



# SERVICE MARKETING

## CHAPTER 3: POSITIONING SERVICE IN COMPETITIVE MARKET

# OVERVIEW

**3.1 Focus Strategies for Services**

**3.2 Market Segmentation**

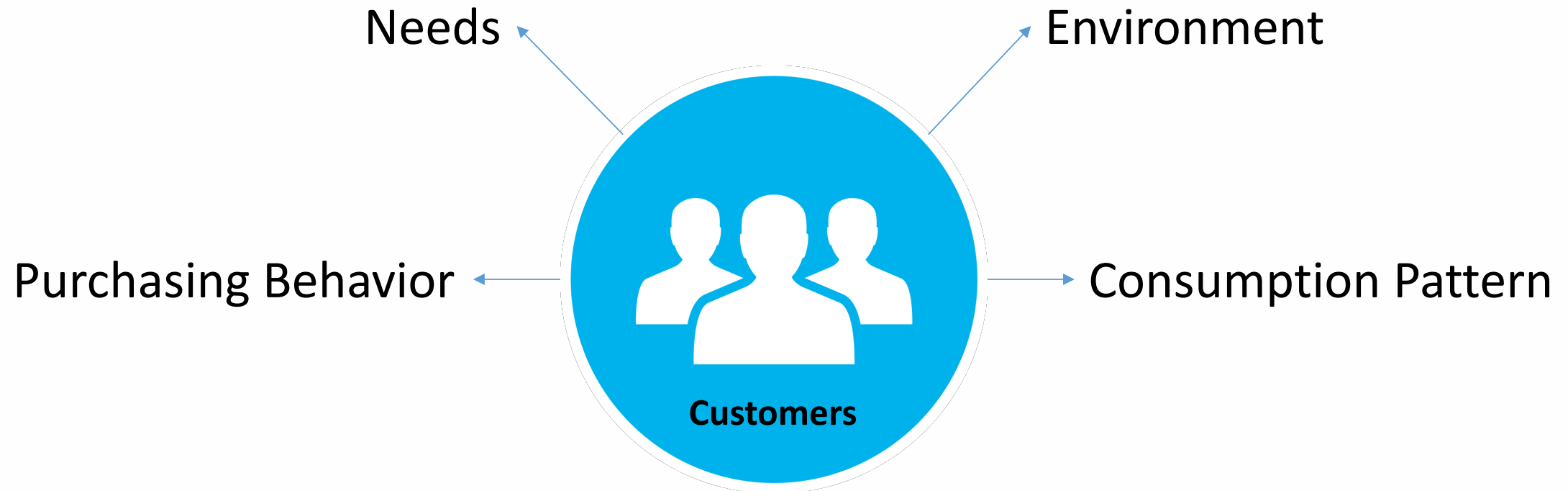
**3.3 Service Attributes**

**3.4 Developing an Effective Positioning Strategy**

**3.5 Using Positioning Maps to Analyze Competitive Strategy**

# FOCUS STRATEGIES FOR SERVICES

# WHY POSITIONING?



Every customer has different needs, purchasing behavior, consumption pattern, and environment which are hardly provided by firm. Hence, each company needs to focus its efforts on those customers it can serve best.

# POSITIONING STRATEGY

**Positioning strategy:** *Creating, communicating, and maintaining distinct characteristics* that will be noticed and valued by those customers with whom the firm would most like to develop a long-term relationship

**Successful positioning** requires understanding firm's target customers' preferences, conception of value, and the characteristics of competitors' offerings.

# BASIC FOCUS STRATEGIES FOR SERVICES

		BREADTH OF SERVICE OFFERINGS	
		Wide	Narrow
NUMBERS OF MARKETS SERVED	Few	Market Focused	Fully Focused (Service and market focused)
	Many	Unfocused (everything for everyone)	Service Focused

In marketing terms, **Focus** means providing a relatively narrow product mix for a particular market segment

Focus strategies for services are divided into 4 categories based on breadth of service offerings and number of markets served

# FULLY FOCUSED

provides a *limited range of services* to a narrow and *specific market segment*

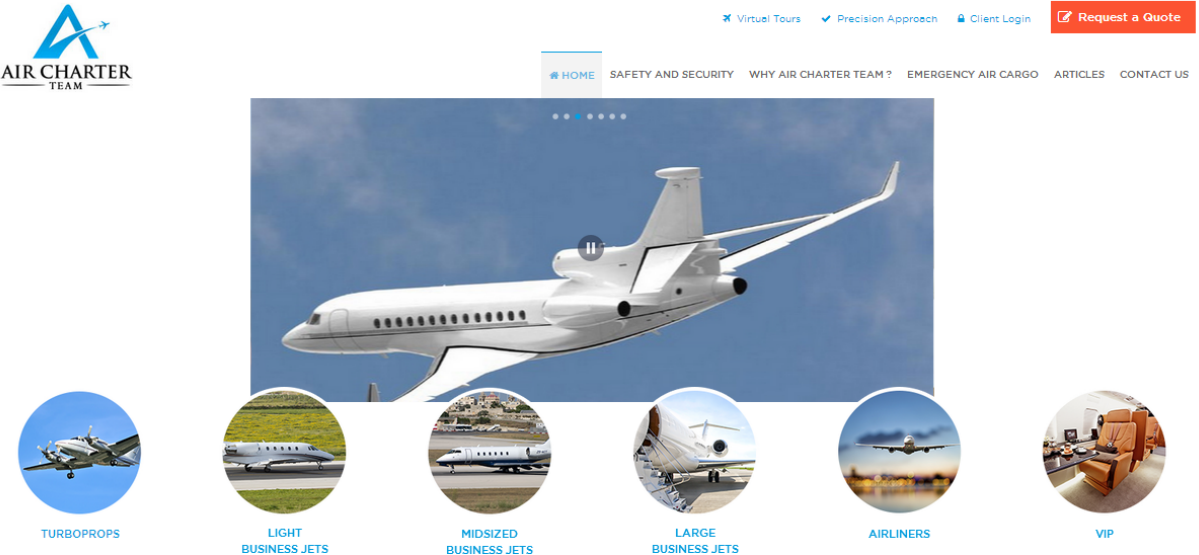
## Opportunities

1. May provide protection against would-be competitors
2. Allows firms to charge premium prices

## Risks

1. Market is too small
2. Demand may be displaced by generic competition from alternative products
3. Purchasers in chosen segment may be susceptible to economic downturn

## EXAMPLE



*Air Charter Team is a provider of private, corporate, and business airplane charter services throughout the world. Our team of professionals can provide you and your associates an aviation solution for any occasion. No matter what type of aircraft you or your organization requires, we deliver it with service that simply can't be beat!*

**Air Charter Team** is a provider of private, corporate, and business airplane charter services throughout the world. No matter what type of aircraft you or your organization requires, we deliver it with service that simply can't be beat!

(1)

# MARKET FOCUSED

## EXAMPLE

Provides narrow market segment but has a *wide range of services*

Firm need to make sure of their operational capability to do and deliver each of the different services and also need to understand customer purchasing practices and preferences

The logo for Rentokil Initial, with 'Rentokil' in red and 'Initial' in blue, both in a bold, sans-serif font.

Rentokil Initial is one of the largest business services company in the world providing services that protect people and enhance lives. they protect people from the dangers of pest-borne disease, the risks of poor hygiene or from injury in the workplace. They operate in over 60 countries



# SERVICE FOCUSED

## EXAMPLE

### Service Focused

Provides a *narrow range of services* to a fairly broad market

If new segments are added, firm needs to develop knowledge and skills in serving each segment



Excellent Packers and Movers is one of the leading packers and Movers Company in India which is engaged in offering a wide range of relocation and allied services for your different kinds of relocation situations.

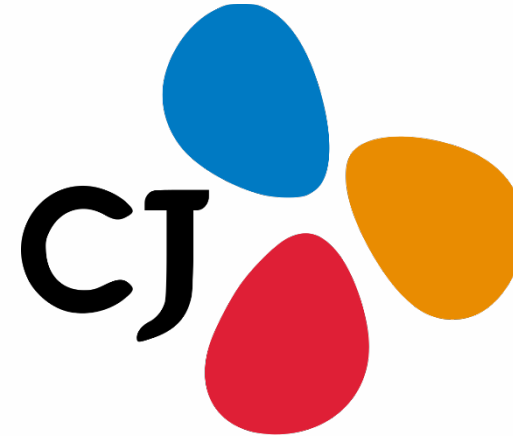
# UNFOCUSED

## EXAMPLE

### Unfocused

provides a *wide range of services* to a *broad market segment*

Risky strategy that could lead firm to becoming “jacks of all trades and masters of none.”



CJ is Korean foremost lifestyle company that creates customers' health, happiness, and convenience. CJ has four core business divisions such as Food & Food Service, Biotechnology, Entertainment & Media, and New Distribution.

# MARKET SEGMENTATION

# MARKET SEGMENTATION

**Market segment:** composed of a *group of buyers* who share *common characteristics*, needs, purchasing behavior, or consumption patterns

**Target segment:** *a segment* that a *firm has selected* from among those in the broader market and may be defined on the basis of several variables

Segments can be determined by factors such as *geographic, demographic, attitudes and behavioral intentions*

# MARKET SEGMENTATION BY USING TECHNOLOGY

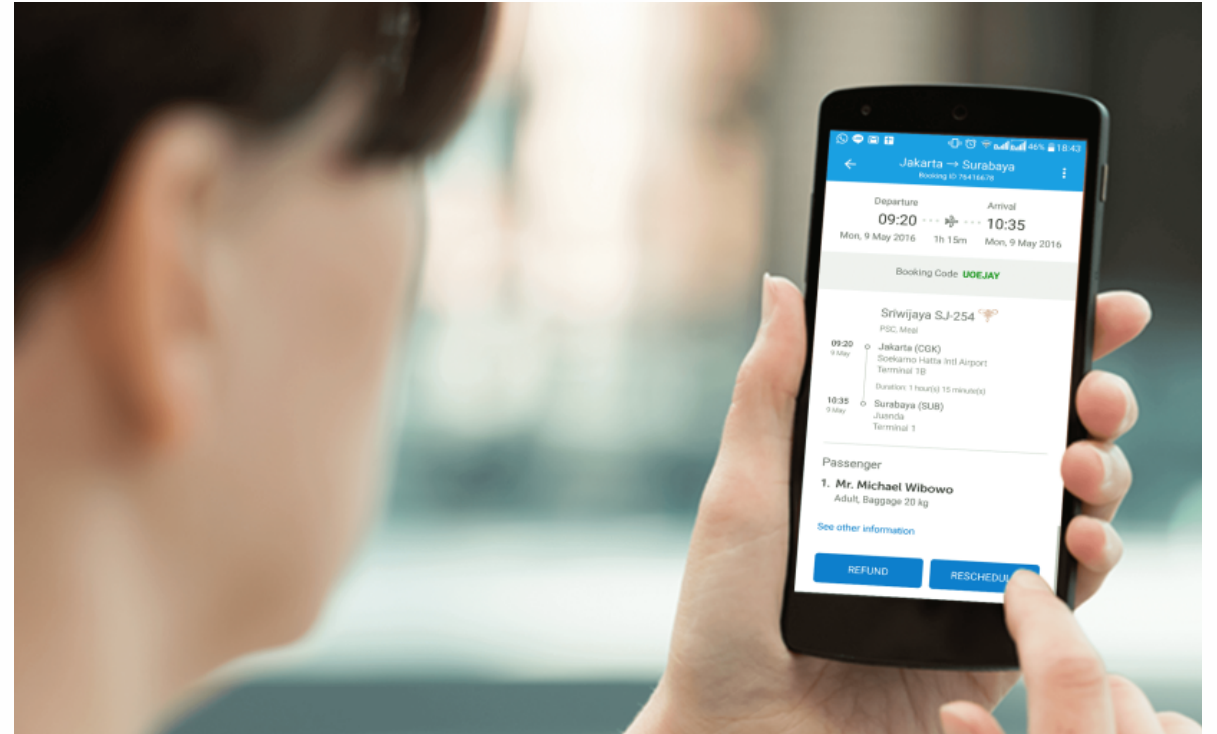
In this era, many service firms are developing strategies by using technology for their marketing or even operational.

This means that their customers are segmented to their degree of competence and comfort in using technology-based delivery systems

## TRAVELOKA

**Market segment:** people who has competence and comfort in using technology such as smartphone and internet

**Target segment:** Those people who need to travel



Picture (1) shows traveloka application, a leading ticket booking service in Indonesia

(1)

# SERVICE ATTRIBUTES

# DEVELOPING RIGHT SERVICE CONCEPT FOR A SPECIFIC SEGMENT

Firms often use formal research to identify and prioritize which attributes of a given service are important to specific market segments

Priorities for attributes may differ for individuals according to:

1. The purpose of using the service
2. Who makes the decision
3. The timing of use (time of day/week/season)
4. Whether the customer is using the service alone or with a group
5. The composition of that group

# IMPORTANT VS DETERMINANT ATTRIBUTES

*Consumers usually make their choices among alternative service offerings based on perceived differences between them*

**Determinant attributes:** determine buyers' choices between competing alternatives. List of service characteristics important to purchasers, but they are the attributes on which customers see significant differences among competing alternatives.



# ESTABLISHING SERVICE LEVELS

Decisions are made on what **level of performance** firm plans to offer on each attribute

- **Easily quantified attributes** are easier to understand – e.g., vehicle speed, physical dimensions
- **Qualitative attributes** subject to individual interpretation – e.g., physical comfort, noise levels

Customers often can be segmented according to **willingness to trade off price versus service level**:

- **Price-insensitive customers** willing to pay relatively high price for high levels of service
- **Price-sensitive customers** look for inexpensive service with relatively low performance

# DEVELOPING AN EFFECTIVE POSITIONING STRATEGY

# POSITIONING STRATEGY

**Positioning** plays a pivotal role in marketing strategy because it links market analysis and competitive analysis to internal corporate analysis

Developing a positioning strategy can take place at several different levels, depending on the nature of the business in question

Positioning of different services offered at the same location must be consistent because the image of one may affect the others, especially if perceived to be related

# POSITIONING STRATEGY EXAMPLE



VS



Siloam Hospitals strategy is to operate on **a lower cost based on economic of scale.**  
Hence, Siloam is able to **increase affordability from all socio-economic backgrounds and provide access to quality**  
all over Indonesia

Rumah Sakit Bedah Surabaya is the answer of surgical needs in Surabaya.  
This hospital strategy is to focus on **providing the best service in surgical services**

# POSSIBLE OUTCOMES RESULTED BY POSITIONING FAILURE

## Possible Outcomes Resulted by Positioning failure

1. The organization (or one of its products) is pushed into a position where it *faces head-on competition from a stronger competitor*
2. The organization (product) is pushed into a position nobody else wants, because *little customer demand exists*
3. The organization's (product's) position is so blurred that *nobody really knows its distinctive competence*

# POSITIONING FAILURE EXAMPLE

(1)



barmak  
tehran

Level **4** Contributor

30 reviews

26 hotel reviews

29 helpful votes

*“Bad Reputation for Hilton hotels.....!”*

Reviewed 12 November 2016

hey everybody .....i have been 3 nights in Hilton Jumeirah dubai .....everything is very bad .....bed in my room is out of order ,bath room is very old ,need to change evrything.....very bad service in resturant ( breakfast time ) 15 min for a coffee ....i told 3 times to restaurant waiter please give me a coffee & after 15 min he told me sorry i forgot..... , i think for every 10 guest 1 waiter is available .....& low quality foods.....iam not happy ..... but Location is very good.....

**Room Tip:** you must chose room with good bed ( test it ) good bath room ( maybe shower is no working ) & se...

[See more room tips](#)

Stayed September 2016, travelled as a couple

Location Service  
 Sleep Quality

Helpful?

Thank barmak

Report

[Ask barmak about Hilton Dubai Jumeirah](#)

This review is the subjective opinion of a TripAdvisor member and not of TripAdvisor LLC

Hilton is one of the largest hospitality companies in the world. Since being founded in 1919, **Hilton has been a leader in the hospitality industry.** Today, Hilton remains a beacon of innovation, quality, and success.

But, **a customer felt unsavory experience** when staying in Hilton Dubai Jumeirah. 3 nights in this 5-star hotel are nightmare because the poor service given.

**Due to Hilton value especially in quality, this incident should have not happened**

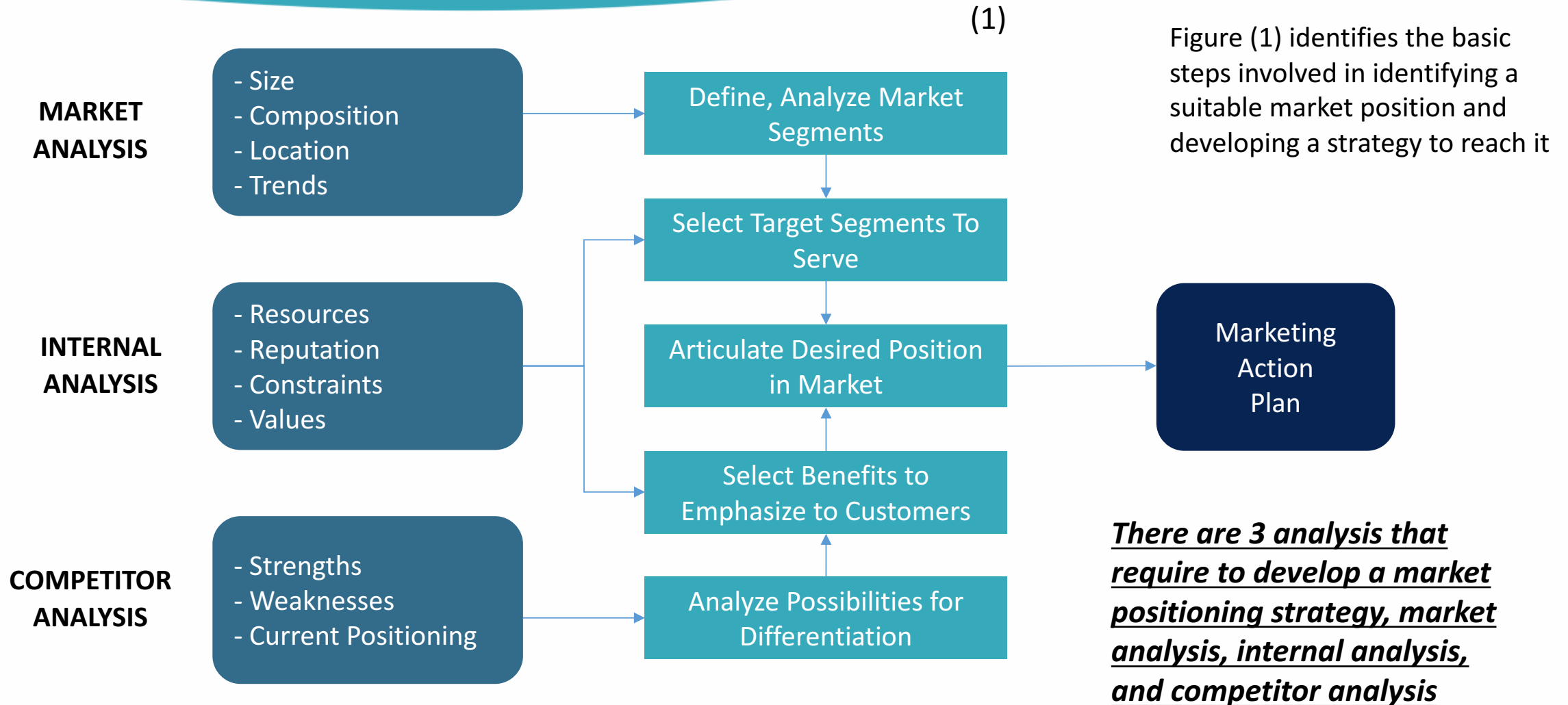
# MARKET, INTERNAL, AND COMPETITOR ANALYSIS

**Market Analysis:** consists of *factors* as the *overall level* and *trend of demand* and the geographic location of this demand

**Internal Corporate Analysis:** identify the organization's resources, limitations or constraints, goals, and value

**Competitor Analysis:** provide a *marketing strategist* according to *competitors' strengths and weaknesses* that may suggest opportunities for differentiation

# DEVELOPING A MARKET POSITIONING STRATEGY





# ANTICIPATE RESPONSES TO POTENTIAL POSITIONING STRATEGIES

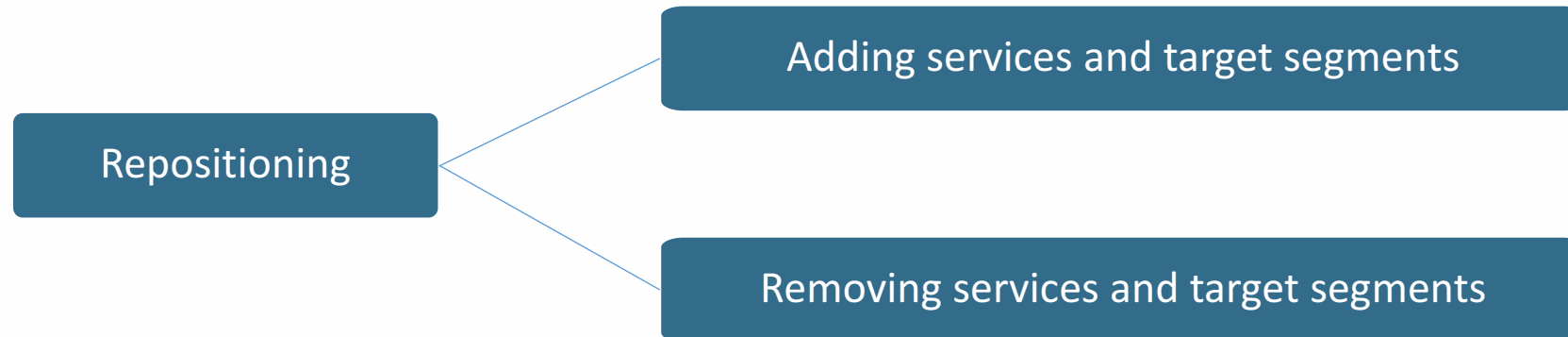
The best way to anticipate possible competitive responses:

- 1. Identify** all current or potential **competitors**
- 2. Conduct** an **internal corporate analysis** for each competitor
- 3. Coupling the insights** from the analysis with data from existing market and competitive analysis (with one's own firm cast in the role of competitor)

# POSITION STATEMENT

**Position Statement:** *Statement* consists of *integration* between *market analysis, internal corporate analysis, and competitor analysis* that articulates the desired position of the organization in the marketplace

Positioning could change in response to changing market structures, technology, competitive activity, and the evolution of the firm itself



# REPOSITIONING EXAMPLE



1997-1998 (Pre-launch)



September-October 1998



September 1998-May 1999



May 1999-May 2010



May 2010-September 2013



September 2013-September 2015



September 2015-Present

## Repositioning by adding services and target segments

Google is world's second most valuable brand founded by Larry Page and Sergey Brin in 1998. In the beginning, Google was a search engine that use links to determine the importance of individual pages on the World Wide Web. But now, Google has owned more than 70 products including Google Maps, Google Document, Google Drive, etc.

# REPOSITIONING EXAMPLE (2)



(1984-2005)



(2005-2015)



(2015-now)

## Repositioning by removing services and target segments

Indosat in the early days is a company which service is International Direct Call (SLI 001). Its market segments is home or business that need to call someone abroad. But, start in 2010, Indosat is transforming to become a more focused and efficient company with organizational restructuring, modernization and expansion of cellular networks and initiatives to achieve operational excellence.

# USING POSITIONING MAPS TO ANALYZE COMPETITIVE STRATEGY

# USING POSITIONING MAPS TO PLOT COMPETITIVE STRATEGY

Positioning maps are great tools to visualize competitive positioning, to map developments over time, and to develop scenarios of potential competitor responses

A map usually is confined to two or three attributes for ease of understanding

When more than three dimensions are needed to describe product performance in a given market, then a series of separate charts needs to be drawn

# STEPS OF APPLYING POSITIONING MAPS

## 1. DATA SOURCES



New consumer research



Published information



Data from past surveys



Reports from knowledgeable person

## 2. SCALES AND RATINGS

Create several attribute as a scale and rate firm and competitor based on each of the attributes

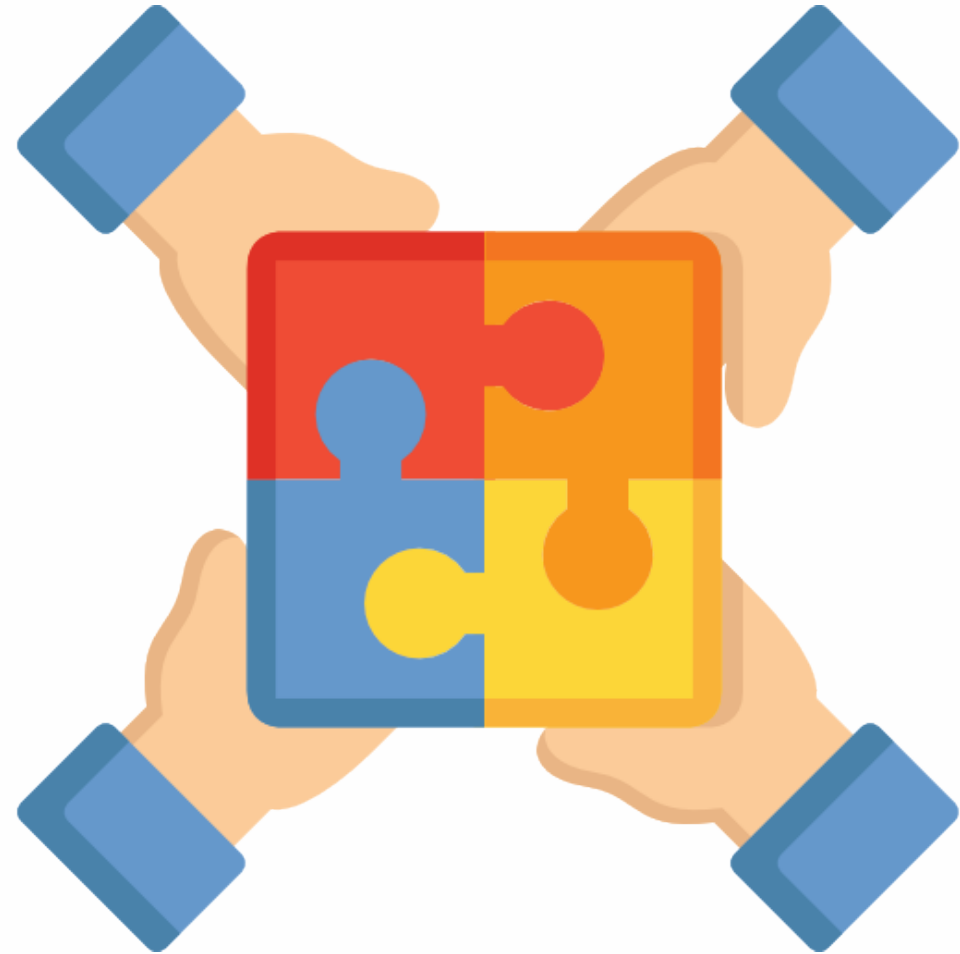
Example of attributes:

- Price
- Location
- Physical condition
- Employee ratio

# STEPS OF APPLYING POSITIONING MAPS (2)

## 3. FINDINGS

Found correlation between the attributes and insight various clusters in the industry. The findings could also point out the existence of your own firm over competitor





# EXAMPLE OF APPLYING POSITIONING MAPS TO THE HOTEL INDUSTRY

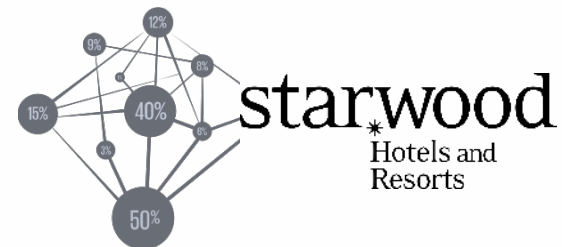
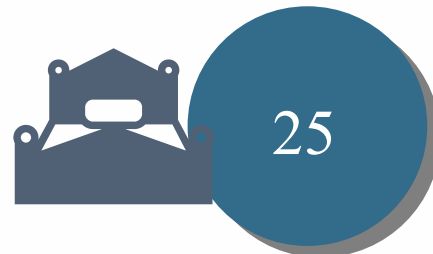
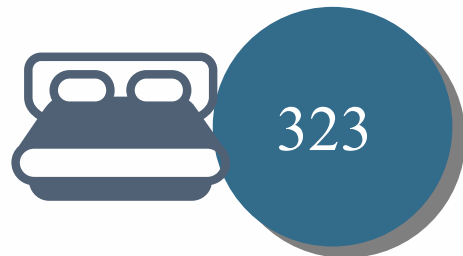
The hotel business is growing continuously and is highly competitive. There are several classes in the business, each of which has different **criteria**, such as:

1. The degree of **luxury and comfort** in physical amenities
2. **facilities** offered in other physical spaces (the reception area to meeting rooms, a business center, restaurants, a swimming pool, and exercise facilities)
3. The **quality and range of services** offered by hotel staff
4. The **ambiance** of the hotel
5. **Additional factors** such as quietness, safety, cleanliness, and special rewards programs for frequent guests

# CASE: SHERATON HOTEL SURABAYA



Jalan Embong Malang 25-31 · Surabaya, East Java, 60261 · Indonesia  
Rp 1.331.000,- / room / night

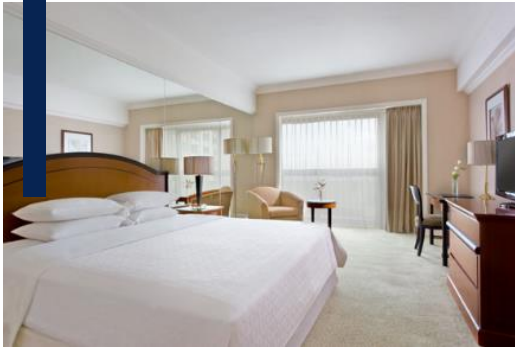


**Sheraton**  
**Surabaya**  
HOTEL & TOWERS



# CASE: SHERATON HOTEL SURABAYA

## CORE PRODUCT



DELUXE ROOM



CLUB ROOM



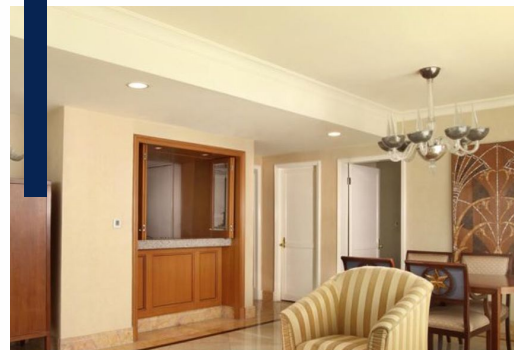
JUNIOR SUITE



DELUXE SUITE



EXECUTIVE SUITE



ROYAL SUITE



PRESIDENTIAL SUITE



# CASE: SHERATON HOTEL SURABAYA



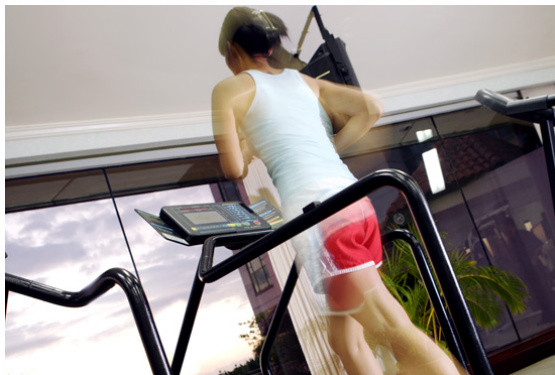
KENDEDES POOL



GRAND BALLROOM



KAWI LOUNGE



FITNESS




LA PATISSERIE BAKERY

## SUPPLEMENTARY SERVICE

# CASE: SHERATON HOTEL SURABAYA

## COMPETITOR


**1** **JW MARRIOTT HOTEL**  
★★★★★  
Jl. Embong Malang No.85,  
Surabaya.  
Rp. 1.100.547,- / room / night




**2** **HOTEL MAJAPAHIT**  
★★★★★  
Jl. Tunjungan No. 65,  
Surabaya.  
Rp. 1.063.785,- / room / night




**3** **PULLMAN HOTEL**  
★★★★★  
Jl. Basuki Rahmat No. 67-  
73, Surabaya.  
Rp. 910.281,- / room / night



**4** **BUMI SURABAYA CITY RESORT**  
★★★★★  
Jl. Basuki Rahmat No. 106 - 128, Surabaya.  
Rp. 1.087.853,- / room / night



**5** **SHANGRI-LA HOTEL**  
★★★★★  
Jl. Mayjend Sungkono No. 120, Surabaya.  
Rp. 1.707.694,- / room / night



**6** **CIPUTRA WORLD HOTEL**  
★★★★★  
Jl. Mayjen Sungkono Kav. 87-89, Surabaya.  
Rp. 1.214.256,- / room / night



# CASE: SHERATON HOTEL SURABAYA

6

## ASCOTT WATERPLACE HOTEL

★★★★★★

Waterplace Residence Tower D1,  
Jalan Pakuwon Indah Lontar Timur  
Kav 3-5, Surabaya.



Rp. 910.140,- /room / night

7

## THE ALANA HOTEL

★★★★★

Jl. Ketintang Baru X No.12,  
Surabaya.



Rp. 638.000,- /room / night

8

## NOVOTEL HOTEL

★★★★★

Jl. Raya Ngagel No.173-175,  
Surabaya.



Rp. 594.454,- /room / night

9

## BEST WESTERN HOTEL

★★★★★

Jl. Ahmad Yani, Surabaya.



Rp. 600.000,- /room / night

10

## CROWN PRINCE HOTEL

★★★★★

Jl. Basuki Rahmat No.123-127,  
Surabaya.



Rp. 555.054,- /room / night

# CASE: SHERATON HOTEL SURABAYA

## POSITIONING MAP OF SERVICE LEVEL VS PRICE LEVEL



### PRICE LEVEL

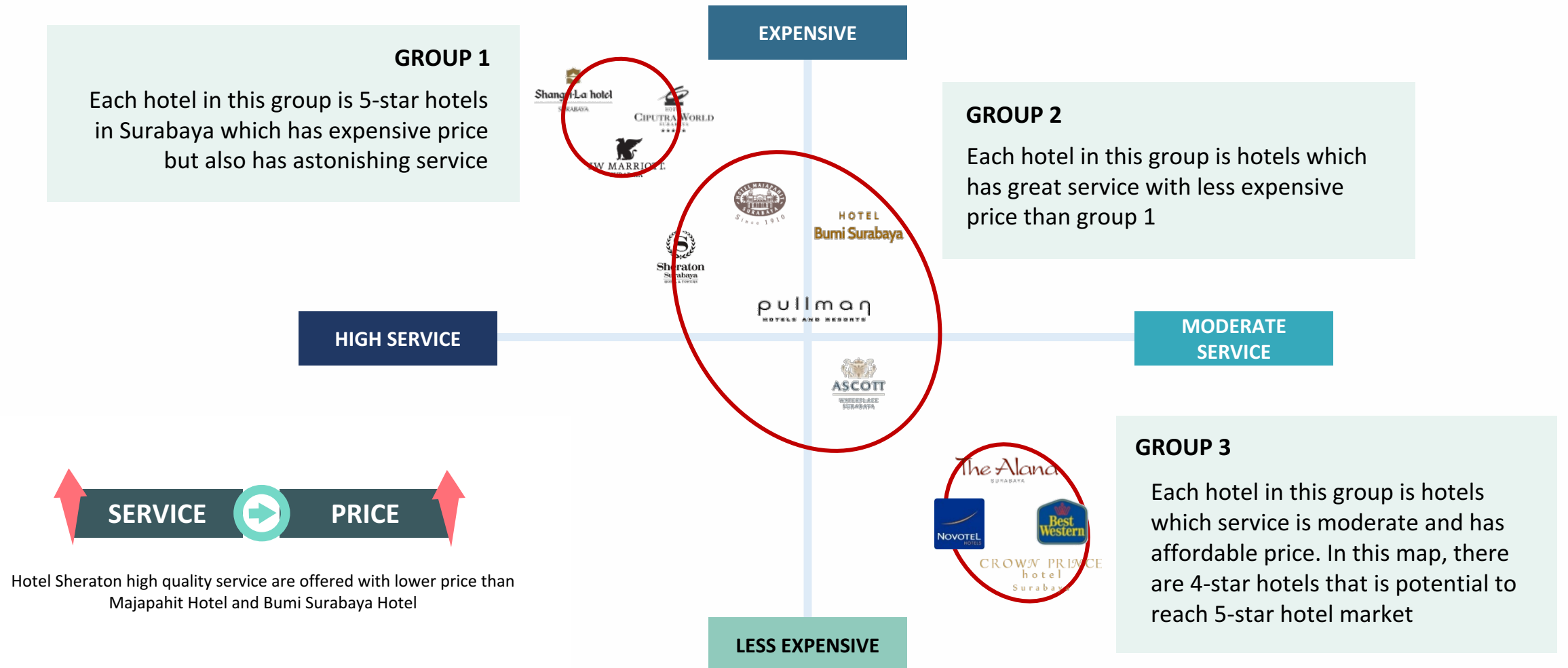
Price level of every hotel information are obtained from booking.com in the same room criteria and booking day

### SERVICE LEVEL

Service level in every hotel measured by researcher opinion when visiting each hotel

# CASE: SHERATON HOTEL SURABAYA

## POSITIONING MAP 1 ANALYSIS



Hotel Sheraton high quality service are offered with lower price than Majapahit Hotel and Bumi Surabaya Hotel



# CASE: SHERATON HOTEL SURABAYA

## POSITIONING ANALYSIS OF SHERATON HOTEL SURABAYA

Sheraton Hotel Surabaya as one of 5-star hotel in Surabaya has moderate price level for about Rp1.000.000,- per night for Deluxe room. This price is considered competitive rather than its competitor.

Service quality level given by Sheraton Hotel is high because this hotel management run under Starwood Hotel & Resort and has great facility that support the services provided to customers.

Based on the market grouping that has been done, it is known that the current position of Sheraton Hotel is very vulnerable towards competitor attack. It needs innovation to survive or even penetrated other markets.

**COMPETITIVE  
MARKET**

**REPOSITIONING**



# CASE: SHERATON HOTEL SURABAYA

## POSITIONING MAP OF LOCATION VS PHYSICAL LUXURY

### LOCATION

Location classification is done with the assumption:  
 Financial District → Basuki Rahmat area  
 Shopping District → Mayjend Sungkono area  
 Inner Suburbs → Ahmad Yani area

### PHYSICAL LUXURY

The level of luxury of the building is assessed from the opinions of researcher when visiting each hotel.

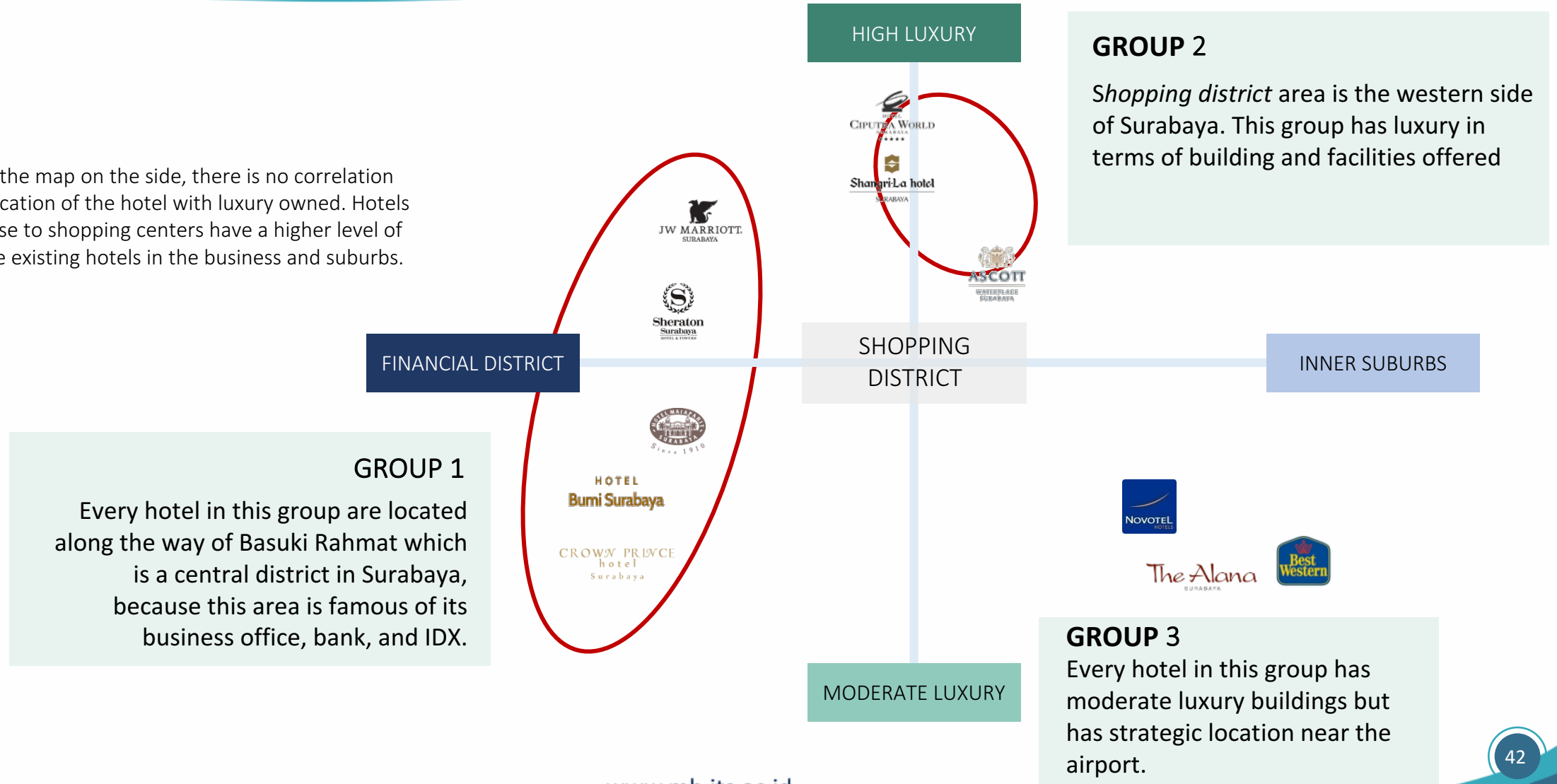


# CASE: SHERATON HOTEL SURABAYA



Viewed from the map on the side, there is no correlation between the location of the hotel with luxury owned. Hotels in the area close to shopping centers have a higher level of luxury than the existing hotels in the business and suburbs.

## POSITIONING MAP 2 ANALYSIS




# CASE: SHERATON HOTEL SURABAYA

## POSITIONING ANALYSIS OF SHERATON HOTEL SURABAYA

### COMPETITIVE MARKET

The strategic location of Basuki Rahmat have made a growing hotel development especially 5-star hotels. Sheraton Hotel has to gain more value for its customers in order to win the competition.

Build in 1995, This hotel building having its old-style vibe. But, for customer convenience, this hotel will do some renovation



Sheraton Hotel is located in central district of Surabaya (Basuki Rahmat - Embong Malang). This hotel complex is united with the biggest mall in Surabaya – Tunjungan Plaza – and make Sheraton becomes easier to be known by customers. Even this hotel are not the nearest to IDX and office, but the integration access to mall is considered to be a competitive advantage for Sheraton Hotel.



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