



Service Marketing

Objectives: This course aims at enabling students to apply marketing concepts and principles to the unique challenges and opportunities of services marketing to create customer value.



Syllabus

Unit 1 – Introduction to Services Marketing

Meaning and Nature of Services, Challenges of services marketing Growing Importance of Services Sector in India, Classification of Services and Marketing Implications; Services Marketing Management Process.



Unit 2 – Understanding Consumer Behavior in Services, Consumer Decision Making in Services, Customer Expectations and Perceptions; Defining and Measuring Service Quality and Customer Satisfaction, Servqual, House of Quality, GAPs Model; Service Recovery



Unit 3 – Services marketing Mix

Service Positioning, Services Design and Development; Service Blueprinting; Service process; pricing of Services; Services Distribution Management; Managing the Integrated Services Communication Mix; Physical Evidence and Servicescape; Managing Service personnel; Employee and Customer Role in Service Delivery



Unit 4 – Marketing Applications in Select Service Industries

Hospitality Services, Airlines, Tourism Services, Health Care and Wellness, Banking and Insurance Services



Introduction to service

Book:

Christopher Lovelock and Jochen Wirtz (2011), Services Marketing – People, Technology, Strategy. 7th ed., Upper Saddle River, New Jersey: Prentice Hall

Services are (usually) intangible economic activities offered by one party to another. Often time-based, services performed bring about desired results to recipients, objects, or other assets for which purchasers have responsibility. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved.



Service

“There are no such thing as service industries. There are only industries whose service components are greater or less than those of other industries. Everybody is in service.” **Theodore Levitt-**



What is Marketing

The American Marketing Association's formal definition – “Marketing is an organisational function and a set of processes for creating, communicating and delivering value to customers and for managing customers' relationship in ways that benefit the organisation and its stock holders”.



What Is Marketed :

Events – trade shows, sports, world cups, vintage car rally, fashion shows, artistic performance shows

Persons – celebrity marketing, film stars, politicians, artists, performers, advertisers

Places – cities, states, countries for tourism, leisure & place for industrialisation & business

Properties – ownership of tangible properties like real estate, house, apartment, farm house, precious metals and intangible properties like financial portfolio of various securities

Organisations – building up identity, image, reputation, and value in the minds of consumers

Information – can be packaged & marketed as a product – text books, encyclopaedias, magazines & journals on literature, science, technology, medicine space, now available thru internet

Ideas – concept regarding a utility, business opportunity, advertising / marketing ideas, scientific & technical, social, financial, psychological etc



Defining Service Marketing

Services Marketing is an organizational function and a set of process for identifying or creating, communicating, and delivering value to customers and for managing Customer relationship in a way that benefit the organization and stake holders.



Definition by James Fitzsimmons

A service is a time-perishable, intangible experience performed for a customer acting in the role of co-producer

For Reference:

James A. Fitzsimmons, Service Management, 7e, McGraw Hill Education



Government Sector

- Courts
- Employment. Exchanges
- Hospitals
- Municipal Services
- Post Office
- Schools, Colleges etc

Services





Business Sector

- **Airlines**
- **Banks**
- **Insurance**
- **Management Consultants**
- **Lawyer's**
- **Doctors**
- **Motion Pictures**



Services





Manufacturers

- **Computers Operators**
- **Legal Staff**
- **Accountants**
- **Administrative Staff**
- **Supportive Staff**
- **Security Staff**



Services





Some Examples of Service Industries

- **Health Care**
 - hospital, medical practice, dentistry, eye care
- **Professional Services**
 - accounting, legal, architectural
- **Financial Services**
 - banking, investment advising, insurance
- **Hospitality**
 - restaurant, hotel/motel, bed & breakfast,
 - ski resort, rafting
- **Travel**
 - airlines, travel agencies, theme park
- **Others:**
 - hair styling, pest control, plumbing, lawn maintenance, counseling services, health club

Latest Example: May 28, 2018

Patanjali ties up with BSNL, launches SIM cards

- ***"There are five lakh counters of BSNL and from there people can soon get Patanjali swadeshi-samradhi card," Ramdev said***

More read on

- <https://brandequity.economictimes.indiatimes.com/news/business-of-brands/patanjali-ties-up-with-bsnl-launches-sim-cards/64355245>





Services are intangible acts.

Services are activities or benefits that one party can offer to another that are essentially intangible and don't result in the transfer of ownership of anything.



WHAT ARE SERVICES?

- For a layperson, services are essentially intangibles. Their purchase does not result in the ownership of anything physical.





- Services marketing is a form of marketing that focuses on selling services. Some companies offer both products and services and must use a mixture of styles; for example, a store that sells computers also tends to also help people select computers and provide computer repair. Such a store must market both its products and the supporting services it offers to appeal to customers.
- When people market services, the goal is not to get customers to buy a product but to get people to do business with a particular company, often in a specific location. For example, a restaurant offers a service: it provides food to customers, both on-site and in to-go form in many cases. When the restaurant markets itself, it must convince people that it is preferable to other restaurants and that its facility is worth the trip.



History

Services marketing first came to the fore in the 1980's when the debate started on whether marketing of services was significantly different from that of products so as to be classified as a separate discipline. Prior to this, services were considered just an aid to the production and marketing of goods and hence were not deemed as having separate relevance of their own.

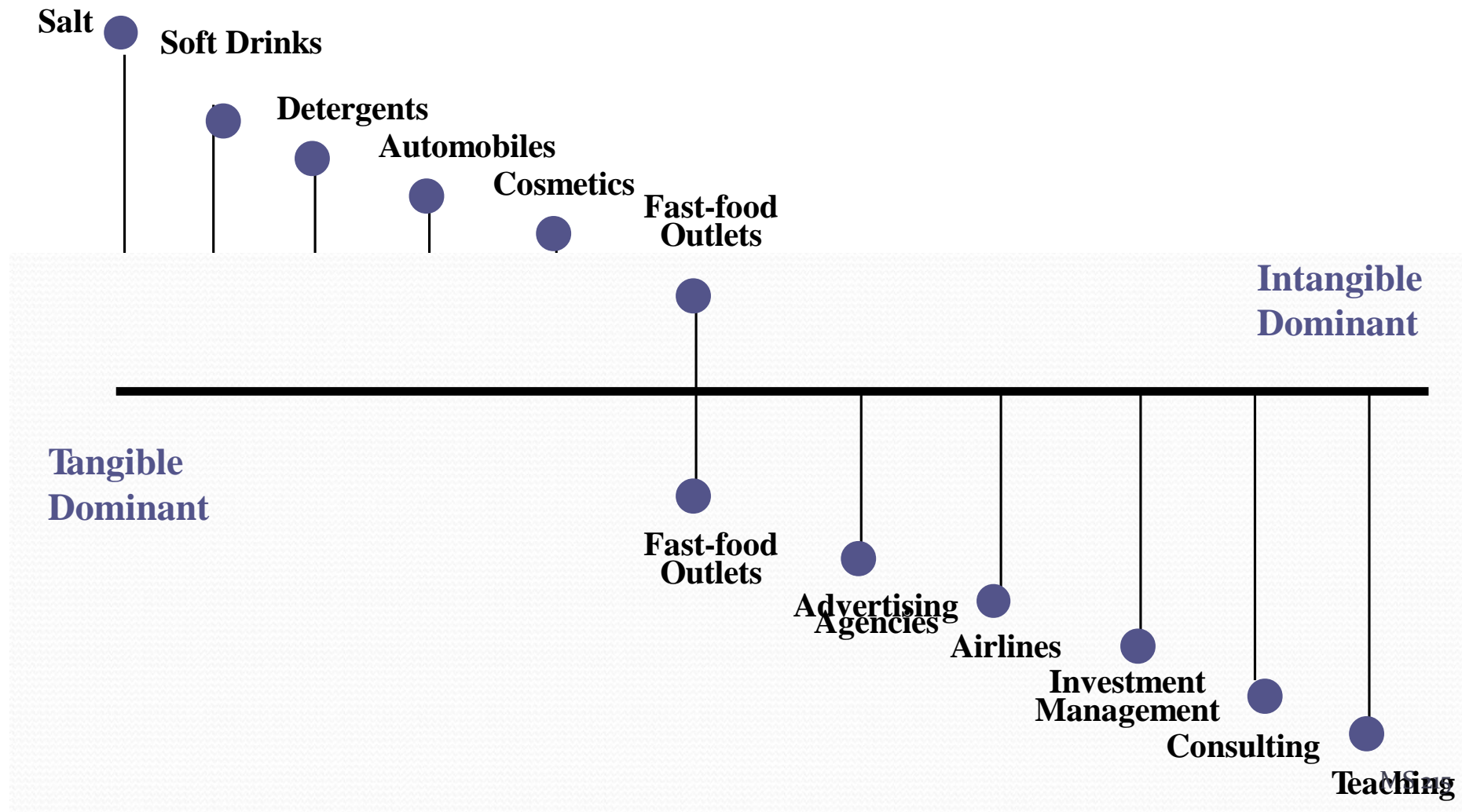


- The 1980's however saw a shift in this thinking. As the service sector started to grow in importance and emerged as a significant employer and contributor to the GDP, academics and marketing practitioners began to look at the marketing of services in a new light. Empirical research was conducted which brought to light the specific distinguishing characteristics of services.

- By the mid 1990's, Services Marketing was firmly entrenched as a significant sub discipline of marketing with its own empirical research and data and growing significance in the increasingly service sector dominated economies of the new millennium. New areas of study opened up in the such as - the product-service spectrum, relationship marketing, franchising of services, customer



Tangibility Spectrum





Services are Different

Goods	Services	Resulting Implications
Tangible	Intangible	Services cannot be inventoried. Services cannot be patented. Services cannot be readily displayed or communicated. Pricing is difficult.
Standardized	Heterogeneous	Service delivery and customer satisfaction depend on employee actions. Service quality depends on many uncontrollable factors. There is no sure knowledge that the service delivered matches what was planned and promoted.
Production separate from consumption	Simultaneous production and consumption	Customers participate in and affect the transaction. Customers affect each other. Employees affect the service outcome. Decentralization may be essential. Mass production is difficult.
Nonperishable	Perishable	It is difficult to synchronize supply and demand with services. Services cannot be returned or resold.

Source: Adapted from Valarie A. Zeithaml, A. Parasuraman, and Leonard L. Berry, "Problems and Strategies in Services Marketing," *Journal of Marketing* 49 (Spring 1985): 33-46.



Characteristics of Services:



Intangibility

**Inconsistency
/
Heterogeneity**

**Inseparability
/Simultaneous
Production
and
Consumption**

**Inventory/
Perish ability**



- **Intangibility**: Services are intangible and do not have a physical existence. Hence services cannot be touched, held, tasted or smelt. This is most defining feature of a service and that which primarily differentiates it from a product. Also, it poses a unique challenge to those engaged in marketing a service as they need to attach tangible attributes to an otherwise intangible
- **Heterogeneity/Variability**: Given the very nature of services, each service offering is unique and cannot be exactly repeated even by the same service provider. While products can be mass produced and be homogenous the same is not true of services. eg: All burgers of a particular flavor at McDonalds are almost identical. However, the same is not true of the service rendered by the same counter staff consecutively to two customers.



- **Perishability**: Services cannot be stored, saved, returned or resold once they have been used. Once rendered to a customer the service is completely consumed and cannot be delivered to another customer. eg: A customer dissatisfied with the services of a barber cannot return the service of the haircut that was rendered to him. At the most he

- **Inseparability/Simultaneity of production and consumption**: This refers to the fact that services are generated and consumed within the same time frame. Eg: a haircut is delivered to and consumed by a customer simultaneously unlike, say, a takeaway burger which the customer may consume even after a few hours of purchase. Moreover, it is very difficult to separate a service from the service provider. Eg: the barber is necessarily a part of the service of a haircut that he is delivering to his customer.



More instincts about features of services

- 1) Services are sold exclusively on the basis of benefits they offer one single thing which they should have commanded over time – Trust. Therefore, word of mouth publicity and a good reputation are some benefits which are critical to make a service brand over time.
- 2) Services cannot be made available in advance –

If you were running a restaurant, can you make all the dishes one day in advance and then serve the customer when he comes? No you cant. All you can do is make the ingredients. Even fast food restaurants take care that the food is replenished every single day. The simple reason behind this is that services cannot be stored. They cannot be given in advance. They can be given only when a purchase of the services has been made.



3) **Time utility is critical** – If you were a doctor, and you gave half an hour to each patient, talking idle talks just to make him comfortable, you will probably lose the 10 customers sitting in your lobby. In services, you charge by the amount of time a person consumes. Thus the way you utilize your time is critical to the profitability of your business. A restaurant which does not have any customers today, will have lost a lot of money in keeping the restaurant open, in labor charges etc.

4) **Services cannot be transferred** – Outsourcing is the best example of non transference of services. If you wanted to outsource your calls, can you bring the call centre to your country? You cant. Because again the costing will go high. That is why call centers are in cheaper countries. You cannot separate the process from the source. You will have to keep the call centre services in one place and provide these services in another.



5) **Services perish** – The point is similar to perish ability of services marketing. The concept is simple – if you do not watch the movie now, you won't get a refund of the ticket. If you do not board your plane or your train, you cannot ask back for the charges of the ticket. A service once ordered, perishes, if it is left unused.

6) **A service once consumed cannot be returned** – You pay a doctor for consultation and medicines. But your illness does not get cured or he is unable to find the source. Can you ask your money back? You cannot. He gave you the service which you asked for. He might not ask for money anymore or you can return the medicines and receive the money for the medicines. Medicines are not a service.



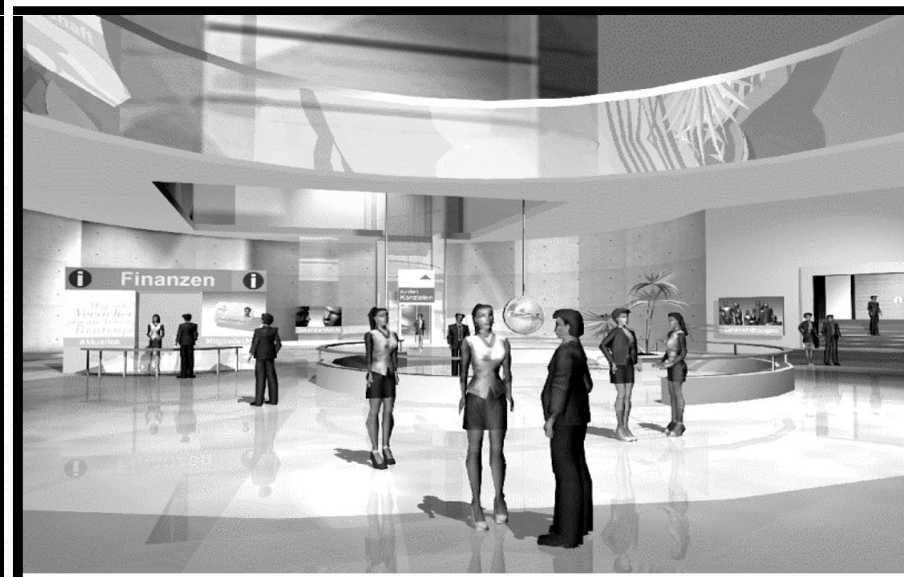
7) Controlling the quality of services is difficult –

In a restaurant, the quality of food served or the service given will vary during peak hours. Furthermore, as services are intangible, it is not possible to measure the quality of service given. Thus controlling the quality of services over time is very difficult as long as the human element is involved.



Virtual Servicescape

- The design of the virtual site that customers encounter in an e-service setting can be labeled the "virtual servicescape", and is likely to influence customer feelings toward, perceptions of, and inclinations to do business with an organization



Source: Blaxxum Interactive



Strategic role of servicescape

- Package (wraps the service in an effective manner. It is the outer representation of what's inside)
- Facilitator (enhance the performance of the people in the environment)
- Socialize (clearly defines the expected role and behavior)
- Differentiator (different from competitors and can be used as a differentiation strategy)



Google Marketing

Google was started in 1998 by Larry Page and Sergey Brin with an initial investment of \$100,000. The company went public in 2004 and both founders did very nicely thank you (and became billionaires overnight). At that time the duo employed around 7000 people and grew at a tremendous rate, with some claiming that Google was the fastest growing internet company in the world.



Google Marketing..

Larry and Sergey are now worth an estimated \$6 billion. Their story is synonymous with Google's history. They were brilliant computer science students. They met when Sergey was helping out at a student open day and Larry was one of the prospective students. Eventually they worked together to build some software that could be used to search the internet. they decided to start their own company called 'Google.' Their competitive advantage was that the search engine would give objective and useful results – quickly.



First P ----Product

- Google's income is made through advertising. When a consumer types in a keyword such as 'contact lenses' the search engine will display natural or 'organic' results – as it would for any search term. However you will notice that at the top and/or along the right hand side of the results, there are a series of advertisements. These advertisements are paid for by companies. The advertising program is called Google AdWords.
- Google has a relationship with a number of libraries around the world.



First P---Products....

- Google Earth enables users to view the world from space. In 2009 they launched a revised version of Google Earth which includes the opportunity to view 3D oceans. Google Scholar – which supports a broad trawl of material such as peer reviewed journals, theses and other academic material.



First P Product

iGoogle – a personalized Google page.

The ever evolving list of products includes Google finance, Google news, Google blog search, Google video, YouTube, Google sites, Blogger, Orkut, Google Reader, Google Groups, Google Calendar and Google Docs.

In 2008 Google Chrome was launched. Google Chrome is an open source browser.



Second P... Price

Through a special advertising program called AdWords. So if you have a company that distributes contact lenses, you would bid against other distributors of contact lenses for the highest Place (or nearby). By bidding for lucrative keywords this raises the price and Google make money. Advertisers are making more than their investment in advertising, and this makes it an appealing program for business.



Second P... Price

Click fraud is a potential problem with AdWords. Every time you click on an advert Google gets paid by the advertiser. Sometimes competitors will fraudulently click on your advert and this is theft, or fraud. Google has many ways of tackling this and click fraud is less of a problem today.



Third P...Place

The company is located at Mountain View in California. The site looks very much like a university campus with gyms and cafes. The environment enables employees to maximize their time. The Googleplex is the name given to its HQ.

Another way of looking at place is that Google is an online business i.e. it distributes using an the internet as its channel.



Fourth P..... Promotion

Google uses AdWords itself. Often you'll see adverts with a link to Google's own services.

Google Chrome has its own TV advert.

Google has a Public Relations function that it uses to proactively manage media.

Google will sponsor a \$30 million competition for an unmanned lunar landing. The winner must land a rover on the moon; the rover should travel 500 metres, and then send back a video to Earth.



Fifth P..... Process

Google collects data on searches to help to refine the search algorithm. Google keeps your search terms and can link them to the address of your computer, and then to you. Whilst Google may not wish to spy on you, governments may take an interest in searching habits and this is a civil liberties issue.

If you use Google mail (Gmail) or Google calendar then you are giving even more information about yourself to Google.



Sixth P... Physical Evidence

The name Googol means a number followed by 100 zeros. However the founders mistakenly registered Google as their domain name.

The company is located at Mountain View in California



Seventh P.....People

In 2008 Google employed 20,000 people. Many of the original employees of Google came from Stanford and other elite US universities. It employs the top brains, and people like working together Google's innovative business culture. Employees are encouraged to take advantage of 20% time – that's one day every week working on their personal pet project. They play sports at lunchtime, with Larry and Sergey enjoying roller hockey in the early days. Its motto is 'Don't be evil.' This comes from its informal, collegiate origins. Google can be a success without losing its integrity.

