DEVELOPING A MARKET AUDIT

Overview. Before undertaking a marketing campaign for an organization or one of its services, it's useful to study the organization in order to understand it "in the round." For marketing folks this means a market audit. This assignment will allow you to develop a specific case study and to attend to all the aspects that someone with marketing responsibility needs to know and understand. For this assignment you and a class colleague are to select an organization and to describe it from a marketing perspective. In the latter half of the class your team will be asked to act as consultants to the organization and to suggest a plan of action that will improve its market stance.

Select an Organization. Your first task is to select an organization of interest to you and a teammate. It can be a library of any kind or another kind of information organization or service. If you are familiar with a different kind of organization or service provider. You can select a part of a larger organization (for example, the library within a corporation or a university or even a single department of a large library, e.g., the reference/instruction department in an academic library). It will be helpful for one of your team to have had some experience in the organization, either as a worker or as a frequent customer, but it isn't necessary as long as one or both of you have (or have had in the past) the opportunity to observe it closely enough to answer most of the following guiding questions. Sometimes an organization will be pleased to cooperate with you in the interests of receiving detailed recommendations in return.

Guiding Questions for Your Market Audit. Name the organization (or provide a pseudonym) and then answer as best you can the following relevant questions. Note these questions are to serve as indicators; they are not a definitive list but identify the areas you need to examine and describe. For example, the first question asks you to talk about the environment. The particular questions listed are to give some ideas about what aspects to select to describe in your organization's environment. You will probably not be able to answer all of the questions asked -- the questions are intended to stimulate your thinking. Do the best you can and be creative about how you might find information (other than, or in addition to, asking a manager or other employee directly).

- Environment. What kind of an organization is it (e.g., profit or non-profit, library (specify type), government agency, corporation, independent business, etc.)? Is it part of a larger organization; if so, how would you characterize the larger organization? Are conditions surrounding your organization...
relatively stable or changing? If the latter, how fast are things changing? How does it affect the organization? Is your organization strongly impacted by technology, by shifts in the economy, by leadership changes? How politically sensitive is it? Does it have partners or other organizations with whom it is closely aligned?

- **Customers.** Describe the users of the services and products offered by your organization in as many ways as you can (e.g., age, socio-economic status, professional field(s) or occupation(s), geographic location, ethnic culture(s), etc.)? If you think there is a mix of several different kinds of clients (and there usually is), describe each subgroup and estimate roughly the proportion of each subgroup to the total user population. Can you identify which group(s) is/are primary (that is, more important in some way, e.g., higher status, more influential on resource allocation, personally close)?

- **Products and Services.** What products and services does your organization offer? Services might include such things as information provision, retrieval, consulting, provision of database services, circulating collection, reference collection, instruction, systems analysis, systems set up, troubleshooting, web design, etc. Products might include publications, software, web portals (the latter is an example that is hard to categorize as either a product, a service, or a channel -- perhaps it is a blend of all three. Which are the primary products and services and which are of lesser importance? How does the organization make it known what its offerings are? To what degree are these products and services standardized or tailored to meet specific needs of individuals or groups? Are the products or services "branded" in any way (that is, do they carry a distinctive name or logo or are they packaged in such a way that they are instantly recognizable as coming from the organization)? Note: The answers to the last three questions may and probably will vary for the different products and services.

- **Place.** Place in marketing terms is sometimes called "channel" because it refers to how and where products and services are delivered. Do clients come to one central location for service or are there different outlet locations? Do clients come in person to the organization (if so, what distances do they travel and how do they come (by car, on foot, by public transport)? Or are some services delivered directly to the client at their home or place of employment? Is there an Internet presence and if so, what level of interactivity is afforded through this channel? Do the products and services pass through an intermediary? Can they be delivered through the mail, telephone, email, instant messaging or fax services? Often an organization will have a mix of delivery systems and policies for different services. Describe the situation as best you can.

- **Price and Cost.** Are products and services offered for a monetary price? If so, how flexible are the terms? Are there discounts or allowances? Do all customers pay the same amount? If products and
services are not offered for a monetary price, what is the cost to the client to avail him/herself of the organization's offerings? Consider both actual cost in terms of time and energy and also psychological costs.

- **Promotion.** What kinds of promotion does your organization provide? Promotion is sometimes categorized as direct selling, advertising (usually paid but sometimes as public service), sales promotion (incentives, discounts, special events), and publicity (e.g., public relations). How would you describe the mix of promotional activities that your organization undertakes? Are some products and services promoted more heavily than others? Are some groups of clients more targeted for promotional activities than others?

- **People.** In service marketing, all the people who surround the delivery of a service have an impact. Describe the employees who interface with the clients -- how are they dressed? What is their customary manner when interacting with customers? Other customers or intermediaries may also have an impact. Comment on the personal appearance and behavior of other customer groups or intermediaries.

- **Servicescape.** This is a fancy word for the physical evidence surrounding the delivery of products or services. It includes the appearance of the building, its offices and public spaces, as well as brochures, signs, equipment, business cards and the like. Describe your impressions of these manifestations.

- **Process.** The delivery of services usually involves a number of steps which may provide evidence to customers on how to judge a service. Consider the degree to which the process of service delivery is visible. Is the service delivery process simple (few steps) or complex (requiring customer to follow a complicated and extensive series of action)? For many services, we talk about the "co-production" of the service, that is, the collaborative effort to produce the desired result of both the customer and the service provider. How involved is the customer in the delivery of the service? How much background knowledge is desirable for the customer to make the best use of services? How much training does he/she require to receive services?

- **Competition.** Consider who (or what) might be considered a competitor to your organization. Competition can be looked at in a variety of ways -- a similar organization or an organization that offers one or more similar services and/or products (e.g., the book collection and book-related programs of a library and the parallels in a bookstore), or an organization that offers a different way to accomplish an end (e.g., searching the Internet for information directly vs. asking a reference librarian for assistance).
Format for this audit: Format is not important here. You can use a Q&A format, a series of bulleted points, an outline, or you can write a narrative; the latter is probably the more professional approach. I'm looking for approximately 5-7 pages in length but it can be more (roughly a half page for each bulleted point). Please include some comment on each of the ten topics listed above.
RELATIONSHIP MARKETING

Four types of bonds can tie a customer to your organization. These are described below. For this assignment, select an organization, for example, a library or information center. Consider each of these bonds and the questions posed to help you understand retention strategies.

1. **Financial Bonds**. The customer is tied primarily through financial incentives -- lower costs for greater volume purchases or lower prices for customers who have been with organization for a long time. One example is a frequent flyer program as is any discount program or frequent user program that carries financial rewards. Are there any financial bonds you can think of for the organization of your choice that would help retain customers?

2. **Social Bonds**. Long-term relationships are built through social and interpersonal connections. Customers are viewed as "clients," not nameless faces, and as individuals whose needs and wants the organization tries to understand. Services are customized and the organization finds ways to stay in touch with its customers. Social bonds are common among professional service providers (lawyers, teachers, consultants) and among personal care providers (hairdressers, personal trainers, counselors). Social bonds may also be formed between customers, for example, user support groups for specific software or hardware users, book discussion groups in the library. What social bonding activities might/does your selected organization encourage?

3. **Customization Bonds**. Two commonly used terms fit within the customization bonds approach: *mass customization* and *customer intimacy*. The former deals with the use of flexible processes and structures to provide varied and often individually customized products and services at the cost of standardized, mass-produced alternatives. The "my library" (or "my account") webpage is one example. Customer intimacy involves knowing enough about the customer (perhaps through database tracking systems) to anticipate his/her needs and to supply them. An example might be desk delivery of a new book on a topic known to be of interest to a client. Another example is the use of tools like RefWorks and Instant Messaging. Can you think of others?

4. **Structural Bonds**. Structural bonds are created by providing services to the client that are often designed into the service delivery system for the client. An example from the business world is FedEx; the company provides free computers to customers with stored addresses and shipping data, printed mailing labels, and a tracking system for packages. Can you think of structural connections for library clients or for clients of other information services?
Write a summary of ways that the organization you selected ties its customers to it. What additional ways might you suggest for consideration? With the goal of building long-term relationships with customers, provide some commentary on what you think would work and what might not and why.
SERVICE RECOVERY EXERCISE

When a customer confronts a service failure, he or she can choose to take action or do nothing. Many customers are very passive about their dissatisfaction and say or do nothing but they will decide whether to continue to use the organization providing the service or not. Generally, those who take action are more apt to continue to use the organization's services than those who do nothing (a reason why it's good to encourage complaints).

When a customer decides to take action, he/she may choose to complain to the provider, complain to family and friends, or complain to a third party. Four categories of response types have been identified:

- **Passives**. These are the ones who do nothing. They often doubt the effectiveness of complaining and think the consequences aren't worth the time and effort. Others have personal values or norms against complaining. Usually these folks are less alienated than the more extreme types described below.

- **Voicers**. These customers actively complain to the service provider but usually not to third parties, and usually don't switch providers. These customers are the organization's best friends, in a way. Their complaints allow the service provider a second chance. This group believes complaining has social benefits and that the consequences of their complaining can be positive.

- **Irates**. These customers complain to friends and relatives and usually switch providers. They may feel alienated and are definitely more angry with the provider than either of the first two. They are less likely to give the provider a second chance.

- **Activists**. These customers have an above average propensity to complain on all dimensions. They will complain to the provider, tell others, and complain to third parties. They have an optimistic sense of the potential positive consequences of all types of complaint action. Sometimes they can become "terrorists," that is, they may take extreme actions destructive of property and sometimes outside the law.

When customers complain, they have high expectations of what will happen. They expect justice and fairness in handling their complaints in three ways. They will judge the response as to its

1. *outcome fairness* -- the outcome or compensation should fit the level of their dissatisfaction, i.e., money, an apology, future free services, reduced charges, repairs, and/or replacements
2. **procedural fairness** -- customers want easy access to the complaint process and want it handled quickly preferably by the first person they encounter. They want procedures characterized by clarity, speed, and absence of hassles

3. **interaction fairness** -- customers expect to be treated politely, with care and honesty. This form of fairness can dominate all the others

Describe an instance of service failure (or less-than-desirable service) that you have either experienced or observed. Analyze the elements of service failure and the effects of any efforts made by the organization at service recovery. What did the customer (or you) do as a result of the service failure (if you know)? If you don't know, what would you have done in the customer's place? How does (or will) the customer's actions affect the organization in the future, in your opinion? Use the scenario that you have described to build a plan for service recovery for the organization concerned.
EMPLOYEE ROLES IN SERVICE DELIVERY

There is a process called service blueprinting, a concept that is interesting and valuable and can be usefully applied to a library or other information service agency. The service blueprint is a picture or map that portrays the service from a variety of perspectives so that all the different people involved in can understand and deal with it objectively. For example, from the employee perspective there is a process, part of which is not visible to the customer and part of which is; there are the points of contact where the employee (or the system) and the customer come in contact; and there is the evidence that the customer sees and from which he/she draws inferences about the quality of service provided.

To create a blueprint, customer actions are charted, that is, the steps, choices, activities, and interactions that the customer performs in the process of purchasing (or accessing) a service, consuming it (perhaps also in the process co-producing it), and evaluating the service result. For example, for a customer to find a book to read, he/she must first decide to borrow it from the public library, then he/she must get to the library (by car, on foot or on public transport), then select a book by using the various mechanisms the library makes available (catalog, book lists, displays, recommendations, etc.), locate the book, then check the book out (might entail registering as a borrower), receive some indication of the date it will be due, and leave.

Paralleling the customer actions are two areas of contact employee actions. Some are visible to the customer and can be called the Onstage Actions; others are behind the scenes to support the onstage activities; these are the Backstage Actions. Onstage are the welcoming reception (or lack thereof), possibly an interview to orient or to recommend a title, the interaction at the card catalog and in the stacks, the transaction interaction at the circulation desk (wanding, stamping, etc.) Behind the scenes (backstage) are all the work the library staff has done to prepare for this interaction -- creating the catalog, organizing and maintaining the book stacks, training the circulation staff, making sure the customer's file is available (or creating a new file), preparing the book for checkout (ownership stamp, call number, date due slip), etc.

Finally there are the support processes. These are the internal services, steps, and interactions that take place to support the contact employees in delivering the service. For example, the catalog update, the design and implementation of the circulation system, the acquisition, processing, and shelving of books.
Many organizations create process flow diagrams (a type of blueprint), especially of technical services department or they perform systems analyses in preparation for a change in work flow, but few of these techniques include the customers and their views of the service process.

Some important action areas or zones to consider are:

- the line of interaction, that is the line between the customer and the organization and the direct interactions that take place across it;
- the line of visibility, the line that separates all the service activities that are visible to the customer from those that are not visible. The visible evidence of the service is what the customer uses to judge the quality of the service;
- the line of internal interaction that separates the contact employee activities from those of other service support activities and people.

In a service blueprint any physical evidence of the service is listed above the point of contact.

For this exercise, choose a service offered by a library or information agency that you are familiar with and try to create a blueprint. You may have to imagine some of the systems and services that take place backstage.
The importance of customers in successful service delivery is obvious if one thinks of the service delivery performance as a form of drama. The drama metaphor suggests the reciprocal, interactive roles of employees (actors) and customers (audience) in creating the service experience. The service actors and audience are surrounded by the stage setting or the service space. Because the customer receiving the service participates in the delivery process, he/she can contribute to a service gap (not delivering according to service standards) by appropriate (or inappropriate) behavior.

The level of customer participation varies across services. In some cases (low level of participation) all that is required is the customer's physical presence with the employees doing all the work (for example, in the case of a symphony concert). The products are standardized and the service is provided whether or not any customer is present. In other cases (moderate level of participation), the customer must take action or provide some kind of information in order for the service to be delivered (for example, for a tax preparer to prepare your taxes, you must first provide a lot of information and gather and organize a lot of material that you provide physically to the tax preparer). In still other cases (high level of participation) the customer co creates the services. The active customer participation guides the customer service (as in the provision of reference services). The service cannot be created apart from the customer's active decision and active participation.

Consider three services offered by a library or information agency of your choice and analyze each one culminating in a judgment of what you perceive to be the level of customer participation involved in each of these services. For the service that requires the highest level of customer involvement, describe the technical and interpersonal contributions the customer can make to create a satisfying service delivery situation. Can/does the library assist the customer in moderate or high level situations to make the customer contribution more effective?