central message. No more!
7. Demonstrate or show a benefit of your professional service. What will the customer, client, or patient obtain from you service? What benefit do they receive?
8. Think about what you offer that your competitors do not? Again, think in terms of benefits, not attributes of your service.

**TO CREATE EFFECTIVE DIRECT-RESPONSE ADVERTISING**

1. Define the objective of your direct response clearly. What action do you want the customer, client, or patient to take?
2. Some possible objectives for new prospects include:

   • Contact you to schedule an appointment.
   • Contact you to inquire about your services.
   • Contact you to request information about a specific service or services.
   • Schedule a free initial consultation.
   • Access your Web site for additional information

3. Some possible objectives for current customers, clients, or patients include:

   • Purchase a new service.
   • Purchase additional services.
   • Purchase more frequently

4. Understand who are your prime prospects are and use the media that will be best at reaching them.
5. Find and promote the ultimate benefit that will provide the respondent with a reason to respond to your offer.
6. Get to the point immediately. Don't make the client, patient, or customer wait to hear, see, or read the offer. They won't wait.
7. Make sure the offer is credible. Don't destroy your reputation with offers that have some gimmick or conditions attached.
8. Ask for a response. Ask for a decision. Tell them how to respond.

**TO CREATE EFFECTIVE DIRECT-MAIL ADVERTISING**

1. You must pay attention to:

   • The quality and accuracy of the mailing list
   • The attractiveness of the offer
   • Package or envelope design and letter design

2. If possible, test each part of the direct mail to determine its effectiveness.
3. Get to the point immediately, otherwise the direct mail piece will be discarded.
4. Use multiple headlines and subheads.
5. Use captions under photos, artwork, and illustrations.

6. Use common everyday language of your target audience.
7. Use short sentences and paragraphs. Vary the length of sentences.
8. Use bullet points, underlining, color letters or words, all capital letters, or italics to provide emphasis.
9. Avoid highlighting important material because it may distract the reader and make the copy harder to read.
10. Only emphasize the key benefits of your offer. Don't wonder around in your copy and don't confuse the reader by discussions that are not relevant to the offer.
11. Use your copy to build trust.
12. The opening is critical. Make it interesting, make it compelling, and make the reader want to continue.
13. Put a page break in the middle of a good sentence—to encourage the reader to go the next page.
14. Use a postscript. Most individuals will read it, even if they don't read the entire letter.
15. Try different types of response devices, such as post cards, return card, phone number, e-mail, or a Web site.
16. Make the response device stand out. Don't hide it.
17. Urge people to respond immediately, not to wait. Use words such as "rush," "free," or "limited time offer."
18. Make it easy and simple to respond. Be very clear in how the person should respond.
19. Use business reply mail. NEVER ask the respondent to pay for postage or contact with you.
20. If offering different options, make the one that you want them to use larger than the others. It will attract more attention.
21. Use "Yes" types of statements, such as "Yes, please send me a copy of . . ."
22. Do not put legal disclaimers directly on the response device unless required to do so by the law. Put it somewhere else in your offer.
23. Include options that will allow you to keep in touch with person such as "include me in you mailing list" or "please send me additional information."
24. Think about the envelope. Its design is important. The role is to encourage the person to open it. If they don't, your direct mail offer will never be known.
25. Don't try to sell or offer the benefit on the envelope. Its entire role is to get the person to open it.
26. If you use copy on the envelope, use it as a teaser or to capture the person's attention.
27. Asking a question is safer than making a statement on the envelope. A question encourages the person to look inside.

**TO CREATE EFFECTIVE DIRECT-
RESPONSE-RADIO ADVERTISING**

1. Identify a problem and then provide a solution.
2. Straight forward direct response offers work effectively. Listeners are not as easily distracted by a song, sound effects, or other theatrics.
3. Make an attractive, compelling promise.
4. Guarantee results in some way. It reduces the risk.
5. If possible, offer something free.
6. Encourage listeners to visit your Web site. Make sure the direct response radio offer is prominently displayed on the opening page.
7. Use clear, concise, and direct response offers.
8. Ask for a response.
9. Frame the call to action within a time limit. Offer something additional (free) if they respond with 30 minutes or an hour.
10. Use easy-to-remember Web site domains and phone numbers. The easier it is to remember, the more likely the listener will remember.
11. You're a professional service. Be careful using humor. It may distract from your message and actually reduce the image listeners have of your service brand.

**TO CREATE EFFECTIVE OUTDOOR ADVERTISING**

1. Consider a variety of outdoor advertising, such as billboards, bus ads, bench ads, stadium ads, etc.
2. If you are using a billboard, it will only be seen for 1 or 2 seconds. It must be dramatic and brief.
3. Outdoor advertising tends to wear out quickly. After a while individuals ignore it.
4. Include a dramatic, riveting picture.
5. The visual or picture must be related to your service and message. If not, the message will not be comprehended.
6. Most outdoor ads, especially billboards and bus ads, are limited to 8 words are less. If you use more either it will be ignored or only the first few words will be read.
7. Use bright colors to attract attention.
8. Employee uniqueness, such as an odd shape or movement.
9. Sell a benefit.
10. Make the message relevant to viewers.
11. Provide easy contact information, such as a Web site, telephone number, or address.
12. Make sure your brand name is prominent and easy to catch.

13. The primary goal of outdoor advertising is to fix your brand name into the long-term memory of individuals.

## TO CREATE EFFECTIVE BROCHURES

1. Design the brochure from the perspective of the customer, client, or patient.
2. Decide on the objective of the brochure. Most are designed to provide information, not to sell a service.
3. Use the language of your customer, client, or patient. Don't use technical language.
4. Discuss benefits, not attributes. Identify what the customer, patient, or client will get from your service.
5. The front cover must be attractive and draw attention.
6. Your primary or most important benefit needs to be on the front cover.
7. To encourage the reader to open the brochure, think about breaking the benefit into two parts.
8. List key benefits in headlines, subheads, and captions. Make them easy to find and make them stand out. It is not unusual for individuals to read only these components of a brochure.
9. Use high quality photographs and images.
10. Make sure the quality of the brochure matches the image of your service. A cheap brochure says you provide low-quality service.
11. Don't use words such as "if" or "maybe," assume the reader will purchase your service.
12. Use short paragraphs, with no more than 4 or 5 sentences.
13. Keep sentences short.
14. Use space between paragraphs to break up the copy.
15. Ask questions that will get a "Yes" response.
16. Provide an opportunity for a response. Ask for a response.
17. Provide an incentive for the reader to contact you or request additional information.
18. Make it easy for the reader to contact you. Use multiple venues, such as the Web site, telephone, and e-mail.

## TO CREATE EFFECTIVE DIRECTORY (YELLOW-PAGE) ADVERTISING

Keep in mind why individuals use a directory—to locate a professional service. They either want information or want to make a purchase.

1. While color looks good, research shows it does not out sell black and white.

2. Display ads are more effective than listings and small displays within the body of the directory.
3. Use the headline to highlight the primary benefit of your service.
4. The directory can be used 24/7 so in addition to a phone number, provide a Web address or alternative method of contacting you.
5. Larger ads normally out draw smaller ads.
6. Using a border around you ad will help make it stand out.
7. Make your name and logo large so it catches the eye of the individual immediately.
8. Try to differentiate your service from your competitors since all of your ads will be grouped together. Give individuals a reason to contact you.
9. List every service you offer to ensure individuals will see you as a feasible solution to their problem.
10. Consider using multiple ads listed under different headings if you offer different types of services.
11. Take part in developing your directory ad. Don't leave it up to the directory company.

## TO CREATE EFFECTIVE WEB SITES

1. Decide on what the objective of the Web site will be; It dictates how it will be designed. Possible objectives include:

   • E-commerce, that is, selling your services over the Internet.
   • Information for clients/patients.
   • Means of contacting you from clients/patients.
   • Public relations communication tool.
   • Advertising of your services.

2. Hire a professional web designer. It will be worth the money.
3. Make the site user friendly. Use the language of your target audience, not technical jargon.
4. Use pictures. It speaks louder and easier than words.
5. Create an easy to follow menu.
6. Have a FAQ for common questions you are asked.
7. Promote benefits on your site, not attributes.
8. Have contact information easy to find
9. Keep the site simple so it will load fast. If you want to use videos and lots of pictures, put these on page links so the front page will not be slow.
10. Consider creating links or advertisements on other Web sites that are related to you or that would be good for referrals, such as the city's Web site or the Chamber of Commerce.
11. Your URL should be easy to remember, but connected to the name of your service. Don't use a strange URL that no one can remember or that has nothing to do with your professional service.

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