



CLASSIFICATION OF SERVICES AND MARKETING IMPLICATION

Present topic will be helpful to know classification of services and their marketing implication.

Book Recommended:

Kenneth E. Clow and David L.Kurtz, Services Marketing,
Pp 13-15

Latest example : Classification for GST purpose

A lot of these questions appear to relate to food, reflecting the complexity of many food products and the fact that they are made with ingredients that can have multiple uses, as food or medicine or cosmetic or even for industrial use. As Congress leader Veerappa Moily asked in the debates over GST: “Is KitKat a chocolate or a biscuit? Is coconut oil considered a hair oil or a cooking oil?” As a plea for more care to be taken in categorisation, this was fair; as an argument for avoiding GST, it was not. Because food has always involved issues of classification. Partly this is because we use food products in so many different ways, but partly too it comes down to a philosophical issue.

<https://brandequity.economictimes.indiatimes.com/news/business-of-brands/is-kitkat-a-chocolate-or-a-biscuit-classification-of-food-products-under-gst-up-in-the-air/59500893>



Strategic Service Classification (Nature of the Service Act)

Direct Recipient of the Service

Nature of the Service Act

People

Things

Tangible actions

People's bodies:

*Health care
Passenger transportation
Beauty salons
Exercise clinics
Restaurants*

Physical possessions:

*Freight transportation
Repair and maintenance
Veterinary care Janitorial
services Laundry and dry
cleaning*

Intangible actions

People's minds:

*Education
Broadcasting
Information services
Theaters
Museums*

Intangible assets:

*Banking
Legal services
Accounting
Securities
Insurance*



Strategic Service Classification (Relationship with Customers)

Type of Relationship between Service Organization and Its Customers

Nature of Service

Delivery

“Membership” relationship

No formal relationship

Continuous delivery of service

Insurance
Telephone subscription
Electric Utility
Banking

Radio station
Police protection
Lighthouse
Public Highway

Discrete transactions

Long-distance phone
calls Theater series
tickets Transit pass

Restaurant
Pay phone
Toll highway
Movie
theater
Public transportation



Strategic Service Classification (Customization and Judgment)

Extent to Which Service Characteristics Are Customized

Extent to Which Personnel Exercise Judgment in Meeting Customer Needs

	High	Low
High	<i>Surgery</i> <i>Taxi services</i> <i>Gourmet restaurant</i>	<i>Preventive health programs</i> <i>Education (large classes)</i> <i>Family restaurant</i>
Low	<i>Telephone service</i> <i>Hotel services</i> <i>Retail banking</i> <i>Cafeteria</i>	<i>Public transportation</i> <i>Spectator sports</i> <i>Movie theater</i> <i>Institutional food service</i>



Strategic Service Classification (Nature of Demand and Supply)

Extent of Demand Fluctuation over Time

Extent to which Supply Is Constrained

Peak demand can usually be met without a major delay

Peak demand regularly exceeds capacity

Wide	Narrow
<i>Electricity</i> <i>Telephone</i> <i>Police emergency</i> <i>Hospital maternity unit</i>	<i>Insurance</i> <i>Legal services</i> <i>Banking</i> <i>Laundry and dry cleaning</i>
<i>Tax preparation</i> <i>Passenger transportation</i> <i>Hotels and motels</i>	<i>Fast food restaurant</i> <i>Movie theater</i> <i>Gas station</i>



Strategic Service Classification (Method of Service Delivery)

Availability of Service Outlets

**Nature of Interaction
between Customer and
Service Organization**

**Customer travels to
service organization**

**Service provider
travels to customer**

**Transaction is at
arm's length**

Single site

Multiple site

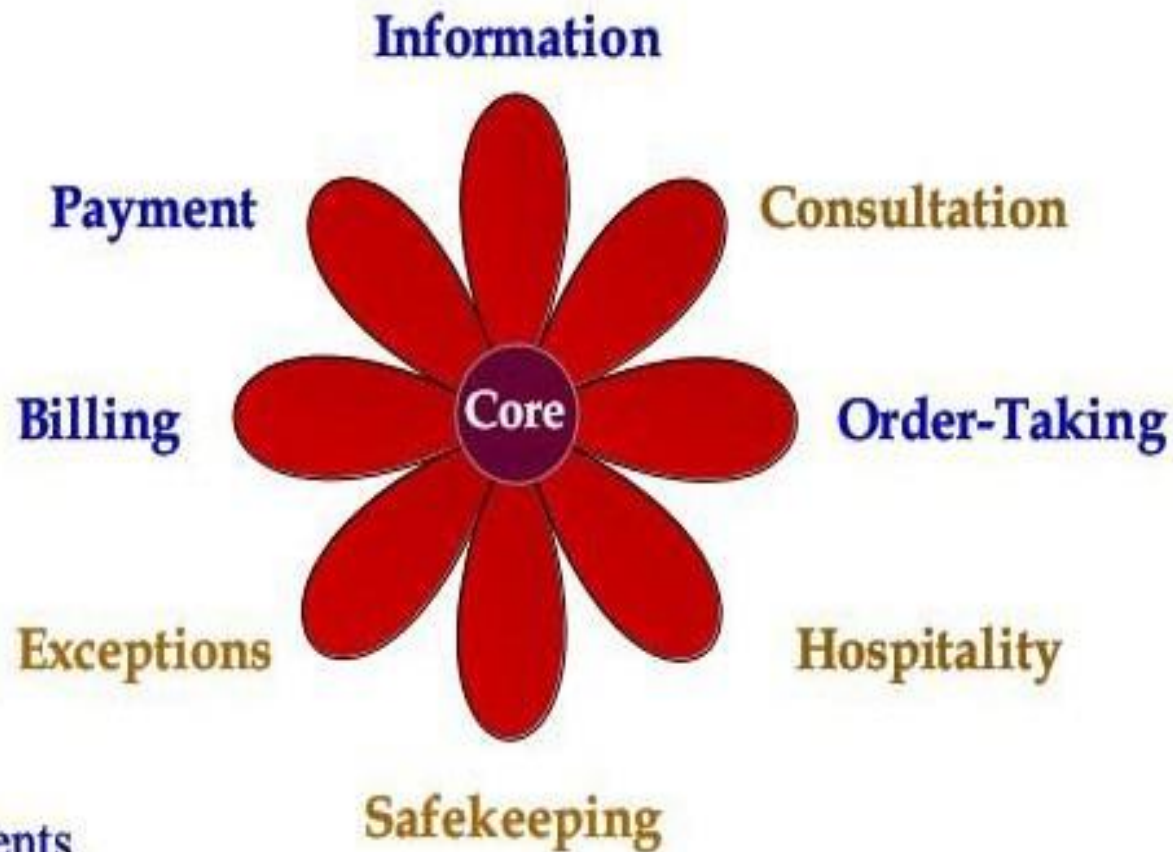
<i>Theater</i> <i>Barbershop</i>	<i>Bus service</i> <i>Fast-food chain</i>
<i>Taxi</i> <i>Pest control service</i> <i>Taxi</i>	<i>Mail delivery</i> <i>AAA emergency repairs</i> <i>AAA-Abdominal Aortic Aneurysm</i>
<i>Credit card company</i> <i>Local TV station</i>	<i>Broadcast network</i> <i>Telephone company</i>

Developing service products

Core product and supplementary service

- * Core service is which deliver the consequences expected by the customer justifying the associated real or nominal charges as the core product.
- * Supplementary services either facilitate the use of the core service or enhance it. Facilitating or support services are taken for granted by customers who expect these to be bundled with the core service and not be additionally charged.

The flower of service: the core products often share a range of supplementary service elements



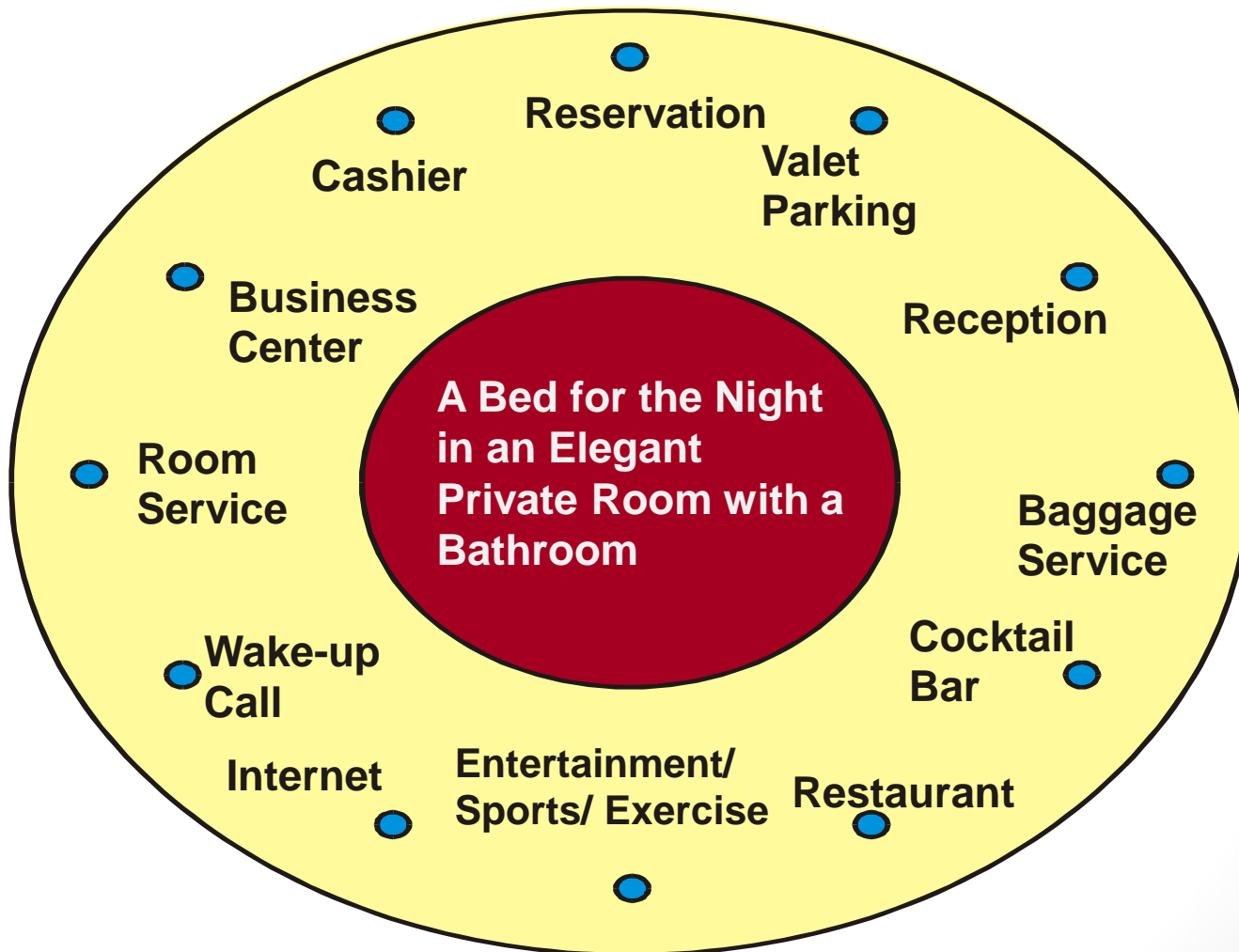
KEY:

Facilitating elements

Enhancing elements



Core and Supplementary Services





Marketing implications

The eight categories of supplementary services that form the flower of service collectively provide many options for enhancing core products. Most supplementary services do or should represent responses to customer needs.

Any badly handled element may negatively affect customers' perception of service quality.

Not every product is demanded by supplementary services



The Service Tangibility

- **Highly Tangible:-** the customer obtains a tangible Product in hand. As cell phone on rent, Car rentals
- **Service Linked to tangible goods:-** some organization offer on warranty period to customer who purchase products from them. As photocopying machine.
- **Tangible goods linked to Services:-** some service offer a tangible product along with the service requested by the customer. As Airlines services offer food & magazines to passengers.
- **Highly intangible:-** the services which do not provide customers with any tangible product.
Consultancy, Workshop



Degree of Involvement of the Customer:-

- **People Processing**:- The customer is highly involved in the services process & needs to be physically present in order to experience the service. Ex. School or training centers.
- **Possession Processing**:-the customer doesn't require to be present but has to submit his property to the service provider. Ex car
- **Mental Stimulus Processing**:-the attention of the customer must be directed on the service in order to experience the service. Ex advertising
- **Information Processing** this type of service requires services personnel to collect information, analyze it, interpret & appropriate advice to the client. Ex. market research



People Processing

1. Customers must physically enter the system.
2. Sometimes, service provider goes to customer with necessary tools.
3. People must be prepared to spend time actively cooperating with the service operation.

Level of involvement can vary.

- Managers must think about processes / outputs in terms of what happens to customers or what benefits are created.
- Identify non-financial costs, time, mental and physical effort, fear, and pain etc.



Possession Processing

- Working to tight deadlines to restore customer's possessions to good working order.
- People are less physically involved and usually, no real need for them to enter the service; often limited to requesting the service; explaining the problem or paying the bill only.
- The output in each instance, whether, installing software or repairing car etc. should be a satisfactory solution to a stated problem.



Mental Stimulus Processing

Services that interact with people's mind.

- Anything touching people's mind has power to shape attitudes and influence behaviour.
- Customers are in a position of dependency, and a potential for manipulations. Hence, strong ethical standards and careful oversight are required.
- Recipients should spend time but not necessarily be physically present in a service factory; just mentally in communication with information being presented.
- Information based content can be converted to digital bits, recorded or transformed into manufactured products viz. CD's, Video's, which can be packed and sold like any physical product.



Information Processing

- Most intangible form of service output.
- Customer involvement determined more by tradition or personal desire to meet face to face and not by the needs of the operational process.
- Customer / Supplier learn each other's needs, capabilities and personalities by personal meetings, however this relationship can also be build / sustained on trust or telephonic contact.



People-based services

Services can be broken down into labour-intensive (people-based) and equipment-based services.

This can also be represented by the degree of contact:

- **People-based services** - high contact: education, dental care, restaurants, medical services.
- **Equipment-based** - low contact automatic car wash, launderette, vending machine, cinema, web based services.

Skills & Expertise Required

- **Professional Services:-** the service provider to be formally trained to deliver the service. Ex Pilot. medical services, legal services, accountancy, tutoring.



- **Non Professional services:-** these Service do not require the service provider to undergo any training to deliver the service. babysitting, care taking, casual labor.



Business Orientation of Service Provider

- **Not-for-profit organization:-** the main objectives of the service providers is to serve society & not to make profits. Ex. Government schools, Social service organizations.
- **Commercial organization:-** the main objectives of the service provider is to earn revenues & make profits. Ex. Airlines, Insurance firms.



Type of End-User

- **Consumer services:-** purchased by individuals customer for their own consumption. Ex Beauty Care, Hair Cutting.
- **Business to Business:-** These service are purchased by the organization. Ex Market research, Advertising.
- **Industrial services:-** Based on a contract between organization & service providers. Ex Machine installation, plant maintainences.



THANK
YOU