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

Lecture-07
Understanding the Macro-Environment-III and
Understanding the Micro-Environment-I

Hello! there. Welcome to this session on services marketing with a practical approach. My name is Dr. Biplab Datta and my contacts are given here, so once you go through this video and you have certain queries you can always email me about that and I will try to respond to you as early as possible, as much as possible.

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Lesson 7 Understanding the Macroenvironment - III

The Technological Environment

and

Understanding the Micro Environment - I

Understanding our Company

So this is the 7th lesson, which consists of understanding the macro-environment part-III that is the technological environment and also understanding the micro-environment part-I that understands our company. So we are transitioning from the macro-environment to the micro-environment in this video.

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The Technological Environment

This is the fourth and final strand of the environment that has to be analysed and understood in order to be in tune with the latest developments in the world.

Technology has enabled quick transfer of information across the world through the Internet.

High tech products have enabled suppliers to satisfy customer needs with lightning fast speed and accuracy. Now, fast food restaurants are actually high-tech factories churning out high-quality food in the least possible time.

Services are taking increasing help of high technology, be it time and labour saving accurate automatic teller machines, vacuum cleaners or the room card with which the guest can access his room and other services throughout the hotel.

So we see the technological environment. This is the 4th and final strand of the environment that has to be analysed and understood in order to be in tune with the latest developments in the world. So technology has enabled quick transfer of information across the world through the internet. High tech products have enabled suppliers to satisfy customer needs with lightning fast speed and accuracy.

Now, fast food restaurants are actually high-tech factories churning out high quality food in the least possible time. So, this is where the technology has brought us to. Services are taking increasing help of high technology, be it time and labour saving accurate automatic teller machines, vacuum cleaners or the room card with which the guest can access his room and other services throughout the hotel. So we see that high technology is affecting the services and the services environment world over.

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The Technological Environment

We must understand how technology is affecting the purchase and consumption of services for consumers.

Companies that wish to be on the forefront of efficiency keep watching, documenting and disseminating advances in technology that they can use to deliver customer satisfaction or customer delight.

Ginger Hotels observed that educated, time starved customers are looking for value for money and like to handle high-technology products and services. Accordingly, they started the hotel service where customers can help themselves around the hotel including checking into their rooms, operating lifts, making tea, etc.

So, we must understand how technology is affecting the purchase and consumption of services for consumers. Companies that wish to be on the forefront of efficiency keep watching, documenting and disseminating advances in technology that they can use to deliver satisfaction or customer delight. For example Ginger hotels observed that educated, time starved customers are looking for value for money and like to handle high technology products and services.

Accordingly, they started the hotel service where customers can help themselves around the hotel including checking into their rooms, operating lifts, making tea, etc. So, you see that Ginger Hotels took advantage of the technology to help the guest in and around the hotel with and the guest has to pay substantially in a lesser than 5-star hotels or even 3-star hotel.

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Monitoring the Macro-environment

Explosive population growth (social) leads to more resource depletion (economic) and pollution which leads consumers to ask more laws (politico-legal) stimulating new (technological) solutions, which, if affordable, can alter attitudes and behaviour (social).

So, monitoring the macro-environment, so we see how the different parts of the macro-environment interact with each other. So explosive population growth which is a social phenomena leads to more resource depletion which is an economic phenomena and pollution which leads consumers to ask more laws political legal stimulating new technological solutions which if affordable, can alter attitudes and behaviour again social.

So we see that this political, economy, social and technological issues they are intermingle with each other and changes in one of these also affects changes in other types of macro-environment.

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Understanding our Company

In order to launch a service business and conduct it successfully, we have to understand the core competencies and competitive advantage of our business.

Our company must have the requisite resources and the capability to process customer possessions in order to produce the intended outputs and experience for the customer.

We have to understand the internal strengths and weaknes of our company.

Now we come to the understanding of the micro-environment part-I. So there we have understanding our company. Now the in order to launch a service business and conduct it successfully, we have to understand the core competencies and competitive advantage of our business. Our company must have the requisite resources and the capability to process customer possessions in order to produce the intended outputs and experience for the customer. We have to understand the internal strength and weaknesses of our company.

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Understanding our Company

For example, if we run a cinema theatre, we must be able to source motion picture films from the distributors and have a theatre and a projector to screen the picture as per pre-communicated schedule. We must have a facility to sell tickets to our customers. We must also have eateries and washrooms for the convenience of our customers. Our servicescape must have a pleasant ambience that can delight or at least satisfy our customers while giving them the right experience that they can remember for some time and discuss with others.

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Core Competencies

We have to understand the core competencies of our company.

Core competency is a concept in management theory introduced by C. K. Prahalad and Gary Hamel in 1990. It can be defined as "a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace".

Now what are core competencies?. We have to understand the core competencies of our company. Core competency is a concept in managing theory introduced by C.K. Prahalad and Gary Hamel in 1990. It can be defined as a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace.
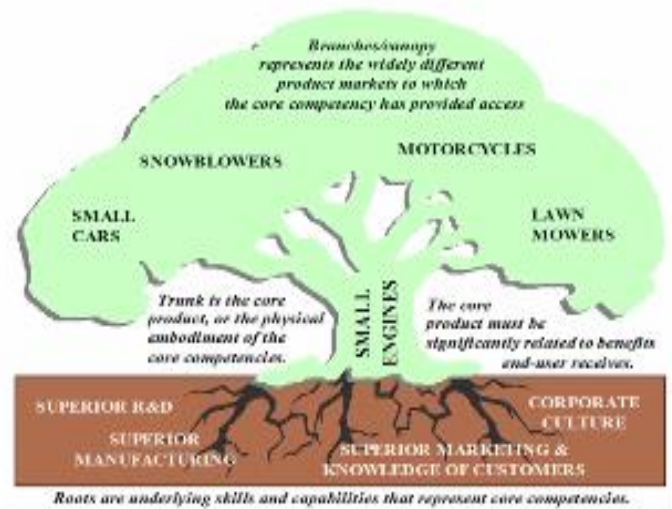
Mohr, Sengupta, & Slater, (2010).

So here we have an example of core competencies from the book written by Mohr Sengupta and Slater that is marketing of high technology and product and services. So here we see that the small engines are the core competencies that are the trunk of the tree and the trunk of the tree is the core competency, it is the core product or the physical embodiment of core competencies.

That is the small engine. Now the core product must be significantly related to the benefits and user receives. Now this small engines, this core competency has very strong roots . They have string roots in superior R and D, superior manufacturing, superior marketing and knowledge of customers and superior corporate culture. Now these trunks are the core competency can be useful in various industries like small cars, snowblower, motorcycles, lawn mowers etc.

Now branches or canopy represents the widely different product markets to which the core competency has provided access. So this small engines is the product or the or an embodiment of the core competencies. So Hondas whole knowledge in the area of small engines helps to have a core competency and to serve various markets, product markets with that core competency.

Competitive Advantage

Competitive advantage is a business concept describing attributes that allow an organization to outperform its competitors.

When a core competency posses following four characteristics it is said to posses competitive advantage over its competitors:

- Valuable
- Rare
- Inimitable
- Non-substitutable

Then we go to understanding what is competitive advantage?. Now competitive advantage is a business concept describing attributes that allow an organization to outperform its competitors. When a core competency possess following 4 characteristic it is said to possess competitive advantage over its competitors. That is a core competency must possess these 4 characteristics that is it must be valuable, must be rare, it must be inimitable, and it must be non-substitutable.

So, for example McDonalds has a core competency of turning out burgers and price in a very small time, in an fraction of hour. So here these the equipment and machinery that McDonalds's employees those are valuable, those are rare, the other companies do not have that and those are inimitable that means those cannot be copied very easily and even these are supply services that McDonalds receives from it suppliers that supply chain is also a core competency of McDonalds.

And it is non-substitutable that is something else cannot take place of the core competency that McDonalds has. So McDonalds has a competitive advantage over others.

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Lesson 8 Understanding the Micro Environment - II

Understanding our Customers

Understanding our Competitors

Understanding our Collaborators

Next we come to the 8th lesson which is understanding the micro-environment, here we see the understanding our customers, understanding our competitors, and understanding our collaborators. Thank you very much for listening. Have a good day.