



MODERN MARKETING

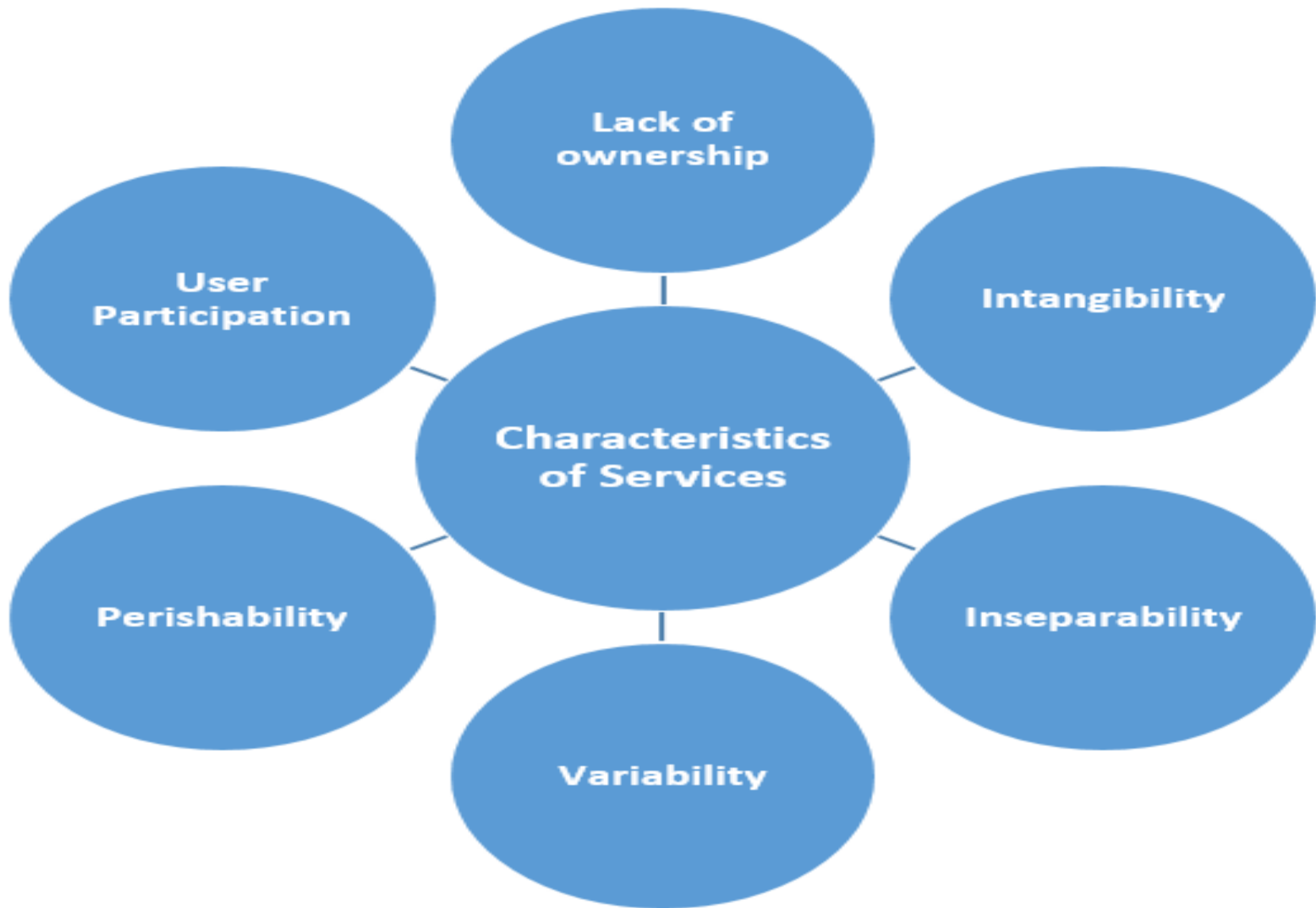


Course Outline		
Units	Topics to be covered	No. of Hours
5	Unit 5: SERVICES MARKETING Meaning of Services, Characteristics of Services, Classification of Services, Marketing of Services, Difference between Products and Services Marketing, Challenges of Services Marketing, Marketing Mix in Service Industry, Growth of Services Sector in India	8 hours

Definition of Service Marketing:

Service marketing is marketing based on relationship and value. It may be used to market a service or a product. With the increasing prominence of services in the global economy, service marketing has become a subject that needs to be studied separately. Marketing services is different from marketing goods because of the unique characteristics of services namely, intangibility, heterogeneity, perishability and inseparability.

In most countries, services add more economic value than agriculture, raw materials and manufacturing combined. In developed economies, employment is dominated by service jobs and most new job growth comes from services.



Seven Important Characteristics of Services

1. Perishability:

Service is highly perishable and time element has great significance in service marketing. Service if not used in time is lost forever. Service cannot be stored.

2. Fluctuating Demand:

Service demand has a high degree of fluctuations. The changes in demand can be seasonal or by weeks, days or even hours. Most of the services have peak demand in peak hours, normal demand and low demand on off-period time.

3. Intangibility:

Unlike a product, service cannot be touched or sensed, tested or felt before it is available. A service is an abstract phenomenon.

4. Inseparability:

Personal service cannot be separated from the individual and some personalised services are created and consumed simultaneously. For example, a hair cut is not possible without the presence of an individual. A doctor can only treat when his patient is present.

5. Heterogeneity:

The features of service by a provider cannot be uniform or standardised. A doctor can charge a much higher fee to a rich client and take a much lower fee from a poor patient.

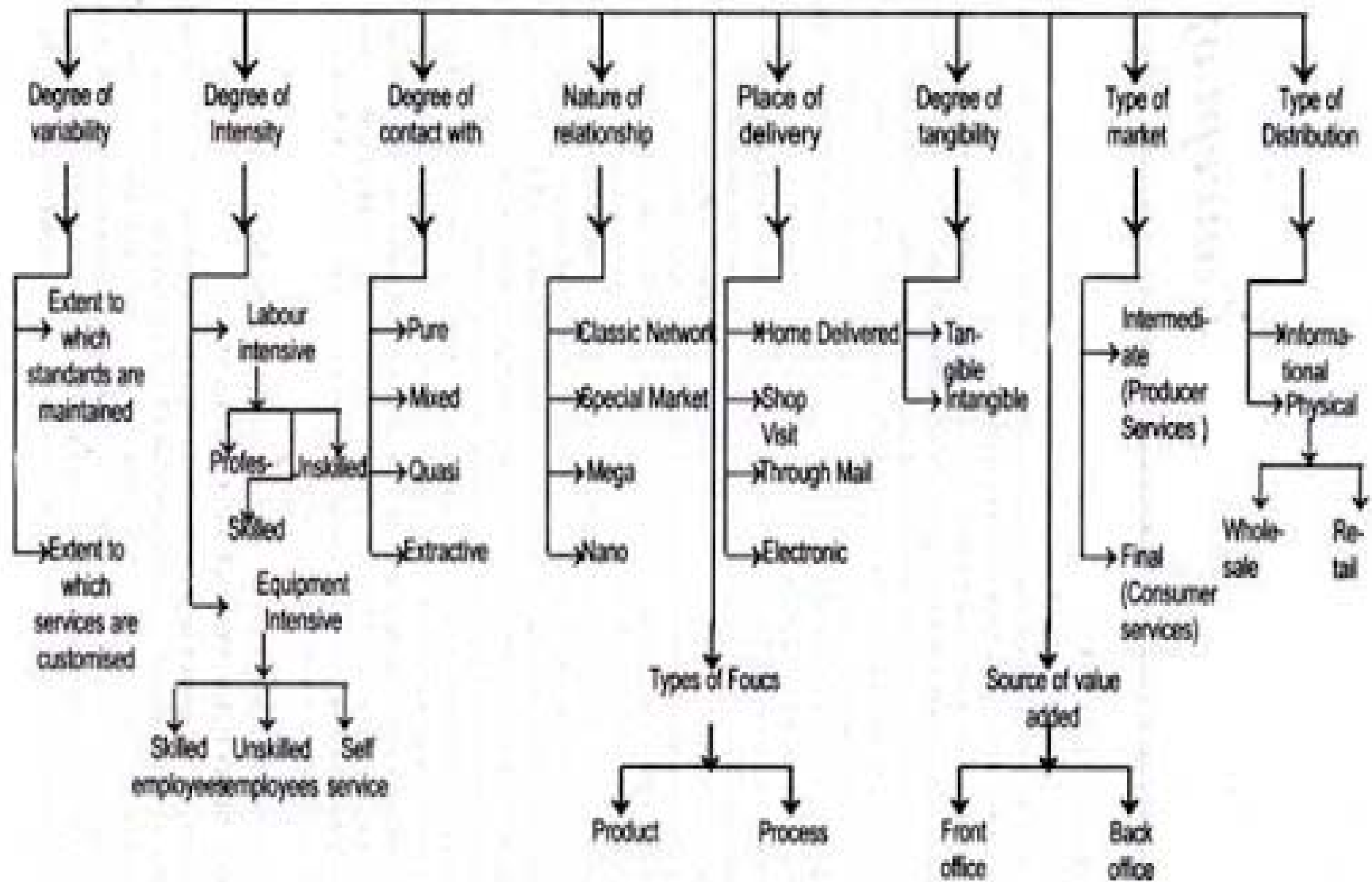
6. Pricing of Services:

Pricing decisions about services are influenced by perishability, fluctuation in demand and inseparability. Quality of a service cannot be carefully standardised. Pricing of services is dependent on demand and competition where variable pricing may be used.

7. Service quality is not statistically measurable:

It is defined in terms of reliability, responsiveness, empathy and assurance, all of which are in the control of employees directly interacting with customers. For service, customer satisfaction and delight are very important. Employees directly interacting with customers are to be very special and important. People include internal marketing, external marketing and interactive marketing.

FIGURE 1.1 : CLASSIFICATION OF SERVICES



BASIS FOR COMPARISON	PRODUCT MARKETING	SERVICE MARKETING
Meaning	Product marketing refers to the process in which the marketing activities are aligned to promote and sell a specific product for a particular segment.	Service marketing implies the marketing of economic activities, offered by the business to its clients for adequate consideration.
Marketing mix	4 P's <small>Comparison Chart</small>	7 P's
Sells	Value	Relationship
Who comes to whom?	Products come to customers.	Customers come to service.
Transfer	It can be owned and resold to another party.	It is neither owned nor transferred to another party.
Returnability	Products can be returned.	Services cannot be returned after they are rendered.
Tangibility	They are tangible, so customer can see and touch it, before coming to the buying decision.	They are intangible, so it is difficult to promote services.
Separability	Product and the company producing it, are separable.	Service cannot be separated from its provider.
Customization	Products cannot be customized as per requirements.	Services vary from person to person, they can be customized.
Imagery	They are imagery and hence, receive quick response from customers.	They are non-imagery and do not receive quick response from customers.
Quality comparison	Quality of a product can be easily measured.	Quality of service is not measurable.

Challenges and Issues in Services Marketing

Thus we discussed about few of the emerging issues that service marketer face in the challenging business environment. Service marketer should keep few aspects in mind in this challenging business environment to be successful. A few of them are briefly discussed here.

1. Learn more about consumers: It's time that service marketer knows their customer even better. Run Customer relationship programmes (CRM), gather customer feedback, knowledge, tastes, after sales service etc.
2. Be clear and authentic: False claims and big brand ambassador do not earn huge bucks anymore. It's interactive market due to development in communication networks. Example: Airtel rebranding failed even after 200 cr. of advertisement budget, where as their HFZ (Har Ek Friend Zaruri) campaign of Airtel at a cost of 35 cr. made gave higher viewer penetration and R.O.I as compared.
3. Create audience driven engagement programmes: This will promote healthy interactions among customers and also customers feel engaged with the brands. This creates loyalty. Example: In March 2010, when HBO planned Bond month focusing on Bond movies for the month of march, It attracted popularity by having "Dress the Bond girl concept" online, which engaged people visiting HBO website with average user engagement of 15 minutes.
4. Make social media work for organization: Understand the potential of social media and leverage it sophisticatedly to make it work positively for the business.

Table 2.1 : EXPANDED MARKETING MIX FOR SERVICES

Product	Place	Promotion	Price	People	Physical evidence	Process
<ul style="list-style-type: none"> • Physical good features • Quality level • Accessories • Packaging • Warranties • Product lines • Branding • Service lines • After sales service 	<ul style="list-style-type: none"> • Channel type • Exposure • Intermediaries • Outlet locations • Transportation • Storage • Managing channels • Accessibility • Coverage 	<ul style="list-style-type: none"> • Promotion blend • Salespeople Number Selection Training Incentives • Advertising Targets Media types Type of ads Copy thrust • Sales promotion • Public Relations • Publicity 	<ul style="list-style-type: none"> • Flexibility • Price level • Terms • Differentiation • Discounts • Allowances • Commissions • Perceived value 	<ul style="list-style-type: none"> • Employees Recruiting Training Motivation Rewards Teamwork • Customers Education Training • Communicating culture and Values • Employees research • Attitudes 	<ul style="list-style-type: none"> • Facility design Aesthetics Functionality Ambient conditions • Equipment • Signage • Employee dress • Reports • Business Cards • Statements • Guarantees • Furnishing • Colour • Layout • Noise level 	<ul style="list-style-type: none"> • Flow of activities Standardized Customized • Number of steps Simple Complex • Level of customer involvement • Policies • Procedures • Employee discretion • Customer Involvement