

Service Marketing: A practical approach
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Lecture-11
Exploring Marketing Opportunities-II

Hello there. Thank you for watching this video on services marketing with a practical approach. My name is Dr. Biplab Datta and my contacts are given here, so you can write to macro environment if you have any feedback and I will try to reply to you as much as possible.

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Now in this lesson we are going to discuss exploring marketing opportunities part 2. So we have discussed SWOT analysis and TOW matrix in the earlier lesson and now we see how to look for opportunities from the environment.

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Scouting for Opportunity

Let us now discuss how to explore for services marketing opportunities. Take the case of Sushil. He has been working as a manager of the service department of an automobile dealer for 5 years now. He had been a mechanic in this department earlier. He saw a possible opportunity. He told his sister that he finds more and more automobiles with hybrid fuel-electric engines coming to his workshop.

It has been estimated that 30% to 40% of automotive sales would be of hybrid variety three years from now. Recently an automotive giant, Mahindra & Mahindra, bought the Bangalore based electric car manufacturer, Reva. The circuit and systems in a hybrid vehicle are different from a non-hybrid one and most mechanics currently do not know the technology well. Sushil thought he could launch a car service firm called 'Hybrid Car Service Centre'.

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Scouting for Opportunity

Sushil found a new opportunity. Where can we find one? Some places to look for are given below:

Read industry 'trend reports' which disclose new discoveries, innovations and trends in industry. Lot of advanced research is being carried out in the Human Genome Project, biotechnology, nano-technology, solar cells, food and nutrition, etc. which can throw up opportunity for providing new technology driven services.

New regulation can bring up several opportunities. Currently the 3G spectrum is being sold by government of India and several telecom companies have purchased bandwidth in this spectrum.

Failure of civic authorities in catering to the expectation of residents can be one area of opportunity. The disability of municipalities to provide adequate water and electricity has led to the launch of companies that distribute water and diesel based electricity generation services. Private companies are providing waste management services for collection and disposal of waste.

Sushil found a new opportunity. Can we find one?. Some places to look for are given below, where can we find opportunities?. Some first is read industry trend reports which disclose new discoveries, innovations and trends in industry. Lot of advanced research is being carried out in the Human Genome Project, biotechnology, nanotechnology, solar cells, food and nutrition, etc., which can throw up opportunity for providing new technology driven services.

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Private companies are providing waste management services for collection and disposal of waste. So if we have on antennas high and if we continue to look in our environment in our market environment we can see that many opportunities are there are providing services. Particularly says the population is aging and the population is increasing they are demanding more and more services which also are would become a enabler for providing employment to the bludgeoning young population.

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Scouting for Opportunity

People's tastes are changing the world over. With the popularisation of personal computers and internet, more and more people are demanding home computers, Internet and associated services. Lot of companies are taking advantage of Carbon Credit consultancy opportunity opened up in the wake of global awareness of climate change.

People are time starved and are seeking lot of small conveniences like child care, pet care, car care, grocery delivery, domestic services, etc.

Large businesses may be unable to take interest in small initiatives like security or janitorial services that are too small to be profitable for them. Smaller service providers can launch those services.

Communicate with sales persons of existing businesses. Talk to the customers to find out what modifications and improvements they want from your current services. This could be an opportunity that we could exploit.

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credit consultancy in the wake of global awareness of climate change. People are time starved and are seeking lot of small convenience like child care, pet care, car care, grocery delivery, domestic services etc.

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Opportunity Identification

- the business venture creates significant value for customers by solving a significant problem or meeting a significant need for which customers are willing to pay a premium
- offers significant profit potential for the shareholders which is enough to meet their risk and reward potential
- presents a good fit with the capabilities, skills and experience of the founder and the management team
- the opportunity would prevail over a long period of time unlike a short-term fad, and,
- financiers are willing to finance the business venture

Then we come to the idea of opportunity identification. The business venture creates significant value for customers by solving a significant problem or meeting a significant need for which customers are willing to pay a premium, it offers significant profit potential for the shareholder which is enough to meet their risk and reward potential. The business venture presents a good fit with the capabilities, skills and experience of the founder and the management team.

The business opportunities would prevail over a long period of time unlike a short term fad and financiers are willing to finance the business venture. So all these criteria would help in the identification of opportunity and anybody can take advantage of this opportunity identification.

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Opportunity Evaluation

To be a successful business case, an opportunity must be evaluated in terms of a. **marketing feasibility**, b. **financial feasibility** and c. **technical feasibility**:

A. Checking Marketing Feasibility

1. Context Analysis

The following questions must be answered to ascertain the feasibility of marketing the service:

- What is the state of the economy (prosperity, declining, recession, recovering) of the region we are going to serve?
 - What is the target population that will be served by our business?
 - What is the demand for our service in the market?
 - What is the rate of growth of the service in the market?
 - What is the return on capital employed (ROCE) for the industry of which our company will be a part?
 - Is the political climate appropriate for launching and operating our service? What the risks involved?
 - What is the relevant business legislation that we have to abide by?
 - Will the culture of the society in which we will operate, welcome and adopt the service?
-

Having identified an opportunity we have to go for opportunity evaluation. So to be successful business case an opportunity must be evaluated in terms of a marketing feasibility, financial feasibility and technical feasibility. So checking marketing feasibility. We first start with context analysis. The following questions must be answered to ascertain the feasibility of marketing the service.

What is the state of the economy is it prosperity, declining, recession, recovering of the region we are going to serve?. So if the business is in prosperity you can provide superior services and charge high prices. But if the society is in recession or declining kind of then you have to provide some value added services at value prices. That means at appropriate prices. What is the target population that will be served by our business?.

What is the demand for our service in the market?. What is the rate of growth of the service in the market?. What is the return on capital employee for the industry of which our company will be a part?. We have actually discussed many services in India and their return on capital employed and we have seen that many services like hotels have lot of return on capital employed and very attractive businesses.

Is the political climate appropriate for launching and operating our service?. What are the risks involved?. What is the relevant business legislation that we have to abide by? Will the culture of the society in which we will operate, welcome and adopt the service?. So these are questions for the environment of the business the context analysis.

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Opportunity Evaluation

2. Customer analysis

- Who are the possible customers? Can we name and describe them? If we cannot, our business is too theoretical. Have a few customers expressed their willingness to purchase our service once it is launched?
- How will the service benefit customers? Does it solve a significant problem or unmet need? Are customers willing to purchase the service? Are customers willing to pay for satisfying this need?
- How many people stand to benefit, i.e., what is the estimated market size? Is the market stable or growing and at what rate? What portion of the market will the business hope to serve in the next few years?

Then comes customer analysis, who are the possible customers? Can we name and describe them?. If we cannot our business is too theoretical. Have a few customers expressed their willingness to purchase our service once it is launched?. So these are the questions for which an important be asked. So that we flourish the business that we set up. How will the service benefit customers?.

Does it solve a significant problem or unmet need?. Are customers wiling to purchase the service?. Are customers willing to pay for satisfying this need?. How many people stand to benefit, that is what is the estimated market size?. Is the market stable or growing and at what rate?. What portion of the market will the business hope to serve in the next few years?.

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Opportunity Evaluation

3. Competitive analysis (5 forces analysis)

- Who are the industry rivals? What are their strengths and weaknesses? How are they supposed to react to our new venture?
- What alternatives or substitutes are available?
- How can buyers wield pressure on the business?
- How can suppliers wield pressure on the business?
- How easy is it for new firms to come into the market or for existing firms to start a similar service?
- How long will the market last in face of competition?



Then we come to competitive analysis that is the 5 forces analysis 5 forces analysis which we have discussed earlier also. So who are the industry rivals?. What are their strengths and weaknesses?. How are they supposed to react to our new venture?. What alternatives or substitutes are available?. How can buyers wield pressure on the business?. How easy is it for new firms to come into the market or for existing firms to start a similar service?. How long will the market last in face of competition?.So these are some questions which are done for the analysis of the competition.

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Opportunity Evaluation

B. Checking Technical Feasibility

1. Company analysis

- What infrastructure (i.e. buildings, plant, machinery, equipment and software) would have to be installed? Are these easily available? If not, how do we plan to procure them?
- What management skills would be required? How can those be acquired?
- What are the qualifications of people required for delivering the service? How can they be recruited and trained?



Next we go to checking the technical feasibility. So we have to do the company analysis that is find out what competencies and capabilities the company has and does it have the capability and competency to serve the kind of target segment that they have chosen. So what infrastructure like buildings, plant, machinery, equipment and software would have to be installed?. Are these easily available?.

If not how do we plan to procure them?. What management skills would be required?. How can those be acquired?. What are the qualifications of people required for delivering the service?. How can they be recruited and trained?.

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Opportunity Evaluation

2. Collaborator analysis

- Who would be our partners, if any?
- Who would be our suppliers?
- Who would be our communication partners?
- Who would be our distribution partners / agents?
- Who would be our lenders and bankers?



Then we come to collaborator analysis. Who would be our partners, if any?. who would be our suppliers, our communication partners, our distribution partners or agents, our lenders and bankers?. So all these kinds of things have to be answered as far as the collaborator analysis concern.

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Opportunity Evaluation

C. Checking Economic Feasibility

The following questions must be answered to ascertain the economic feasibility of the service business:

- What would be the year-wise sales forecast for the next three years?
- What is the elasticity of demand for our services? How would we match demand and supply during the peak and the off-peak periods?
- What would be the fixed and variable costs of our business?
- What are the constraints on pricing, if any?
- What would be the break-even sales volume?
- What would be the estimated return on investment? Is it higher than the current bank interest rate?

Then checking economic feasibility, so the following questions must be answered to ascertain the economic feasibility of the service business. What would be the year-wise sales forecast for the next 3 years?. What is the elasticity of demand for our services?. How would we match demand and supply during the peak and the off-peak periods?. What would be the fixed and variable costs of our business?.

What are the constraints on pricing if any?. What would be the break even sales volume?. What would be the estimated return on investment?. Is it higher than the current bank interest rate?.so these are important aspects that we have to check for and these are very important if we want to seriously set up a service business.

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Services Marketing Opportunities in India

Banking Services

In India, the competitive scenario changed after liberalisation policies were initiated in 1991. It forced public sector banks to focus on providing satisfaction to customers. The banking organisations have to become market oriented in order to provide services as per the needs of customers.

Banks have 3 product lines: i. deposits, ii. loans and advances, and, iii. auxiliary services. Auxiliary services consist of payment of cheques, bills of exchange, drafts, subscriptions, traveler cheques, foreign exchange, custodian services, etc.

The research centre of a bank undertakes the activities related to modification of the existing products to increase acceptance based on customer perceptions, buying behaviour, the likes and dislikes of customers and customer suggestions. A team of product designing experts work to produce new products. Products that fail to meet the expectations of customers are deleted from the product line (Rao 2007).

Then we go to services marketing opportunities in India. So in this section we will look at what all opportunities are available in India and see whether we can set up service businesses to address this opportunities to take advantage of this opportunities. So first us banking services. No in India, the competitive scenario changed after liberalisation policies were initiated in 1991.

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Services Marketing Opportunities in India

Retail Services

The Indian retail industry, traditionally dominated by family-run kirana stores, has faced a tremendous metamorphosis both in format and structure. The rise of the double income family resulting in increased purchasing power, higher mobility, availability of credit cards, changed lifestyle and scarcity of time necessitate the need for convenience shopping (Jauhari & Dutta, 2009).

Organized retailing in India has been a predominantly urban phenomenon, however, this phenomenon is getting into Indian towns also.

Any retail outlet chain which is professionally managed, has accounting transparency and organized supply chain management with centralized quality control and sourcing can be termed as organized retailing (Vishvas and Murugaiah, 2006).

Then we come to retail services. The Indian retail industry, traditionally dominated by family run kirana stores, has faced a tremendous metamorphosis both in format and structure. The rise of the double income family resulting in increased purchasing power, higher mobility, availability of credit cards, change the lifestyle and scarcity of time necessitate the need for convenience shopping.

Organized retailing in India has been a predominantly urban phenomenon, however, this phenomenon is getting into Indian towns also. Any retail outlet chain which is professionally managed, has accounting transparency and organized supply chain management with centralized quality control and sourcing can be termed as organized retailing. So lot of organised retailing services can be set up to take advantage of this opportunity.

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Services Marketing Opportunities in India

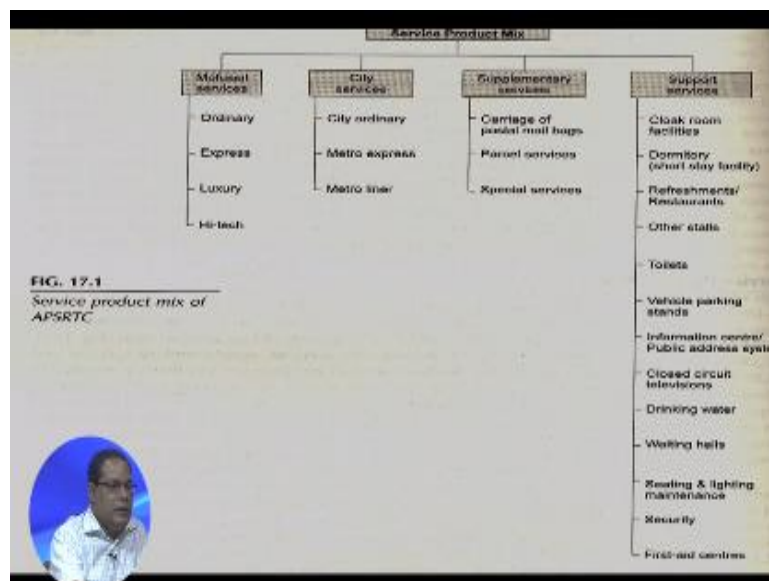
Road Transportation Services

With the growth of road infrastructure in India including the Golden Quadrilateral, the road transportation services are also growing. Taxi services are growing between cities are around 500 kilometers apart. Similarly bus services are also growing within cities as well as connecting cities and towns. The service product mix of Andhra Pradesh State Road Transport Corporation (APSRTC) (Rao 2007) is depicted in the next slide.

Then coming to transportation. So we have road transportation services, for example, so with the growth of road infrastructure in India including the Golden Quadrilateral, the road transportation services are also growing. The Golden Quadrilateral actually connects the 4 metros that is India, that is Delhi, Calcutta, Madras and Bombay. So the road transportation services are also growing.

Taxi services are growing between cities is around 500 kilometres apart. Similarly bus services are also growing within cities as well as connecting cities and towns. The service product mix of Andhra Pradesh state road transport corporation is depicted in the next slide.

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So here we see that there is the service product mix. The mofussil services, the city services, supplementary services and the support services. So mofussil services there are ordinary, express, luxury and hi-technology. City services like city ordinary, metro express, metro liner. Supplementary services like carriage of postal mail bags, parcel services, special services which are all done through the busses.

And support services like cloak room facilities, dormitory, refreshment or restaurants, other stalls, toilets, vehicle parking stands, information centre, closed circuit TVs, drinking water, wiring halls, seating and lighting maintenance, security, first aid centres at the bus terminus.

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Services Marketing Opportunities in India

Insurance Services

Insurance services can be 4 types: i. Personal insurance, ii. Property insurance, iii. Liability insurance, and, iv. Fidelity insurance. Different kinds of insurance available in India is depicted in the next slide (Rao 2007).

Personal insurance covers life.

Property insurance covers risks related to the property of the insurer.

Liability insurance covers risks of accidental death, disability, loss by fires, flood, earthquakes, and such risks where losses are the results of natural or physical causes.



Then come to insurance services. Insurance services can be of 4 types that is personal insurance, property insurance, liability insurance, and fidelity insurance. Different kinds of insurance available in India is depicted in the next slide. Personal insurance covers life. Property insurance covers risks related to the property of the insurer. Liability insurance covers risks of accidental death, disability, loss by fired, flood, earthquakes and such risks where losses are the results of natural or physical causes.

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Services Marketing Opportunities in India

Fidelity insurance protects organizations from loss of money, securities, or inventory resulting from crime. Common Fidelity claims allege employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud, wire transfer fraud, counterfeiting, and other criminal acts.

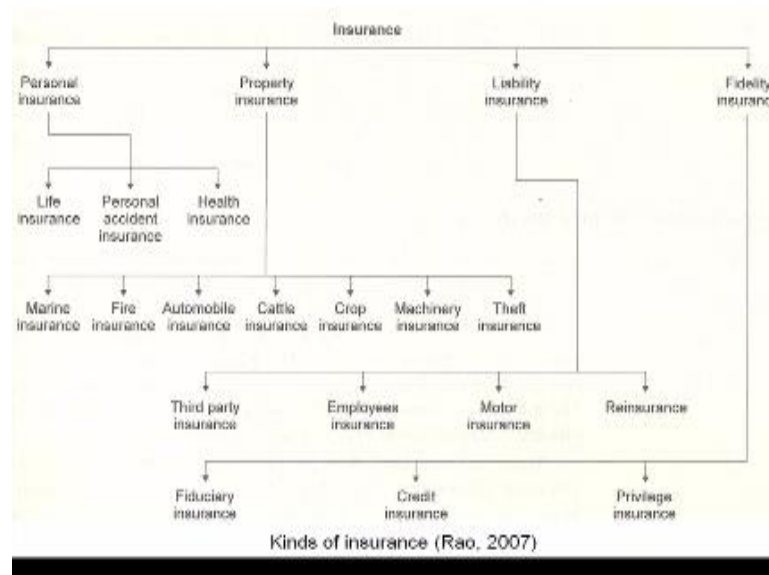
Fiduciary Liability Insurance pays, on behalf of the insured, legal liability arising from claims for alleged failure to prudently act within the meaning of the pension reform act of a country.

Credit insurance is a type of life insurance policy purchased by a borrower that pays off one or more existing debts in the event of a death, disability, or in rare cases, unemployment.

Fidelity insurance protects organizations from loss of money, securities, or inventory resulting from crime. Common Fidelity claims allege employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud, wire transfer fraud, counterfeiting and other criminal acts. Fiduciary liability insurance pays, on behalf of the insured, legal liability arising from claims for alleged failure to prudently act within the meaning of the pension

reform act of a country. Credit insurance is a type of life insurance policy purchased by a borrower that pays off one or more existing debts in the event of death, disability or in rare cases, unemployment.

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So this is the insurance services mix, personal insurance, property insurance, liability insurance, and fidelity insurance and the personal insurance of life or personal accident and health. Property insurance marine, fire, automobile, cattle, crop, machinery, theft etc. Liability insurance third party insurance employees, motor and reinsurance and fidelity insurance fiduciary insurance, credit insurance and privilege insurance.

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Services Marketing Opportunities in India

Hospitality Services

The marketing of hospitality services includes designing the basic service package (product), the physical environment (servicescape), pricing, internal marketing, promotion and interactive marketing during the interactions between the service provider and the consumer (Rao, 2007).

The segmentation of the market is largely based on price (or affordability) and also on lifestyle variables.

Internal marketing is of some significance in the hospitality industry. Internal marketing refers to marketing of the service product to the employees of the organisation. It is said that if you want satisfied customers, you must keep your employees satisfied and well trained. In other words, happy employees can keep customers happy during the interactions with the latter. These interactions are called the "moments of truth".

Then we go to other services marketing opportunities like hospitality services the marketing of hospitality services includes designing the basic service package product the physical

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Services Marketing Opportunities in India

Education Services

Marketing of education services has assumed importance in recent years in India. The fast changing economic and business scenario is reflected in the education sector as well. The entry of corporate organisations at all levels from the elementary through highly advanced specialised level has created a competitive environment in India (Rao, 2007).

Coming to the education services, marketing of education services has assumed importance in recent years in India. The fast changing economic and business scenario is reflected in the education sector as well. The entry of corporate organisation at all levels from the elementary through highly advanced specialised level has created a competitive environment in India for education services.

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Services Marketing Opportunities in India

Tourism Services

The developed as well as developing countries are making vigorous efforts to reshape the tourism industry. The main reason behind the attitudinal change in the policy makers is due to this industry's capacity to generate foreign exchange.

Countries such as Austria, Belgium, Canada, France, Italy, Japan, Singapore, Spain, Switzerland, UK and USA have been successful in contributing handsome dividends to their exchequer through the tourism industry (Rao, 2007).

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So the various references of the authors from whom I have taken the material are given here for your use. Thank you for watching this video. Have a great day.