Service Marketing: A practical approach Prof. Dr. Biplab Datta Vinod Gupta School of Management Indian Institute of Technology-Kharagpur

Lecture 35 Case Study–I

Welcome to this session on Services Marketing, a practical Approach. So, we have finished the fourth week and this week is dedicated to case studies.

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CASE STUDIES 1

Dr. Biplab Datta

These case studies have been adapted from the book entitled "Services Marketing: The Indian Perspective" by Ravi Shankar (2003), Excel Books.

So, there we have taken case study number-1 today, we will discuss that today. And these case studies have been adapted from the book entitled "Services Marketing: The Indian Perspective" by Professor Ravi Shankar, which has been published in 2003 by Excel books.

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TOURISM AND TRAVEL SERVICES

Hotel Services

First we take tourism and travel services, so under tourism and travel services, there are several types of services. First service is the hotel services.

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Introduction

 Hotels are a major service industry in India. A number of international hotel chains have come to India, either independently or with a tie up with an Indian player. Hotel customers receive hospitality by way of accommodation, food and drink or all for which they pay.

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Hotel Market Segments

On the basis of purpose of visit:

Holiday-tourism oriented, business traveler oriented, conference oriented, foreign *versus* domestic traffic oriented.

· On the basis of social classification:

Upper, upper-middle, middle etc.

On the basis of food choice:

Vegetarian, Non-vegetarian.

The hotel market segments are on this basis. So, on the basis of purpose of visit. So segmentation has been done on the basis of purpose of visit like holiday-tourism oriented or business traveler oriented or conference oriented or foreign versus domestic traffic oriented like each of this defined segments have defined kind of needs. And the hotel has to get up to those particular type of needs.

For example, a business traveler would have the need of an internet facility in the room and would like to have facility of business conferences in the hotel etc. On the other hand, a holiday-tourism oriented hotel would be on the beach, or somewhere where the there is lot of green scenery not grouping the people about. So these are some of the ways in which the hotel can be re-segmented.

Hotels can be segmented by social classification like upper, upper-middle, and middle etc. And on the basis of food choice like vegetarian and non-vegetarian. So this does almost all hotels provide both vegetarian and non-vegetarian food, and while there are some hotels who are strictly non-vegetarian and strictly vegetarian depending upon the culture of the society in which the hotel is based.

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Hotel Marketing Mix

Product

The hotel product has a number of components like accommodation, food and beverage, recreation and health, shops, parking facility, Wi-Fi etc. however, accommodation

and food are primary components among all these.

Pricing

It is difficult for a hotel to exercise differential pricing except for certain specific purpose. These may be differentials in

tariffs during peak and lean season; special occasion; group

booking, etc.

The hotel marketing mix, so this is the 4Ps here. So the product, the hotel product has a number

of components like accommodation, food and beverage, recreation and health, shops, parking

facility, Wi-Fi etc. However, accommodation and food are primary components among all these.

So that is the core product, the main product. So then it comes to pricing, it is difficult for a hotel

to exercise differential pricing except for certain specific purpose.

These may be differentials in tariffs during peak and lean season, special occasion, group

booking, corporate booking so in order to attract these kind of people and by calculating in

which we the profit will, the hotel will earn the maximum profit, by those calculations, like the

calculations of the yield management etc, the pricing is done., like the calculations of the yield

management etc, the pricing is done.

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Summary

Hotel industry is very unique as product is already

designed and fixed, one cannot change the prices

quite often, distribution is limited.

It is the communication which is the most significant

component of marketing activity. It is necessary to

undertake an integrated marketing communication

approach for getting edge in this competitive era.

The hotel industry is very unique as product is already designed and fixed, one cannot change the

prices quite often, distribution is limited. It is the communication which is the most significant

component of marketing activity. It is necessary to undertake an integrated marketing

communication approach for getting edge in this competitive era.

So, as we have discussed earlier that indicative marketing communication means the six

elements of communication makes like message media etc and there is the 6Ms and there is the

six elements of communication means like sales promotions, advertisements, and price offs,

discounts and (0) (04:59) etc. So all these kinds of promotions have to be made looking at the

kind of cliental the hotel is going to have.

And what the cliental will particularly like for this kind of communication would the cliental

particularly like. So that is what is the integrated marketing communication from the hotel

industry.

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TOURISM AND TRAVEL SERVICES

Airline Service Marketing

So we now come to tourism and travel services. So, in tourism and travel services we are going to look at the airline service marketing.

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Introduction

The airline industry has evolved rapidly in recent decades. It
was a luxurious form of travel early in the last century but has
become one of the most common methods of travel today.
Now-a-days competition in travel industry has become
intense and thus, the need for marketing has been felt. Airline
business is a complex phenomenon. Although it is part of
transportation industry, airlines do not operate in isolation.

As an introduction, we can say that the airline industry has evolved rapidly in recent decades in India. It was a luxurious form of travel early in the last century but has become one of the most common methods of travel today. Nowadays because of the increase in the discretion in the income of the people in the country. People are flocking to airports to travel by air and save a lot of time.

Nowadays competition in travel industry has become intense and thus, the need for marketing has been felt. Airline business is a complex phenomenon. Although it is a part of transportation industry, airlines do not operate in isolation.

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Marketing Strategy

- The principles of marketing that apply to airlines industry are same as for any other product, as airlines marketer also have to cater to the needs of customers.
- It is a highly perishable commodity, so, a quick and creative marketing response is called for. In a highly competitive environment customer can easily shift to another airlines. First of all we locate the market and segment them according to income, education, and preference. After market identification we communicate with potential customers through advertisement, public relations, direct mail, sales calls etc.

So, what is the marketing strategy in the airlines industry. The principles of marketing that apply to airlines are same as for any other product, as airlines marketer also have to cater to the needs of customers. It is a perishable commodity because once the plane leaves the ground, the seats which are unfilled will go vacant and would be some sort of a loss for the airline that is flying that day. In a highly competitive environment customer can easily shift to another airlines.

First of all we locate the market and segment them according to income, education and preference. After market identification we communicate with potential customers through advertisement, public relations, direct mail, sales calls etc.

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Marketing Strategy

Marketing through Travel Agencies

In the process of marketing, airlines are often helped by travel agencies which have become the principle marketing arms of airlines. Online travel booking service providers are major partner in the airlines market. Airlines offer financial incentive to travel agencies to give a helping hand in

marketing.

Marketing trough Consortiums

Now-a-days airlines players have opened their own travel agency or website and began sell their tickets at special tariffs. Another development is the formation of consortiums consisting of affiliated travel agencies with the avowed objective of obtaining bargaining power vis-a-

vis airlines.

Marketing has to be done through travel agencies, so in the process of marketing, airlines are

often helped by travel agencies which have become the principle marketing arms of airlines.

With the explosion of the laptop, the mobile with the people they are all going for web checking,

web ticketing.

So this kind of activity has may have given the lot of power to the customers to satisfy

themselves about the seats, kind of seats they are going to pay and what kind of meals they are

going to pay for etc. And airlines are able to provide different types of meals to people from

different cultural backgrounds. Airlines offer financial incentive to travel agencies to give a

helping hand in marketing.

Marketing through consortiums, nowadays airlines players have opened their own travel agency

or website and began sell their tickets at special tariffs. Another development is the formation of

consortiums consisting of affiliated travel agencies with the avowed objective of obtaining

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Marketing Strategy

 Marketing through Central Reservation System (CRSs)

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Marketing Strategy

Marketing and Frequent Flying Programmes (FFPs)

The FFP offers the traveler free or discounted travel for him or his family on the basis of points earned on the number of trips taken. This programme provides travelers a rationale to fly at higher fare at the cost of his employer.

· Marketing Bonanzas

To get out of the decline in traffic due to some unavoidable situation, Airline Company undertook an unprecedented promotion.

Marketing through Advertising

In the era of electronic marketing and little product differentiation, advertising has come to play a vital role. An airline has to project its image, efficiency, and service to prove it better than others.

So the marketing and frequent flying programmes, this is also the part of the marketing strategy. The frequent flying programmes offers the traveler free or discounted travel for him or for his family on the basis of points earned on the number of trips taken. The programme provides travelers a rationale to fly at higher fare at the cost of his employer. Marketing bonanzas to get out of the decline in traffic due to some unavoidable situation.

The airline company undertook an unprecedented promotion, of providing food etc when the

airline is grounded also providing accommodation when the airline is not picking up in time etc.

Marketing through advertising, in the era of electronic marketing and little product

differentiation, advertising has come to play a vital role. An airline has to project its image,

efficiency, and service to prove it better than others. So the image and efficiency and the service

has to do better than others. So there is lots of emphasis on this airline service.

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Summary

A new beginning has been made to end the monopoly of the

government-run Indian Airlines during the last few years and

many domestic and foreign players have taken to air. Presently

marketing of aviation is getting competitive and customer

focused with attentive staff, free meals, lower fares, free

improvement in check in and baggage handling services.

As a summary we see that a new beginning has been made to end the monopoly of the

government-run Indian airlines during the last few years and many domestic and foreign players

have taken to air. Now Indian airlines has basically merged with air India and air India has

become a part of the star airlines group and with that lot of changes are taking place. The seats

have been rationalized so that the airplane leaves the airport almost full.

So that there is hardly any laws on a particular rule. But those rules were enough passengers are

not available, the seats become costly and only people who at the employer is paying for the

travel do such people only make the airlines.

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TOURISM AND TRAVEL SERVICES

Travel Service Marketing

Tourism and travel services, let us now look at the travel service marketing.

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Introduction

 Travel agents (TA) not only create the need to travel to destination but give business to hotels, carriers any other related industries. A TA is an important link between the traveler and the rest.

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Seven C's of travel service marketing

- Competence: Competence is function of superior staff, strong supervision, effective systems, and controls. Here competence is related to technical excellence more than to street smart 'mister fix it' labels.
- Credibility: credibility is the strongest ally a travel agent can have in the market-place. The agent has little control over the end product he offers, credibility is must to sustain in market.
- Confidence: The good travel agent develops techniques and plans to safeguard his client and himself, if he is having confidence on his technical and managerial skill.

So, there are these seven Cs of travel services marketing. First is competence, competence is function of superior staff, strong supervision, effective systems, and controls. Here competence is related to technical excellence more than to street smart master fix it labels. Credibility, credibility is the strongest ally a travel agent can have in the market-place. So, travel agent has to show his credibility.

That the travel agent is making the most effective, most efficient kind of decision for the owner or for the traveler. The agent has little control over the end product he offers, credibility is must to sustain in market. Confidence, a good travel agent develops techniques and plans to safeguard his client and himself, if he is having confidence on his technical and managerial skill.

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Seven C's of travel service marketing

- Consistency: it is far easier to maintain consistency of quality while selling goods but in selling services which do not conform to tangible parameters and have a perceptual bias, is very difficult.
- Customization: There is no airline that everyone always likes or dislikes. Each client has a special perspective and he wants a travel agency which can assure him that is understand this well. So customization is import toll to retain customer

Consistency, it is far easier to maintain consistency of quality while selling goods but in selling services which do not confirm to tangible parameters and have a perceptual bias, is very difficult. Customization, there is no airline that everyone always likes or dislikes. Each client has a special perspective and he wants a travel agency which can assure him that is understood by them. So customization is important for retaining the customers.

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Seven C's of travel service marketing

- Care: It is believed that if a client is convinced that adequate care has been taken, he tends not to hold the agency responsible for the problems and frustration which may befall later.
- Clout: Clout, of course, can be applied when, in spite of having pressed all the buttons, the machinery remains immobile. Given the multiplicity of operational system laid out by a number of principles, anything could go wrong cancellation, delays, tariff revision.

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Marketing Challenges

- Low general awareness
- Intense competition
- Poor infrastructure
- Lack of control

The marketing challenges for the travel agent are low general awareness, intense competition, poor infrastructure, and lack of control.

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Summary

- The travel trade in India over the last seventy years or so has grown fast but in unregulated manner.
- The generic factors are the seven Cs and specific factors are more clearly identifiable by both the marketer and the person he or she trying to convince. Being a highly personalized service function dependent to a very large extent on the performance of the others.
- A successful travel service marketer is therefore, a professional who recognize the compulsions of trade and is able to convince and satisfy their client

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others. A successful travel service marketer is therefore, a professional who recognize the compulsions of the trade and is able to convince and satisfy their clients.

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TOURISM AND TRAVEL SERVICES

Railways Service Marketing

So coming to the railways service marketing.

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Introduction

 Indian Rilways always worked on the premise that there is no competition for their services. They also felt that there is no need for marketing for them as the demand for their services is much higher than the capacity. Nonetheless, Indian railway is competing with other modes of transport. As far as Railways service is concerned pricing is major element which needs to be updated from time to time. The other marketing factors have a limited scope because of semi-monopoly of Indian Railways and the demand -supply syndrome.

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The other marketing factors have a limited scope because of semi-monopoly of Indian railways and the demand-supply syndrome. That there is more demand than supply.

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The Influencing Factor

Keeping in the mind of semi-monopolist nature of rail transport and the objectives of a social welfare of a social welfare state, there are four aspects which have to be kept in mind while devising freight rates and passenger fare structure.

- Requirement of the developing economy: Transport infrastructure plays a vital
 role in the industrial, economic, and social development of a country. Amongst the
 various modes of transport, our country has to rely more and more on rail
 transport. Since limited resources are available, the Railways will have to meet the
 requirements mainly from internal generation of funds. Our pricing policy has to
 keep this in view.
- Importance of making the Railways financially viable: Railways can be considered
 to be financially viable if four major conditions are satisfied. First, adequate fund
 for maintenance of assets and ensuring good service quality. Secondly, there
 should be enough provision for timely replacement of overage assets. Thirdly,
 appropriation of the pension fund on scientific actuarial calculation. Lastly,
 Railways should ensure fare return on investment.

The influencing factor, keeping in mind the semi-monopolist nature of all rail transport and the objectives of a social welfare of a social welfare state, there are four aspects which have to be kept in mind while devising the freight rates and passenger fare structure. Requirement of the developing economy: transport infrastructure plays a vital role in the industrial, and social development of a country.

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First, adequate fund for maintenance of assets and ensuring good service quality. Secondly there should be enough provision for timely replacement of overage assets. Thirdly, appropriation of the pension fund on scientific actuarial calculation. And lastly, railways should ensure fare return on investment.

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The Influencing Factor

- Interest of the common man: certain social services to be provided by the state are surely more important to a common man than having public utilities to be subsidized by the general revenue. Common man spent a small percentage of their annual cost of living. The interest of the common man will, therefore, be served better by making the passenger service pay for themselves rather than subsidises the same.
- Possibility of increased services: In fixing the administrated price the level of efficiency of the organization can't be ignored. However, it should keep in mind that Railways are not an island by themselves and while deciding upon the desirable efficiency level, overall social environment prevalent in the country should not be lost sight of.

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Summary

Railways have to play an increasingly dominant role in the transport sector to satisfy the need of developing economy. Interest of common man will be served better if the public utilities are properly paid by its users. The freight rates and passenger fares for transportation of goods and passengers should not be less than long-term marginal cost. The Railways should not have a 'cost plus' approach and all possible measures must be taken to achieve highest possible efficiency and productivity of resources.

So as a summary, railways have to play an increasingly dominant role in the transport sector to satisfy the need of developing economy. Interest of common man will be served better if the public utilities are properly paid by its users. The freight rates and passenger fares for transportation of goods and passengers should not be less than long-term marginal cost. The railways should not have a cost plus approach

And all possible measures must be taken to achieve highest possible efficiency and productivity of resources. So today the railways safety has been an increasing concern for railways. Only yesterday there has been a major accident in the railways and so because of the crack in the railway line. And so lot of maintenance has to be done for our existing railway system which is 100 - 150 years old.

Railways also trying to provide superior trains which provides superior services at high price. so they are also competing with airlines in order to provide a good journey for people who do not mind the time taken by the railway. Similarly railways like (0) (20:46) wheels designed to give foreigners and other people with enough recessionary income travel experience. And so today is the experienced economy, and it is the nice experience that railways can provide to the customers.

The railways are constantly changing themselves, transforming themselves into something better and better, each day something better is happening to the railways as regards to coach, as regards to ticketing facilities, almost everyone now books the ticket from the web or on the mobile phone. So these are lot of advantages that people get and traveling happily in the railway system. Although there are lots of drawbacks and lots scope for improvement.

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TRANSPORTATION AND LOGOSTICS SERVICES

Multimode Freight Transportation Services Marketing

Transportation and logistics services, so this is multimode freight transportation services marketing.

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Introduction

• In India freight transportation is dependent mainly on railways and roadways. At a macro level, the demand of freight and transportation services has always exceeded the supply, in recent years there is a growing awareness of utility of logistics management and the economics of transportation, speed and quality of services, which have all made substantial impact on it. Freight and transportation service is an area where marketing for an individual good would tend to serve the goals of society and would thus qualify to be termed as social marketing. In India freight transportation is dependent mainly on railways and roadways. At a macro level, the demand of freight and transportation services has always exceeded the supply, in recent years there is a growing awareness of utility of logistic the supply, in recent years there is a growing awareness of utility of logistics management and the economics of transportation, speed and quality of services, which have all made substantial impact on it.

Freight and transportation service is an area where marketing for an individual good would tend to serve the goals of society and would thus qualify to be termed as social marketing.

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The Environment

Detailed analysis of demand generators and the supply providers would have been required to analyze current business and the changing environment.

· Demand for multimodal transport services

There are three main elements constituting the demand for multimodal transport services for non-bulk commodities in India. First of these relate to the requirements of moving export/import cargoes between production centers and gateway port either by road or rail-road combination. Second component relates to movement of domestic cargo, either by road or rail or by a combination of both. Third component refers to the demand for carriage of other country's cargo during their haul between sea port and the land border post.

Supply for multimodal transport services

Despite the awareness of conception and realization of benefit of multimodal transport services, there has been virtually no follow up in the field of development of optimal transport mix till recently. The railways have reigned supreme in the field for a very long time, but government is looking for some other options such as water and rollink transportation.

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services, there has been virtually no follow up in the field of development of optimal transport miss till recently. The railways have reigned supreme in the field for a very long time, but now government is looking for some other options such as water and road-rail link transportation.

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Crucial Decision-Makers

- Customers such as sender, receiver or intermediaries
- Transportation service providers
- Government

So who are crucial decision makers. The crucial decision makers are customers such as sender, receiver or intermediaries, transportation service providers and the government.

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Formulating a Marketing Plan (5Cs)

- Confines of the enterprise: An enterprise needs to define its mission statement clearly. It should also crystallize business objectives, policies and commitments in different timeframes.
- Competence of the enterprise: This is necessary to define the service packages the enterprise intends to offer revealing a thorough understanding of the market-of both customers and competitors.
- Customization-capabilities of cashing on the opportunities: Next step
 would be to do SWOT analysis to asses self capabilities of chasing in on the
 opportunity. The enterprise would need to position itself in the market
 with differential and customized packages.
- Coordination and cohesion: the foregoing discussion should provide adequate clues for a successful marketing thrust, thereby facilitating focus of effort in short, medium and long-term plans. The plans would have to be based on market research and collection.
- Competing through quality: Best technical and functional quality servine have to be assured so that the enterprise can find and attract custom the market-place.

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Summary

The strategies for marketing the multimode could then be

framed and definite marketing programmes evolved in the

form of contractual relationship and differential pricing. This

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as a variable for creating competitive advantage as it offers

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This requirement is emphasizing the use of transportation services as a variable for creating

competitive advantage as it offers maximum potential to gain a unique differential advantage in

contrast to all other element of the marketing mix.

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TRANSPORTATION AND LOGOSTICS SERVICES

Courier Services Marketing The speed post experience

Next we look at transportation and logistics services like courier services marketing and the speed post ma post experience.

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Introduction

 Till 1980, every one of us was dependent on the post Office for mail transfer. But then private players came to relieve from total dependence on the post office and to deliver the documents faster and safer.

So till 1980, every one of us was dependent on the post office for mail transfer. But the private players came to relieve from total dependence on the post office and to deliver the documents faster and safer.

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Marketing Strategy of Speed Post

In this growing market, the marketing strategy should be aggressive. In a fast growing market it is the leader who takes the initial advantages but the market remains so unsaturated that even the immediate followers make a lot of profit.

The product

Though Speed post is a part of the product mix offered by Department of post, it is unlike all other products in the product mix, or in the same product line. The Department of Posts offer different product-lines such as mails, savings, insurance, money order, parcel, money order, speed post and business reply card. Speed post is the only product which is in direct competition with private player and one of the few revenue earning products of the department of posts. Speed post itself is a brand name the EMS International service.

Marketing strategy of speed post, in this growing market, the marketing strategy should be aggressive. In a fast growing market it is the leader who takes the initial advantages but the market remains so unsaturated that even the immediate followers make a lot of profit. So this is the product, though the speed post is a part of the product mix offered by department of post. It is unlike all other products in the product mix, or in the same product line.

The department of posts offers different product-lines such as mails, savings. Insurance, money order, parcel, speed post and business reply card. Speed post is the only product which is in direct competition with private player and one of the few revenue earning products of the department of posts. Speed post itself is a brand name of the EMS international service.

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Marketing Strategy of Speed Post

The price an organization might charge will lead to a different level of demand and will thereof have a different impact on its marketing objective. The initial decision on pricing was based on the concept of going rates and cost plus pricing. Till today the pricing strategy for speed post has remained unchanged. In future, pricing strategy for speed post can be selected either on the basis of mark-up pricing or the going rate.

Place

Speed Post has domestic stations, international stations, extension centers and points to links its network. Beside these Speed Post also has contractual arrangements with thousand of firms. The contractual agreement is made with those who have regular traffic either daily or with a fixed periodicity for the station to be served.

Promotion

Speed post has to develop a picture of "desired image" in contrast of "current image"; an image building exercise is being taken separately by the department such. Speed Post is using print media, television, film, video tape, hoardings, billboards, signs, and posters as its communication channels.

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Promotion

Speed post has to develop a picture of "desired image" in contrast of "current image"; an image building exercise is being taken separately by the department as such. Speed Post is using print media, television, film, video tape, hoardings, billboards, signs, and posters as its communication channels.

Promotion, speed post has to develop a picture of desired image in contrast of current image and image building exercise is being taken separately by the department as such. Speed post is using print media, television, film, video tape, hoardings, communication channels.

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Summary

The Indian Postal Service has always had an image of solidarity and omnipresence. In modern times, with increasing demand for faster and guaranteed delivery, and introduction of "just-in-time" concept in the communication world, private courier companies have had a field day. The courier market has become more and more specialized with the introduction of increasing elements and facilities. Speed Post has chalked out a clean market strategy for itself. To improve its operation, speed post plans to introduce hi-tech automation which ensure a professional and customer oriented atmosphere inside its office.

As a summary, the Indian postal service has always had an image of solidarity and omnipresence. In modern times, with increasing demand for faster and guaranteed delivery, and introduction of just-in-time concept in the communication world, private courier companies have had a field day. The courier market has become more and more specialized with the introduction of increasing elements and facilities.

Speed post has chalked out a clean market strategy for itself. To improve its operation, speed post plans to introduce hi-tech automation which ensure a professional and customer oriented atmosphere inside its office. So many of this in this have already seen which will be taking place in India.

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TRANSPORTATION AND LOGOSTICS SERVICES

Marketing Logistics Services Pipelines

Then comes the transportation and logistics services, marketing of logistics services through pipeline.

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Introduction

Pipelines are the lifelines for any country. The pipelines carry crude and petroleum products from far off place to the end users. Pipelines related products, i.e., coating/pipe /induction blends are required for pipelines and refinery projects.

So pipelines are the life lines for any country. The pipelines carry crude and petroleum products from far off place to the end users. Pipelines related products, that is coating / pipe/ induction blends are required for pipelines and refinery projects.

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Marketing Strategy

Pipeline industry has the oil and gas companies as the sellers and the consumers are actual users. There is always demand and supply gap. Therefore this industry, even if the product is not marketed, will still have buyers. In this industry 4P's of marketing are not relevant since demand is always there. Now a new system has been introduced in which logistics is created, owned and operated by a contractor for a fix period of time and subsequently handed over to the company. This system is called BOOT (Build, Own, Operate, and Transfer).

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4P's of Logistics Services Pipelines Marketing

- Project
- Persuasion
- Patience
- Price

The 4Ps of logistics services are project, the persuasion, patience and the price.

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Summary

 The pipelines are the lifeline of any country; it is the pipeline, which carries the petroleum product near to the end user from far off refineries. The major utilization of pipelines is by oil and gas companies in exploration, refinery and distribution.

The pipelines are the lifeline of any country, it is the pipeline, which carries the petroleum product near to end user from far off refineries. The major utilization of pipelines is by oil and gas companies in exploration, refinery and distribution. So now we have seen various types of services and some of them you will find in detail so it would be nice if you reflect on how things are happening today and what changes can be brought about in this industry in future. Thank you for listening, I hope it helps.