Strategic Services Marketing
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Trends and Challenges in Services Marketing

Hello everyone. In this session, let's identify and discuss some trends and challenges in services marketing. Services marketing is a dynamic field that continues to evolve in response to changing customer preferences, technological advancement and so on. Services marketing is adapting to the evolving landscape of business and technology with an increasing focus on delivering value, building relationships and meeting customers where they are in their digital journeys. There are 5 key trends in services marketing. These are Personalization and customer experience, Digital marketing and online presence, Social media engagement, Data analytics and artificial intelligence and finally, Sustainability and CSR.

Let's discuss each one of them in detail. First trend that is happening in services marketing is related to personalization and growing concern for offering customer experience. Hyper personalization, services marketing is moving towards hyper personalization where companies use data-driven insights to tailor services and marketing messages to individual customer preferences and behaviors. For example, Netflix, which employs data analytics to recommend personalized content based on a viewer's watch history and preferences, enhancing the overall streaming experience.

Another happening under personalization and customer experience is location-based services, wherein companies are leveraging geo-location data to offer personalized services based on a customer's physical location. For example, Starbucks uses its mobile app to send personalized offers and promotions to consumers where they are near a Starbucks store, enhancing in-store visits. Let's have a look at this video of Starbucks which talks about how to use Starbucks app to find out or activate the offers or rewards

that the customer has earned. finding your offers on the Starbucks app is easy here's how opening up the Starbucks app will pull up your account home screen where you will be able to find your offers you can also click on the offers button on the bottom right hand corner to see all of your offers listed in one place it looks like I have an offer for 100 bonus Stars if I try three of these menu items you can click the terms and conditions button to see more details about the offer some of your offers will need to be activated so make sure to press the start button you can keep track of the offer progress in both the offers tab and on the home screen and that's it you're all ready to start earning your bonus Stars.

Next is related to customization options. Providing customers with the ability to customize their product or services to meet their unique needs and preferences for example Nike's online platform allows customers to design and personalize their sneakers choosing colors, materials and even adding custom text or logos as well. Let's have a look at this beautiful ad that showcase how Nike is going ahead with in terms of customization.

Behold, the innovation revolution that is the Nike HyperDunk ID. The world's most gravity-defying basketball shoe is now the most customizable. The Hyper Dunk's all leather upper is available in 13 colors, plus your choice of four graphic prints inspired by some of the game's greatest college programs. Choose from 11 household colors or let your game say, now you know, with a translucent household featuring three original graphics. add another eight Flywire color options and two personal IDs along with your choice of a swoosh or a mascot on the toe and you're looking at the most customizable basketball shoe ever the Nike Hyperdunk ID customize your own. Next trend is about voice of the customer programs or VOC programs.

Gathering and acting upon customer feedback is a key for today's services organizations to continually improve services and meet customer expectations. For example, Data Airlines uses voice of the customer or VOC data to make operational and service improvements based on passenger feedback, enhancing the overall flying experience. Next trend is about omnichannel personalization. Service providers are now creating a seamless and consistent customer experience across various channels, both online and offline.   For example, the Ritz Carlton offers a mobile app that allows guests to

customize their stay from room preferences to consider services, ensuring a personalized experience at every touch point.

Next big trend is about introducing chatbots and AI-driven customer support services. With this respect, we have AI-powered chatbots and virtual assistants providing 24 by 7 support, answering customer inquiries, resolving issues, and even personalizing interactions as well. For example, Amazon's customer support chatbots, which uses machine learning to understand customer questions and provide relevant responses, streamlining the customer support experience. The next big trend in services marketing is about having digital marketing and online presence. Here, the first trend is about customer journey mapping.

Firms are investing in understanding and mapping the entire customer journey, identifying touchpoints, pain points, and opportunities to enhance customer experience. For example, the Business MagicBand system allows visitors to personalize their theme park experience by using a wearable device for accessing all the attractions, dining, merchandising purchases, and even streamlining their journey. Let's have a look at how Business MagicBand in transforming services. Coming to user-generated content and reviews, encouraging customers to share their experiences and feedback, posters, trust, and social proof enriching the customer journey. For example, TripAdvisor allows travelers to read and write reviews, share photos, and provide ratings influencing booking decisions and improving the overall travel experience.

With respect to personalized marketing automation services, firms are using marketing automation tools to send personalized messages, emails, and offers based on customer behavior and preferences. For example, Spotify's personalized playlists and email recommendations, which are curated based on users' music tests and listening habits, engage and retain their subscribers. Next big trend is about social media engagement. Here, for example, the first one is social listening and feedback. Companies are now using social media platforms to actively listen to customer conversations and collect feedback, allowing them to understand customer sentiments and address issues in real time.

For example, JetBlue Airways actively monitors social media for passenger feedback and uses Twitter or X Now for quick responses and issue resolution, enhancing the customer experience. With respect to content creation and sharing, service firms are now creating and sharing engaging content on social media to either inform, entertain, or interact with their audience. For example, Airbnb uses Instagram, a social media platform, to feature user-generated content showcasing unique accommodations and travel experiences shared by hosts as well as guests. Let's look at the beautiful campaign from Airbnb that talks about sharing useful and entertainment content from its hosts and guests. Remember the times where you're frantically packing your bags and being excited to travel. Remember the times where you're anxiously waiting for a cab to head to the airport remember those. Wow, doesn't that seem like a long time ago.

From walking through the streets of Paris to climbing the Great Wall of China, these times are surely missing when the pandemic hits our world. From empty streets to empty airports, traveling looks like a thing of the past. But we work together, we strive together, and we are better. As the world is slowly opening up back to the simpler times, do you remember the feeling of traveling to the places you love? Or is it just a distant memory? Share your moments with us, do a viral tour of your town, your city, be proud of where you're from. The future is in our hands, show it to the next generation.

Tag us at hashtag Airbnb memories, share with your favorite moments with us, rate, post it and be loud. You'll be ever greater again. Airbnb, people, places, love. Coming to influencer partnerships under social media engagement, the collaboration with social media influencers to extend reach and credibility among specific target audience and lot of services firms are following this trend. For example, GoPro partners with adventure and extreme sports influencers who use their cameras to capture thrilling content, which is then shared on various social media platforms.

Coming to real-time engaging your customers, responding to customer inquiries, comments and messages in real-time provides a timely assistant and build a stronger online presence as well. For example, Zappos, an online store and clothing retailer is known for its responsive and friendly customer service on Twitter or X for now and other social media platforms as well. With respect to social commerce, the integration of e-commerce features into social media platforms is rapidly happening, allowing customers to make purchases directly through their social feeds. For example, Facebook's marketplace facilitate local buying and selling within their social media

platform, creating a marketplace for a wide range of goods and services. With respect to social advertisements and targeting, companies are using social media advertising tools to reach specific demographic and target audiences within personalized messages and offers.

For example, LinkedIn ads allow B2B service firms to target specific job titles and industries delivering content tailored to professional audiences. The next big thing in services marketing is data analytics and AI. The first trend under this particular head is personalization and recommendation engines. Data analytics and artificial intelligence are used to analyze customer data, behaviors and preferences to deliver personalized recommendations and services. For example, Netflix uses AI algorithms to analyze viewer behavior and recommend personalized content improving customer satisfaction and retention.

Let's look at how Netflix creators are discussing more about AI recommendations in this video. Eighty percent of what people play on Netflix actually comes from the recommendation algorithm. So it's a really big lever for Netflix. It's a really important part of what we do. Netflix now serves hundreds of countries, lots of different cultures, lots of different languages.

How to make sure that our recommendation algorithms are serving in the best possible way that has led to lots of innovation in the recommendation space. So you may think of recommendation algorithms, there's some row on the site that says we recommend this. In fact, pretty much everything we do is a recommendation algorithm, including even things like the box art and the hero images. So it's a pretty central part of everything.

That's the key. The user can find things easier, faster, or if they can find also something that they didn't even know that they were looking for, but the recommender system figures out, okay, because of the things you watched in the past, you actually may also enjoy this title. We want to have a recommendation that can look into how the users evolved, how his tastes have been evolving. Those are some of the challenging aspects to delivering a perfect recommendation. So one particularly important aspect of improving recommendations is driven by A-B testing. Basically trying things out, trying different experiences, trying different algorithms, and letting our members tell us what

sort of experience actually work out for them so we can make sure that whatever choice we make is the one choice that improves joy for our member base.

  Through the process of A-B testing, you learn what the next challenge is and what the next thing you're not doing right is and the problem to solve. And we've arrived at a place now where we're working on some, I think, very challenging problems that are well beyond what's in the literature. Working here on the recommendation engine of Netflix means that I have the opportunity to make an impact on millions of people. We work on some really challenging problems. We hire people who are stunning and then we create a culture where people feel really empowered to go and tackle big problems, follow their intuition, be creative.

  And I think it's that combination that makes it a really exciting place to work for me. Coming to chatbots and virtual assistants. AI-powered chatbots and virtual assistants are employed for efficient customer support, answering queries, and resolving issues in real time. For example, a popular retailer H&M uses AI-driven chatbot solutions, enhancing their customer support. Coming to predictive analytics for demand forecasting.

  Data analytics and AI can predict customer demand, helping businesses optimize resource allocation and improvise their service delivery. For example, Amazon that uses predictive analytics to forecast demand and optimize inventory management, ensuring fast and reliable delivery of its product to the customers. With respect to enhanced customer insights, AI and data analytics provide deeper insight into customer behaviors, allowing businesses to make data-driven decisions and create more targeted marketing campaigns. For example, Adobe Analytics offers tools for tracking and analyzing user behavior on websites, helping businesses understand customer interactions and preferences as well. Another application of data analytics and AI is with respect to fraud detection and prevention.

  Data analytics and AI are crucial for identifying and preventing fraudulent activities in financial and e-commerce services. For example, PayPal uses machine learning algorithms to detect and prevent fraudulent transactions, safeguarding the financial interests of its customers. Let's have a look at this video to understand more about how PayPal is implementing data analytics and AI. As consumers have enjoyed the ease and

convenience of buying online, fraudsters have taken notice, conducting more of their crime online too. Merchants need the ability to distinguish good customers from fraudsters.

Doing this effectively can lead to higher revenues as well as lower fraud losses and operational costs. But how do merchants know whether an online transaction is good or bad? That's where Fraud Protection Advanced can help. Fraud Protection Advanced is a state-of-the-art risk management solution that helps fraud teams conduct in-depth risk analysis and investigations. Based on decades of PayPal intelligence, harnessed from both the merchant and consumer sides of more than 15 billion transactions a year, Fraud Protection Advanced uses powerful device fingerprinting, behavioral analytics, and machine learning to identify high-risk transactions, uncover key insights, and help fraud teams develop strategies to prevent carding attacks, unauthorized purchases, and other types of sophisticated payment fraud. With Fraud Protection Advanced, merchants get out-of-the-box filters based on their unique business metrics.

Plus, fraud teams can leverage over 200 predefined data features or use their own custom fields to create new filters targeted at specific fraud problems. Filters can be further augmented with block and allow lists. With Fraud Protection Advanced, good transactions are approved, fraudulent ones are declined, and suspicious transactions are routed for further review, helping to ensure a seamless experience for your trusted customers while keeping fraudsters at bay so you can focus on growing your business. Another trend is about Natural Language Processing or implementation of NLP. NLP is used for sentiment analysis, understanding customer feedback, and generating insights from unstructured textual data.

For example, Hootsuite Insights offers NLP tools that help businesses understand public sentiment on social media, allowing them to make informed decisions. With respect to data and analytics in the healthcare and diagnostics sector, AI and data analytics are transforming healthcare services, aiding in diagnostics, treatment recommendations, and even patient care. For example, IBM's Watson for Healthcare provides AI-driven insight to healthcare professionals, helping in diagnosing diseases and recommending personalized treatments. Let's have a look at this video that how IBM is helping healthcare providers. With advances in machine learning and artificial intelligence, a new role is emerging for machines as intelligent assistants to radiologists in their clinical workflows.

But what systematic clinical thought process are these machines using? Are they similar enough to those of radiologists to be trusted as assistants? In this live demonstration, clinicians can select a case from various sub-specialties, attempt to make a diagnosis, and see how a work-in-progress Watson technology attempts to assist the same case. Watson uses sophisticated medical imaging, deep learning, and clinical inference technologies to analyze patient cases using a systematic clinical thought process. To experience the eyes of Watson, you can select a case for analysis. You can examine the imaging study and read the associated case description.

Select the appropriate conclusion. To see how Watson would attempt this case in real time, select Ask Watson. Watson examines the case description first, analyzes text, and highlights the relevant clinical concepts found. It summarizes the findings and updates the evolving clinical inference. Next, it analyzes the imaging study systematically by successively looking for more and more meaningful features that could potentially be anomalous until it locates a potential lesion. For this, it uses a combination of low-level image processing to highlight suspicious regions that are then classified as potential masses using deep learning networks, trained by prior anomalous data labeled by clinical experts.

Watson then takes the clinical concepts derived from the imaging exam and case descriptions and begins its reasoning process using clinical knowledge. Tests are explored and scored in the knowledge graph while searching for related concepts and facts that lead to the specified conclusions starting from the chosen clinical concepts. The retained conclusion is the one which has overwhelming evidence from the number of high-scoring paths that lead up to it. The final clinical inference can be seen on the right. If you concur with Watson's inference, you can change your conclusion if you like.

You can continue with another case or take our evaluation survey. Eyes of Watson is a joint effort by RSNA and IBM Research to show how machines of the future may be able to assist radiologists. The final train in terms of services marketing is about increased attention to sustainability and CSR. Under this, services firms are now focusing more on environmental sustainability. Service firms are increasingly adopting eco-friendly practices and reducing their carbon footprint as a part of their CSR efforts.

For example, IKEA, a furniture retail brand or home service company, is committed to sustainability by using renewable materials, reducing waste, and even promoting energy-efficient products and services. Let's look at how IKEA is performing in terms of climate action. You have the power to make a difference from the moment you wake up. Power your home with the sun.

Refresh with a low-flow shower. Feels good. Air dry your laundry instead of tumbling. Eat more leftovers and reuse a humble bag. Leave the car and use your legs.

In a rush, take the bus. Become an expert recycler. Easy peasy. Enjoy fresh local produce. Make the things you love last longer. And give old treasures a second life.

Good friends? They could last forever. For zero food miles, grow your own. For an extra quick meal, use a pressure cooker and induction hop. Eat more greens. Why not try some veggie balls? Choose a low-flow tap.

Power up your car with clean power. Power down your heating or air con. All you need is great insulation. And LEDs? Always a bright idea. What a difference a day makes.

Coming to circular economy and recycling. Services firms are now embracing circular economy models, promoting product recycling, refurbishing and even responsible disposal as well. Firms like Dell, for example, offers a recycling program, allowing customers to return their old computers for responsible recycling and reuse of materials. With respect to diversity and inclusion, lot of firms are promoting diversity in the workforce and providing equal opportunities for employees is a key aspect of CSR across services firms. For example, Salesforce is known for its commitment to gender equality and diversity with programs to advocate the representation of women and underrepresented groups as well.

Coming to implementing sustainable practices in facilities. So, implementing sustainable practices within the physical locations of services firms such as energy efficient lightning or even water conservation systems. For example, Marriott International has initiated sustainability practices across its hotels including reducing energy and water consumption and minimizing waste as well. Some of the unique characteristics of services also poses challenges as well. For example, the challenges can be related to intangibility, inseparability, variability, ownership perception and even finally, building trust among customers.

Let us discuss each one of this in detail. First challenge due to intangibility. Services are intangible. So, it becomes difficult for the customers to assess their quality before purchase. So, what strategy a firm should adopt? They should enhance tangibility through visuals and demonstrations and testimonials. For example, McKinsey & Company uses visual presentations, success stories and to make their intangible consulting services more tangible for clients.

This helps clients better understand the value and impact of their services. Coming to challenges due to inseparability of services. Services are produced and consumed simultaneously which involves customers directly in the process. To tackle this challenge, the company should train employees for excellent customer service and a positive customer experience. For example, Disney's Theme Park are known for their exceptional customer service that is achieved through extensive employee training.

Next challenge is due to variability of services because the service quality can vary due to different employee performance. So, what is the remedy for that? So, try to standardize processes, provide consistent training and implement quality control measures. For example, McDonald's enforces strict operational procedures and training to ensure uniform service quality across its locations. Next challenge is due to ownership perception.

Services lack a physical product most of the time. So, potentially reducing perceived value. So, what to do here? So, strategy is to offer value added benefits or reward programs. For example, Amazon Prime provides digital content alongside free shipping, enhancing the perceived value of the services a customer is buying. And all these little

challenges lead to a bigger challenge that is how to build trust. So, strategy here is to be more transparent, more reliable service provider and have consistency in providing your services.

For example, eBay, an online marketplace uses transparent feedback system and buyer protection programs to build trust among buyers and sellers, making transactions more reliable and trustworthy. So, with this, in this session, we identified and discussed some of the trends and challenges that are there in services marketing. Thank you.