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Facility Operations in Exercise and Health Fitness

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Section: Marketing and Public Relations
Lesson: 4

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Topics

Customer behaviour Evaluating services Targeting customers

Relationship marketing Public relations

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Topic 1

Customer behaviour

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Needs and expectations

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- Greater prosperity → people seeking complex needs → sophisticated goods and services.
 - Often, people have all goods they need → turning to services for unmet needs.
- Expectations of good service formed by:
 - Prior experience with same/other provider.
 - Word of mouth.
 - Advertising literature.



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Needs and expectations

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- Over time, norms develop for particular industry.
 - Different levels of service have different norms.
 - Different types of customers expect different standards.
- Customers' expectations generally comprised of:
 - Adequate service
 - Desired service
 - Predicted service
 - Zone of tolerance




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Adequate vs desired

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- **Adequate:** minimum level of service customer will accept without being dissatisfied.
- **Desired:** wished for level of service; what customers believe can and should be delivered by service provider.



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Predicted service

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- Level of service customer expects to receive.
- Affected by how they define “adequate” in particular situation.
 - Expecting high service → reality is average service → dissatisfied.
 - Expecting average service → reality is high service → satisfied.



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Zone of tolerance

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- Extent to which customers are willing to accept variation in service experiences.
- Outside zone → dissatisfied customer.
- Affected by price, competition, prior experience.



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Topic 2

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Evaluating services

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Evaluation

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- Service performance difficult to evaluate because characteristics not measurable.
- Service, unlike product, cannot be returned.



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Processing services

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1. Possession: involves a product.
 - Can re-service if not satisfied.
2. People: done physically to customer.
 - Difficult to reverse.
3. Mental stimulus: done mentally to customer.
 - Difficult to re-service.
4. Information based: time, psychological, financial cost incurred in changing services.

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Evaluation properties

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- *Search properties*: easy to evaluate, done before purchasing.
 - Low risk because customer can assess colour, sound, style, texture, taste.




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Evaluation properties

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- *Experience properties*: cannot be evaluated before purchasing.
 - Must be experienced to be properly evaluated.



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Evaluation properties

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- *Credence properties*: possibly can never evaluate, even after purchase/consumption.



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Quality control

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- Products with *search properties*:
 - Easy to control → no customer involvement.
 - Elements of production closely monitored and failures spotted before product is sold.



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Quality control

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- Services with *experience or credence properties* are difficult to control because production often involves customer.
- Experience properties:
 - Depends on how well customer describes what they want, and company's ability to deliver what was requested.
- Credence properties:
 - Usually pure services that rely on professional to provide quality service.

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Topic 3

Targeting customers

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Considerations

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- Market segmentation:
 - Focus on "targeting" segments, not mass marketing.
 - Must decide which customers can be served well.
 - Managers must improve services to attract customers.

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Considerations

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- Value customers:
 - Frequent customers more profitable than occasional users.
 - Service companies must prioritise value, not number, of customers.




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Considerations

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- Selecting appropriate customer portfolio:
 - Use past/present data to predict future activity.
 - Can inform pricing/cost changes, promotional efforts, and market risks.



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Considerations

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- Capacity utilisation:
 - Ensuring that capacity is always filled.
 - Involves finding enough customers → may need more than one market segment.
 - Avoid conflict of different market segments.



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Considerations

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- Customers as part of experience:
 - Common facility → other customers part of product.
 - Customers can affect nature of experience, and image → most appropriate customers must be attracted.



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Considerations

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- Valued customer relationships:
 - Customer and provider both benefit from each other.
 - Customer rates service higher than rate of obtaining goods.
 - Provider rates knowledge/pleasure from customer higher than cost of obtaining them or their money.



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Topic 4

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Relationship marketing

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Definition

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- “Aims to create a long-term interactive relationship between providers and customers.”
- Costs approximately five times more to attract new customer than retain existing one.
- Important marketing strategy → developing customer relationships to ensure repeat business.



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Loyalty

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- Loyalty: customer’s willingness to keep using same firm’s services over time.
- Defection: customers leave one firm and transfer their brand loyalty to another.
 - Loss in quality, risk of profit decline.
 - Observe customer trends → pinpoint defections → use service recovering strategies.



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Topic 5

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Public relations


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Definition

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- Maintaining public image for high-profile people, commercial organisations, or non-profit associations.
- Practice of managing communication between organisation and its publics.




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Methods

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- Advertising
- Conferences
- Publications
- Lobbying
- Charitable donations
- (Social) media engagement



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Success

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PR benefits




1. Foster prestige and reputation.
2. Help sell products/services.
3. Attract good employees.
4. Generate opportunities.
5. Overcome issues/misconceptions.
6. Foster good will.
7. Increase market power.
8. Create promotional opportunities.





Next



Lesson 5

HRM overview
Pre-recruitment/jobs analysis
Advertising job
Selecting candidate

