



# **SERVICES MARKETING**

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# SERVICES

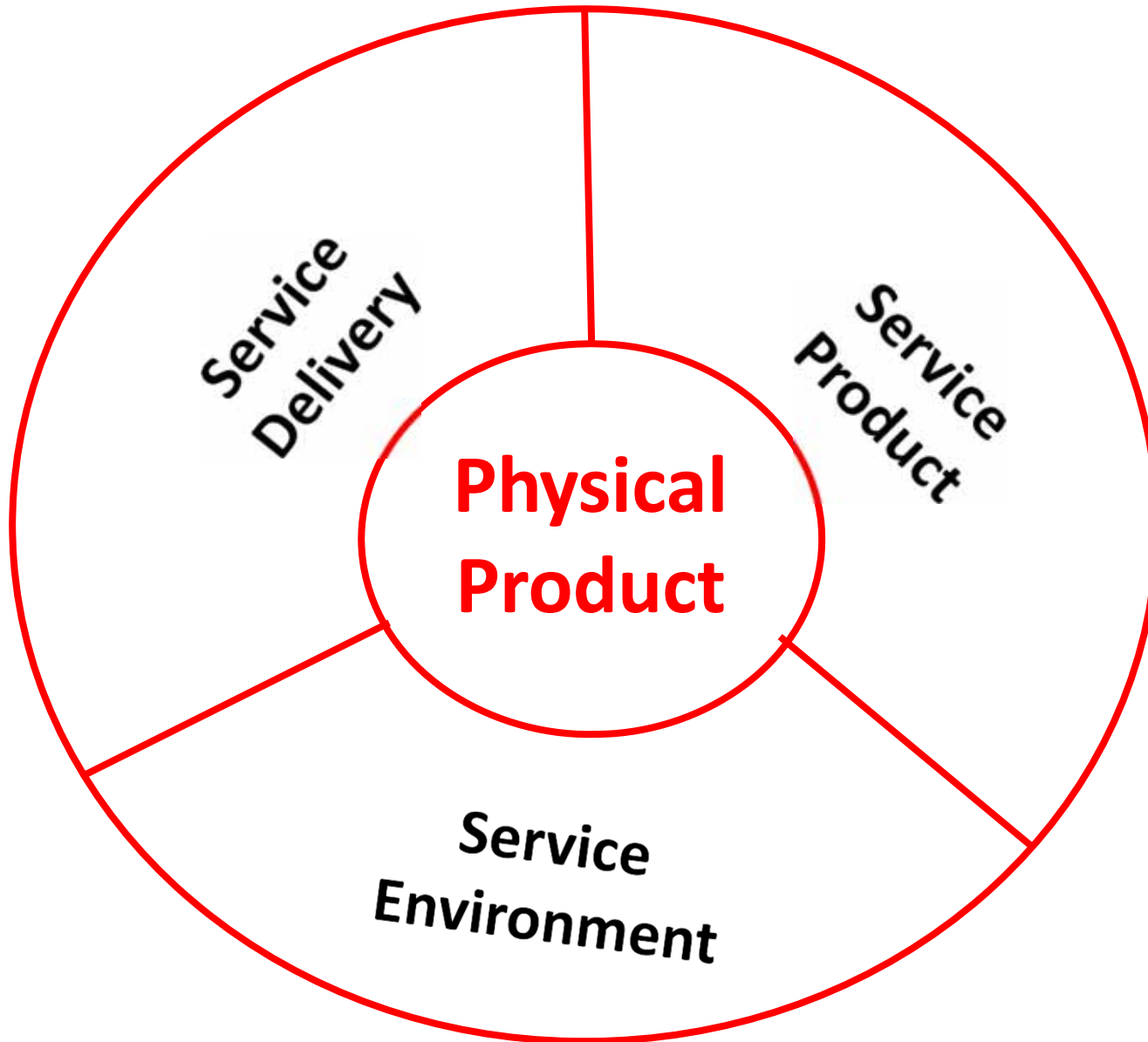
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“Services are activities, benefits or satisfaction which are offered for sale or provided in connection with sale of goods”. - **The American Marketing Association**

“Services are those separately identifiable essentially intangible activities, which provide want satisfaction when marketed to consumers and/or industrial uses and which are not necessarily tied to the sale of a product or another service”. - **Stanton**

# COMPONENTS OF SERVICE

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# 1. The Physical Product

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The various products marketed by a firm involve the physical transfer of ownership of those products. They are tangible and their quality is standardised.

For Example, physical products include T.V., Radio, Refrigerators, Computers, Hair oil, Vacuum Cleaner, Washing Machine, etc.

## 2. Service Product

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A service is an activity or benefit that one party can offer to another which is essentially intangible in nature. Service involve some interaction with customers without effecting transfer of ownership.

For example, people visiting exhibitions, trade fairs are allowed to inspect the consumer durables without being approached by sales representatives. Salesmen are trained in making proper approach to the customer visiting their showrooms.

# 3. Service Environment

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The potential customers form an impression about the service on the basis of service environment. The service environment represents the physical backdrop that surrounds the service.

For example, providing hygienic food is the core service in a hotel or restaurant. Customers expect the restaurants to be maintained clean, offer flexible dining hours prompt service, soft music, décor, exotic menu etc.

## 4. Service Delivery

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The Service delivery is one of the important components of service. Service delivery is of great importance to the customer's overall perception about the quality of service. The service provider should give due consideration to the way service is rendered to customers. Services are created as they are consumed.

Nature of Service	Physical Product	Service Product	Service Environment	Service Delivery
University	<ul style="list-style-type: none"> <li>• Degree</li> </ul>	<ul style="list-style-type: none"> <li>• Courses</li> <li>• Guidance</li> <li>• Placement</li> <li>• Employment</li> </ul>	<ul style="list-style-type: none"> <li>• Lecture halls</li> <li>• Libraries</li> <li>• Laboratories</li> <li>• Language Lab</li> <li>• Playground</li> <li>• Canteen</li> <li>• Hostels</li> </ul>	<ul style="list-style-type: none"> <li>• Teaching performance</li> <li>• Tutorial system</li> <li>• Counselling</li> <li>• Placement</li> </ul>
Super market	<ul style="list-style-type: none"> <li>• Goods</li> </ul>	<ul style="list-style-type: none"> <li>• Display</li> <li>• Assortment</li> <li>• Assistance</li> <li>• Credit</li> <li>• Inventory</li> </ul>	<ul style="list-style-type: none"> <li>• Sales Floor</li> <li>• Racks</li> </ul>	<ul style="list-style-type: none"> <li>• Speed</li> <li>• Friendliness</li> <li>• Market Information</li> </ul>
Hotels	<ul style="list-style-type: none"> <li>• Stay</li> <li>• Food</li> </ul>	<ul style="list-style-type: none"> <li>• Bill Settlement</li> <li>• Messages</li> <li>• Wake-up calls</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Looby</u></li> <li>• Parking space</li> <li>• Rooms</li> <li>• Reception</li> </ul>	<ul style="list-style-type: none"> <li>• Laundry</li> <li>• Transport arrangement</li> <li>• Multi cuisines</li> <li>• Room Service</li> <li>• Room Cleaning</li> </ul>
Couriers	<ul style="list-style-type: none"> <li>• Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Service time</li> <li>• Collection <u>centres</u></li> </ul>	<ul style="list-style-type: none"> <li>• Waiting hall</li> <li>• Sorting space</li> <li>• Parcel Office</li> </ul>	<ul style="list-style-type: none"> <li>• Promptness in Delivery</li> <li>• Billing section</li> </ul>



# CHARACTERISTICS OF SERVICES

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1. Intangibility
2. Inseparability
3. Heterogeneity (Individuality or Variability)
4. Perishability
5. Ownership
6. Absence of Quantitative measurement

# CLASSIFICATION OF SERVICES

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## 1. Classification of Services by Adrian Payne

- (a) Communications and information services
- (b) Public utilities, government and defence
- (c) Health care
- (d) Business, Professional and Personal Services
- (f) Recreational and hospitality services
- (g) Education; and
- (i) Other non-profit organisations

# CLASSIFICATION OF SERVICES

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## 2. Classification of Services by Christopher Lovelock

- (a) Nature of Service Act*
- (b) Type of relationship that the service organisation has with its customers*
- (c) Scope for Customisation and Judgement in Delivery System*
- (d) Nature of demand and supply for the service*
- (e) Methods of Service Delivery*

Nature or Service Act	Recipient of Services	
	People	Things
Tangible Actions	<ul style="list-style-type: none"> <li>• Health Care</li> <li>• Beauty Saloons</li> <li>• Restaurants</li> </ul>	<ul style="list-style-type: none"> <li>• Freight, Transportation</li> <li>• Dry Cleaning</li> <li>• Veterinary Services</li> </ul>
Intangible Actions	<ul style="list-style-type: none"> <li>• Education</li> <li>• Information Services</li> <li>• Entertainment</li> </ul>	<ul style="list-style-type: none"> <li>• Banking</li> <li>• Legal Services</li> <li>• Insurance</li> </ul>

# CLASSIFICATION OF SERVICES

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## 1. Consumer Service:

- ❖ Food Services
- ❖ Hotels and Motels
- ❖ Personal care services
- ❖ Car services firms
- ❖ Entertainment services
- ❖ Transport services
- ❖ Communication Services
- ❖ Insurance services
- ❖ Financial services

## 2. Industrial Service:

- ❖ Financial Services
  - ❖ Insurance services
  - ❖ Transport & warehousing
  - ❖ Engineering services
- and
- ❖ Advertising  
promotion services
  - ❖ Office services,
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- ❖ Management consultancy services.

# CLASSIFICATION OF SERVICES

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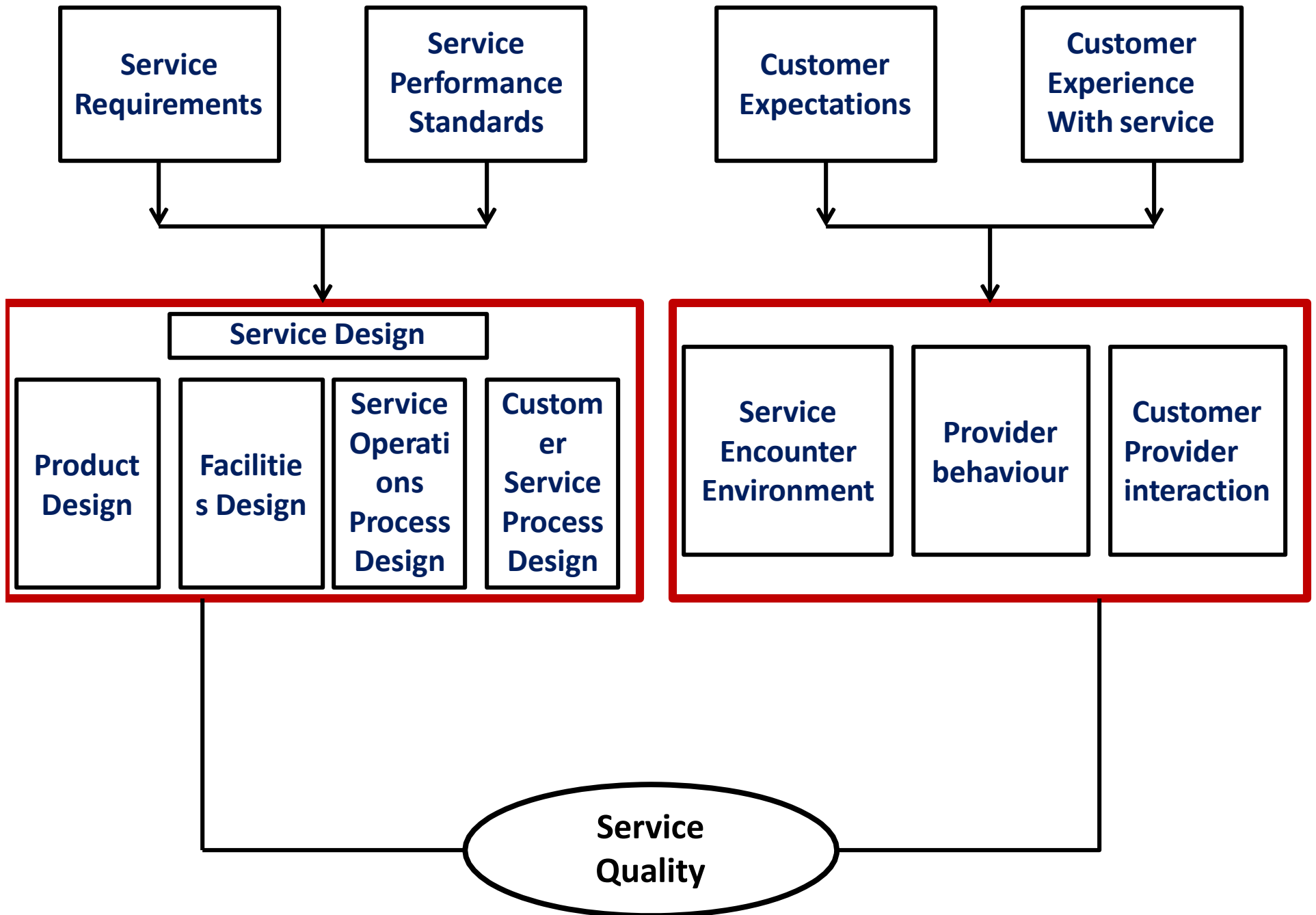
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1. Pure Tangible Goods
2. Tangible Goods with accompanying services
3. Hybrid
4. Major service with accompanying minor goods and services
5. Pure service

# SERVICES DESIGN

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A service involves creation and delivery of core benefits in order to satisfy an identified need of the customer. As a process, it refers as to how a service is provided or delivered to a customer. In a competitive market, the importance of the actual process in service delivery has been recognised.





# Factors Influence Designing Service Process

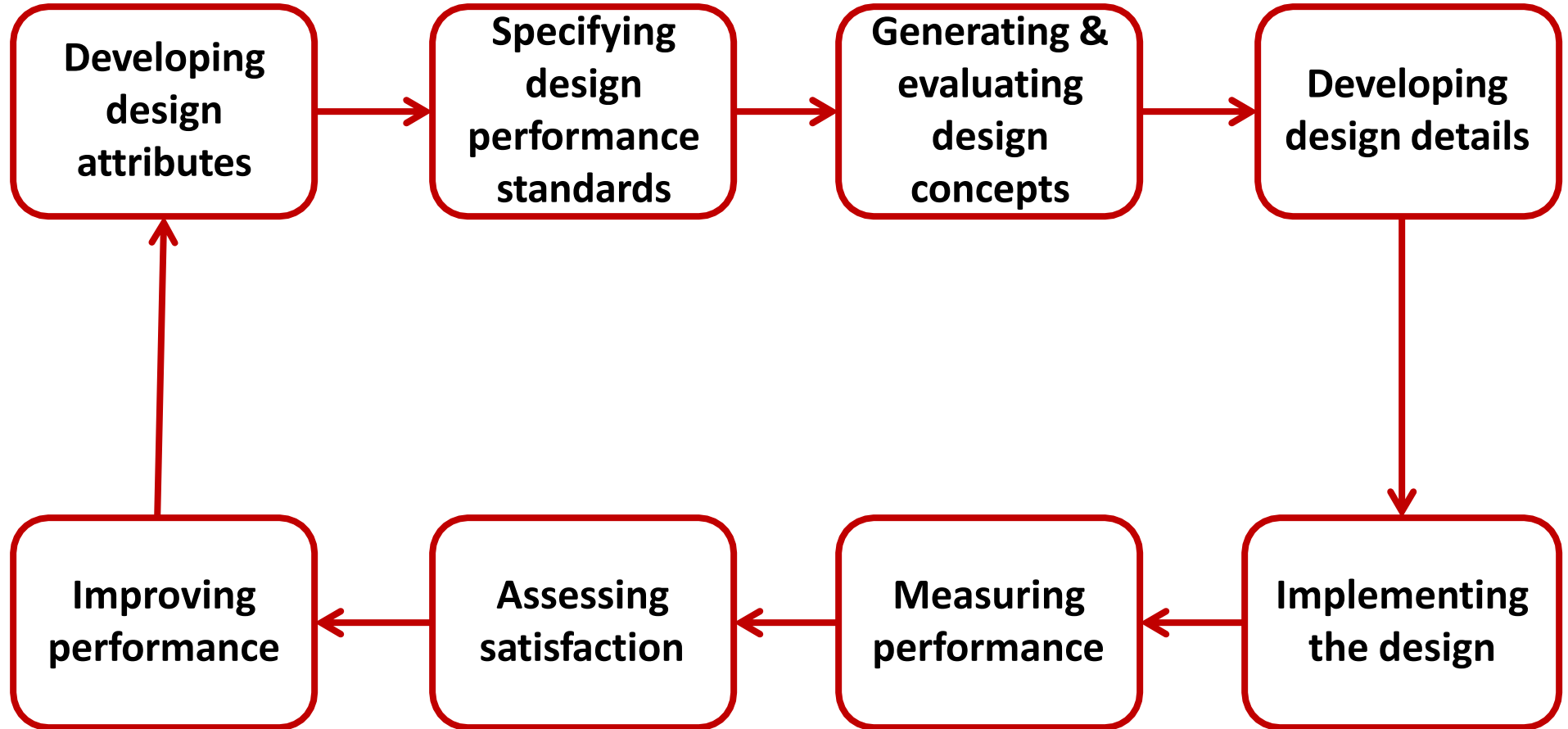
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1. The Service Itself
2. Customer Participation in the process
3. Location of Service Delivery
4. Level of Customer Contact
5. Degree of Standardisation
6. Complexity of the service

# Mgt model for Service Design / Stages / Process

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# BLUEPRINTING

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A service blueprint is a flow chart of the service process. It conveys the service concept by showing all the elements or activities and their sequencing and interaction. It is pictorial description of the service system showing the service at an overview level. It explains how each job or department functions in relationship to the service as a whole. Blueprinting was developed by Shostak in 1987.

# STAGES IN PREPARATION OF BLUEPRINTING

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1. Put the service in the form of its molecular structure
2. Divide the process into logical steps
3. Recognise the variability in the process
4. Identify the backstage actions in the process

# Technology & Service Productivity

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Service organisations can improve their productivity by introducing systems and technology in their operations. Under the systems approach to services marketing technology, engineering and management sciences are implemented into service industries. The systems approach looks at the task as a whole. The systems approach identifies the key operations to be performed, devises new ways of performing each operation, eliminates superfluous practices through new methods and improves the coordination of processes within the system.

# Role of Technology in Service process

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1. Easy accessibility of service
2. New ways to deliver service
3. Close link with customers
4. Higher level of service
5. Global reach of service
6. Cost Rationalisation

# Building Service Aspirations

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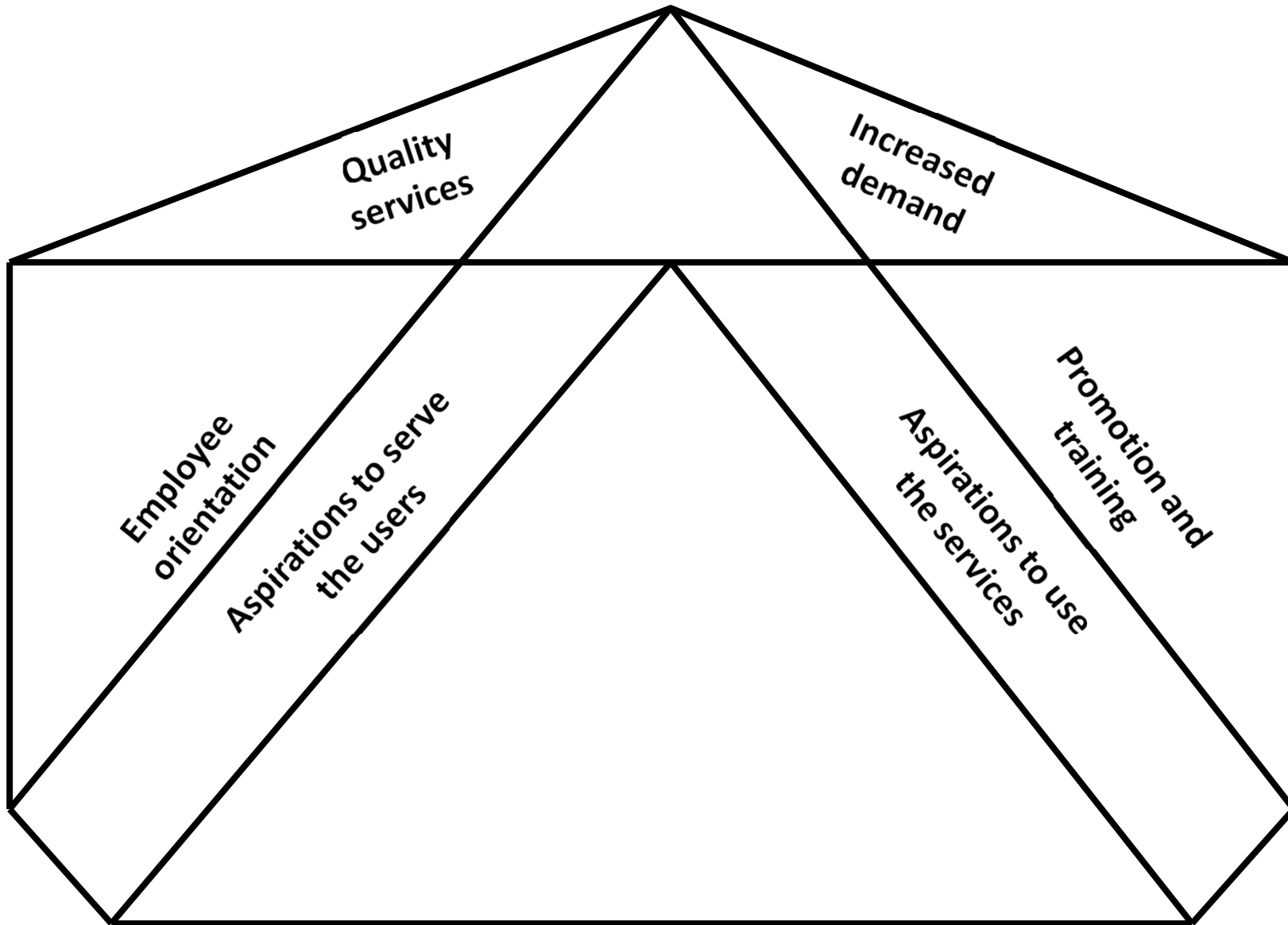
The service generating organisations building service aspirations in the process of generating demand for the services. The aspirations may be generated in two ways, namely, generating aspirations to serve the users and generating aspirations to use the services.

Service aspirations of organisation engaged in generating services focus on offering quality services. Quality is generally conceptualised as an attitude towards service.

# Building Service Aspirations

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# Service Marketing Mix

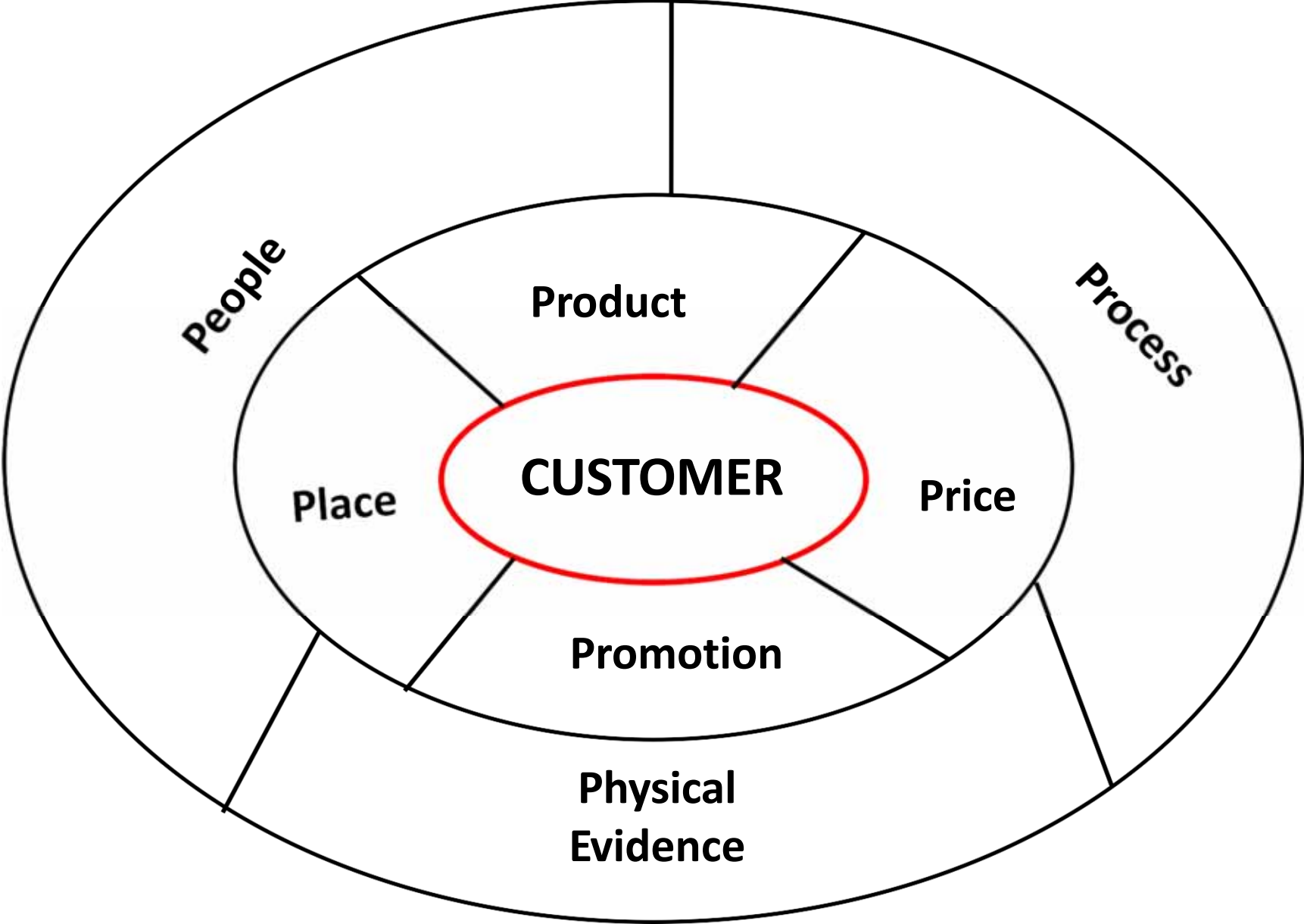
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The traditional marketing mix is considered in the context of services. Since a different marketing mix is needed for services some have expanded the traditional four Ps.

- 1. Product**
- 2. Pricing**
- 3. Promotion**
- 4. Place**
- 5. People**
- 6. Process**
- 7. Physical evidence**

# Service Marketing Mix

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# Service Marketing Mix - Definition

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“The marketing mix concept is a well established tool used as a structure by marketers. It consists of the various elements of a marketing programme which need to be considered in order to successfully implement the marketing strategy and positioning in the company’s market. It is important internal elements or ingredients that make up an organisation’s marketing programme”.

– Adrian Payne

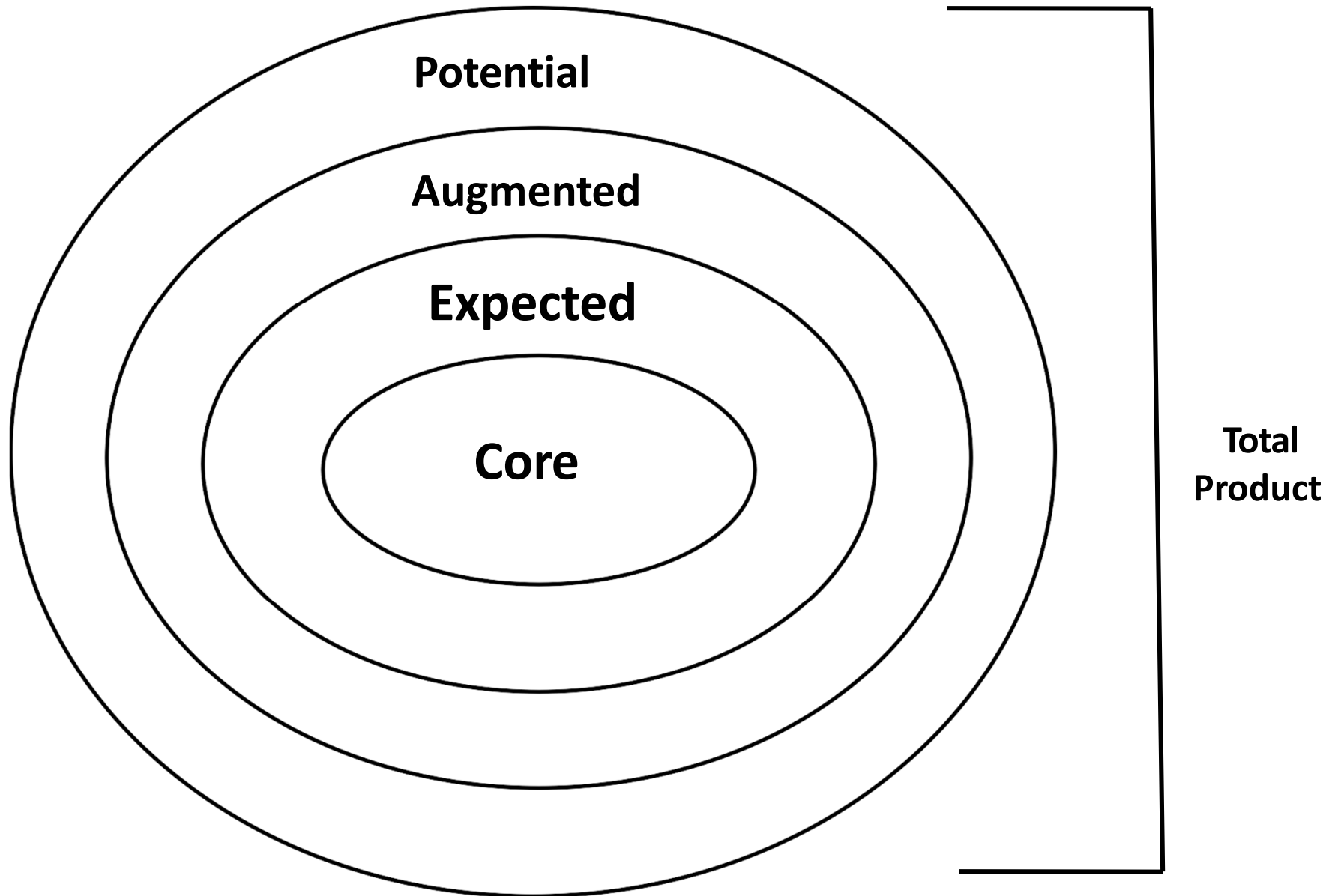
# Product (Service Product)

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According to Adrian Payne, a product is an overall concept of objects or processes which provide some values to customers. Goods and services are sub-categories of product. The term product is used in a broad sense to denote either a manufactured good or product and a service. Strictly speaking, customers are not buying goods or services but specific benefits and value from the total offering. This total offering to the customer is termed as “offer”.

# Product (Service Product)

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# 1. The core or generic product

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The core product represents the basic services of a product. This product is at its basic level. For example, food served in a restaurant a bed in a hotel room for the night safety of deposits and loanable funds in a bank.

## 2. The expected product

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The expected product consists of the core product together with the minimal purchase conditions which need to be met. For example in a restaurant in addition to basic food served, aspects such as cleanliness, timely service polite and courteous service of bearer, availability of menu and background music are expected.

# 3. The augmented product

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Augmented product refers to offerings (product benefit or services in addition to what customers expect). This concept enables a product to be differentiated from another. For example, though IBM has not got technologically advanced core product they are praised for excellent customer service. This adds value to their core product in terms of reliability and responsiveness.



# PRICE

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Price plays a significant role in the marketing mix by attracting revenue to the marketer. Pricing decisions are important for determining the value of the service as perceived by the customer and building of an image for the service. Price serves as a basis for perception of quality. The pricing strategy should be in tune with the marketing strategy. Pricing strategy should gain competitive advantage for the firm.

# PRICE Decisions - Reasons

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1. Pricing decisions have an impact on marketing channels. Suppliers, sales people, distributors, competitors and customers all are affected by the pricing system.
2. Since services are intangible in nature, pricing of services is highly important. The price is indicative of the quality of service that customers receive. Customers, by going through the menu of a restaurant can perceive the quality of food and the restaurant's service level.

# PRICE Decisions - Reasons

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3. Pricing gives customers information about the immediacy of delivery and the importance of availability. Premium pricing is followed during maximum demand period and discounted pricing when the demand for the service is low.
4. Pricing allows homogeneous services to be differentiated and facilitates the adoption of a premium pricing strategy.

# PRICING Objective

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The price policies for service marketers should be on the lines of those used throughout the general field of marketing. The pricing policy to be followed should be based on pricing objectives. The important pricing objectives are survival, profit maximisation, sales maximisation, prestige and ROI.

In quoting prices, some firms try to meet competition. Where adverse market conditions prevail, marketers quote lower prices in order to ensure survival in the market, even foregoing profitability.

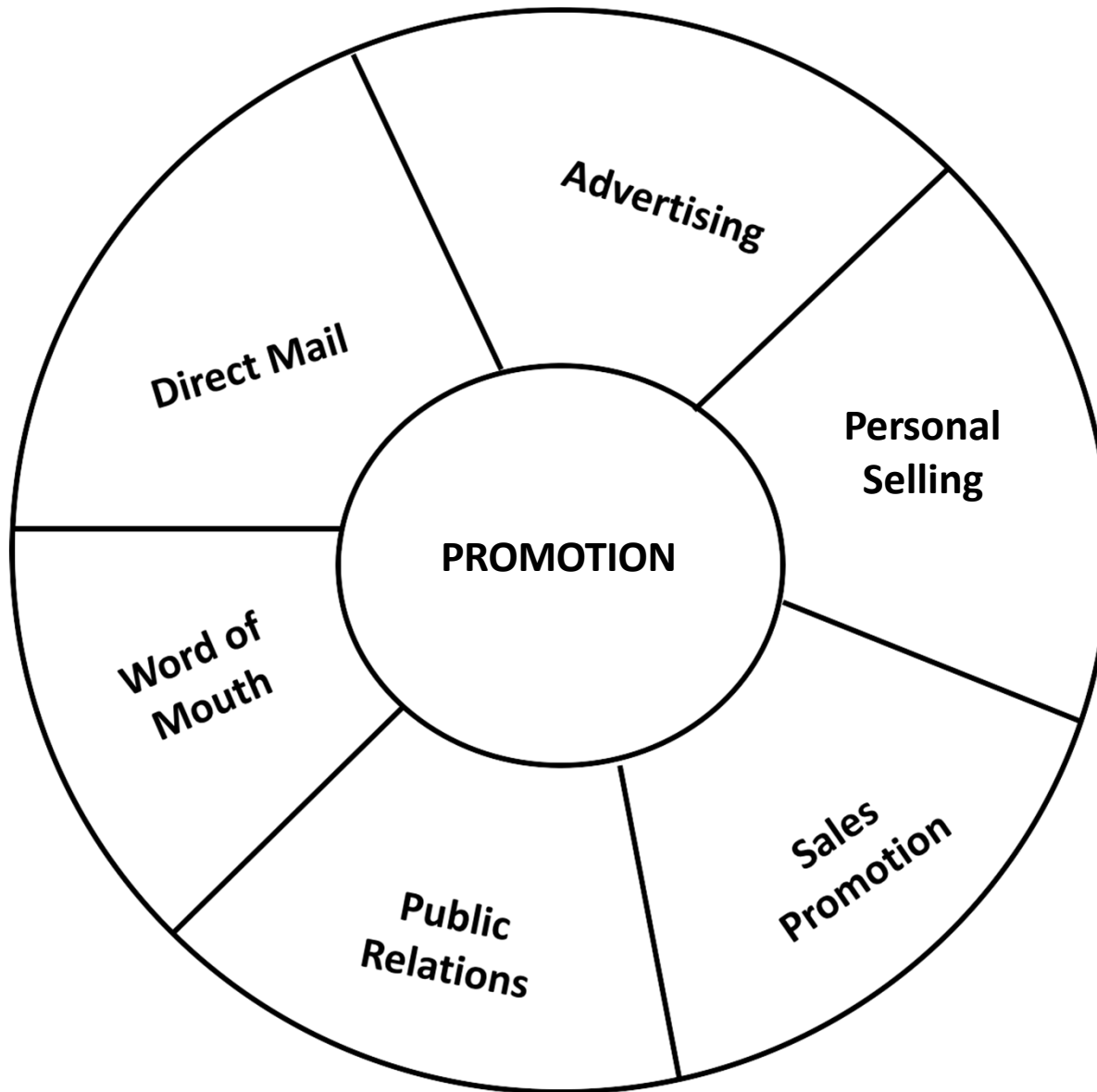
# PROMOTION

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Promotion is an important part of the marketing mix for many marketers. The promotion element of the service marketing mix communicates the positioning of the service to customers. Promotion adds tangibility and helps the customer evaluate the service offer. The promotion mix includes six elements, namely (a) Advertising (b) Personal Selling (c) Sales Promotion (d) Public Relations (e) Word of mouth and (f) Direct mail.

# PROMOTION

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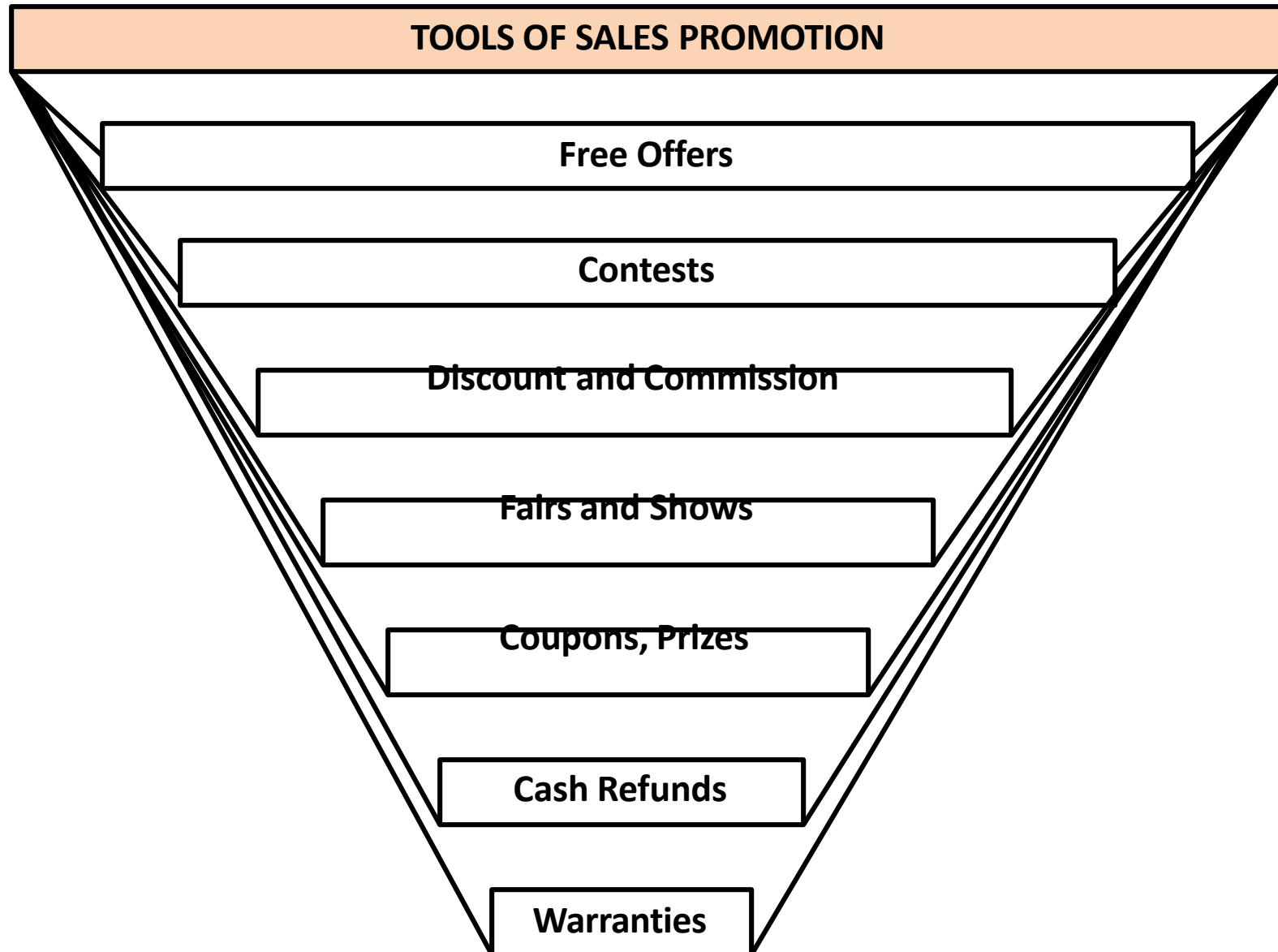
## (c) Sales Promotion

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Those marketing activities other than personal selling, advertising and publicity that stimulate customers and dealers effectively such as display shows, exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine are the sales promotional measures.

# (c) Sales Promotion

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## (d) Publicity or Public Relations

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Publicity consists of non-personal stimulation of demand for a product or service by way of arranging commercially significant news to have appeared in mass media free of cost (not paid for the sponsor). Publicity is a free news appearing in mass media about a company and its products.

## (e) Word of Mouth Promotion

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Customers who are already exposed to the delivery of a service, share their experiences with other potential customers. They offer advice on service providers and businesses who are established already. Personal recommendations through word of mouth constitute the most important information source. Service buyers trust a particular service when recommendations for buying come from friends, associates colleagues or experts.