



# For the Change Makers

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*Term 1*

## The Marketing Mix Part 2: Services

# Session objectives

1. Outline the nature and characteristics of services, and associated management challenges
2. Discuss the (extended) services marketing mix (7Ps)
3. Clarify the key elements involved in marketing services
4. Discuss the extent to which services are different from goods
5. Illustrate the concept and potential applications of service 'blueprinting'

# What is a service?

A service is an intangible product involving a deed, a performance or an effort that physically cannot be possessed. (Dibb and Simkin 2013)



# Nature of services (adapted from Hoffman and Bateson 1997)

Intangibility

Inseparability

Perishability

Lack of  
ownership

Heterogeneity

Client-based  
Relationships

# Intangibility (adapted from Hoffman and Bateson 1997)

- Difficult for the customer to evaluate
- Customer does not take physical possession
- Difficult to advertise and display
- Difficult to set and justify prices
- Service process is not usually defended by patents



# Inseparability of production and consumption (adapted from Hoffman and Bateson 1997)



- Service provider cannot mass produce services
- Customer must participate and comply in production
- Other consumer can affect service outcomes
- Services are difficult to distribute and replicate

# Perishability (adapted from Hoffman and Bateson 1997)

Services cannot be stored

Very difficult to balance supply and demand

Unused capacity is lost forever

Demand may be very time sensitive



# Heterogeneity (adapted from Hoffman and Bateson 1997)



- Service quality is difficult to control
- Difficult to standardize service delivery



# Lack of ownership (adapted from Hoffman and Bateson 1997)

- There is no transfer of ownership
- Access to service is often time limited



# Client-based relationships (adapted from Hoffman and Bateson 1997)



- Success depends upon satisfying and keeping customers over the long term
- Generating repeat business is challenging
- Relationship building becomes critical
- Service providers are critical to delivery
- Requires high levels of training

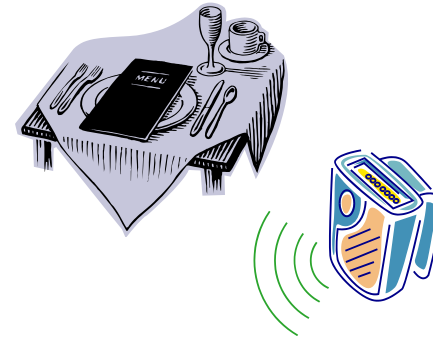
## Extended marketing mix for services, or '7Ps' (Booms and Bitner 1981)

- Product
- Price
- Promotion
- Place (distribution)
- People
- Physical evidence
- Processes

# The original 4Ps (for services)

- **Product**
  - treat services as **products** (with a recognisable life cycle, etc)
- **Price**
  - often a means by which customers judge **service quality**, in the absence of something to touch or feel
- **Promotion**
  - make the intangible **tangible** (physical evidence, benefits, etc)
- **Place (distribution)**
  - two issues, here – **reservations and information systems**, and the **simultaneous** nature of production/consumption

# The three extra Ps



- **People**

- ... represent the service provider, and have a significant impact on perceived quality; **recruitment, training and rewarding of staff** is key (for most services)

- **Physical evidence**

- examples include sales literature and brochures, staff uniforms and architecture; some services use more physical evidence than others (compare **insurance** with **hotels/holiday accommodation**)

- **Processes**

- defined as the **tasks, schedules, activities and routines** that enable the service to be delivered (e.g. getting a haircut)

‘facilitating goods’

# Not all services are the same!

- The nature of the service act
  - **tangible** (e.g. car repair, health care)
  - **intangible** (e.g. higher education, financial services)
- The recipient of the act
  - **people** (e.g. hairdressing, entertainment)
  - **things** (e.g. dry cleaning, gardening)



# Goods-services continuum

(Where does the product end and the service begin?)

Pure goods

Timber

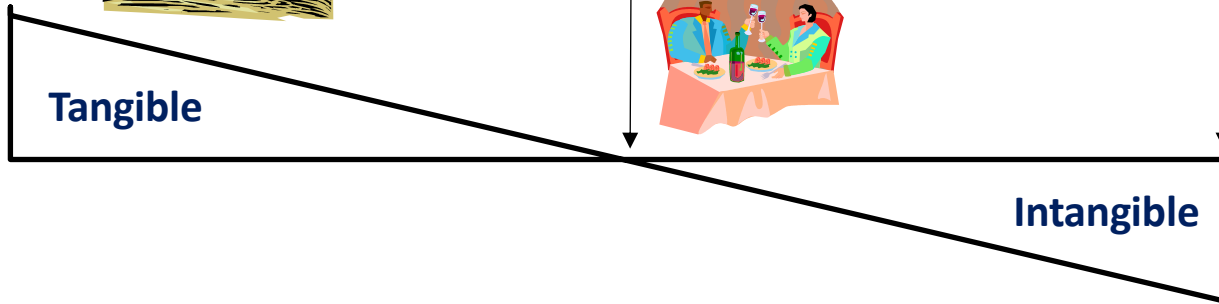


Restaurant meal



Pure services

Consultancy



*Where would you place the product offered by your organisation?*

Adapted from Palmer (1998)

# Services mix, examples...

- **Pure product** – examples include salt, sugar, etc
- **Product with some services** – appropriate for technologically sophisticated products, such as cars (showrooms, warranties)
- **Combination** – equal proportion of products and services, as with the case of a restaurant (table service complements food)
- **Service with some products** – latter a complement to the former (e.g. food and drink, wifi and stationery in a hotel)
- **Pure service** – where there are no products involved (e.g. legal advice, counselling)

Palmer (1998)



# People count...

The intangibility of the service 'product' means that 'people' have a major influence when it comes to consumer loyalty



Recruitment of people with strong interpersonal and presentational skills



On-going training and development is essential

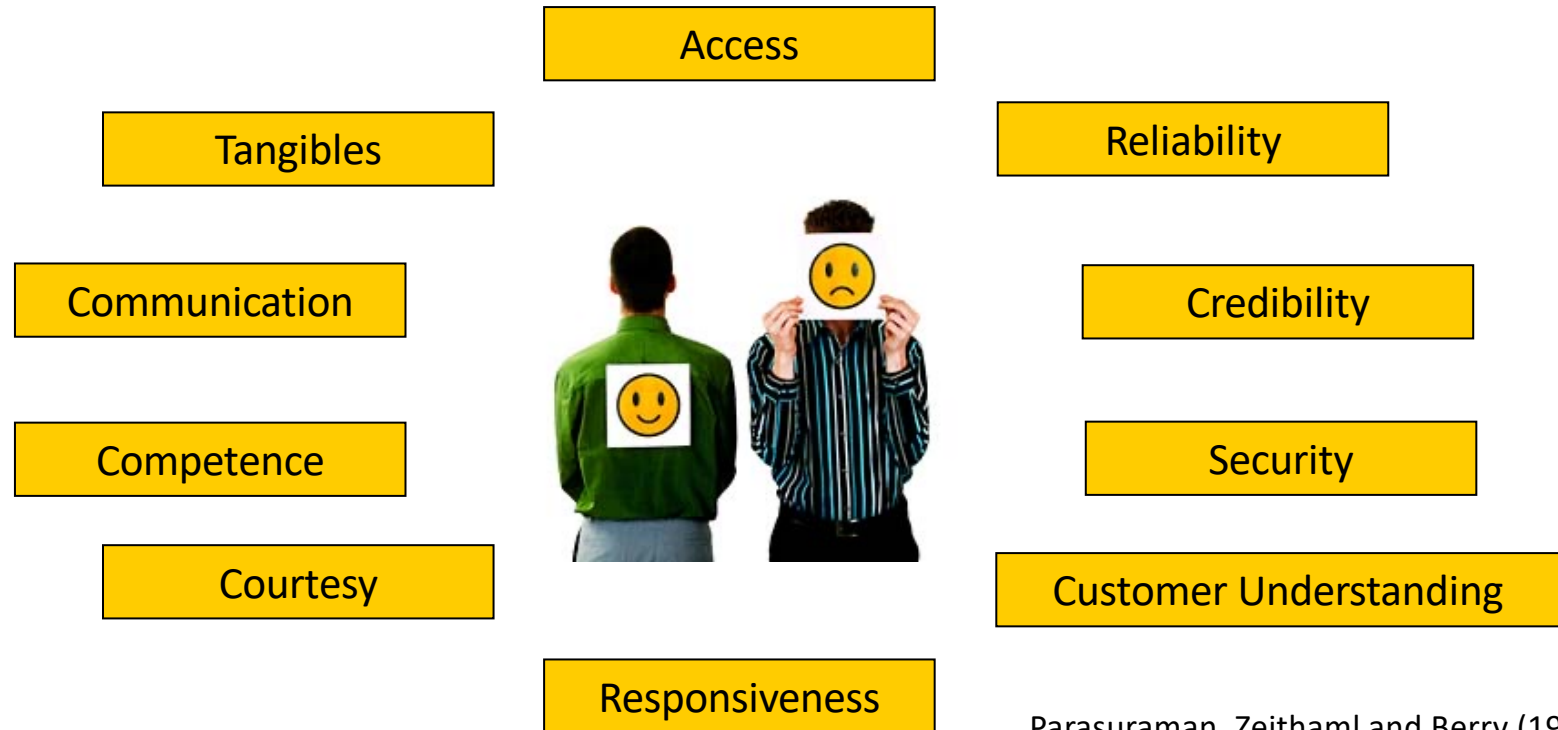


Maintenance of employee motivation is hugely important



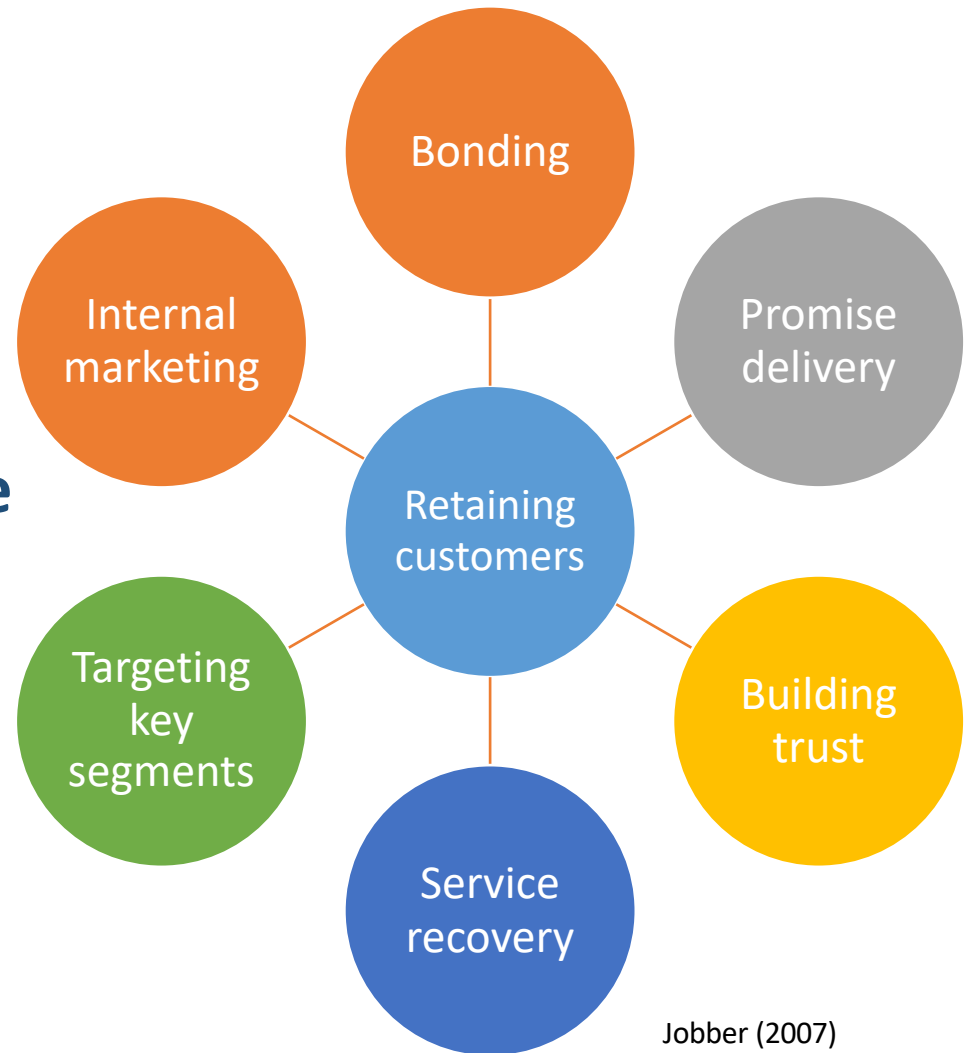
Systematic evaluation is required

# Factors Influencing Customers' Evaluation of a Service Encounter



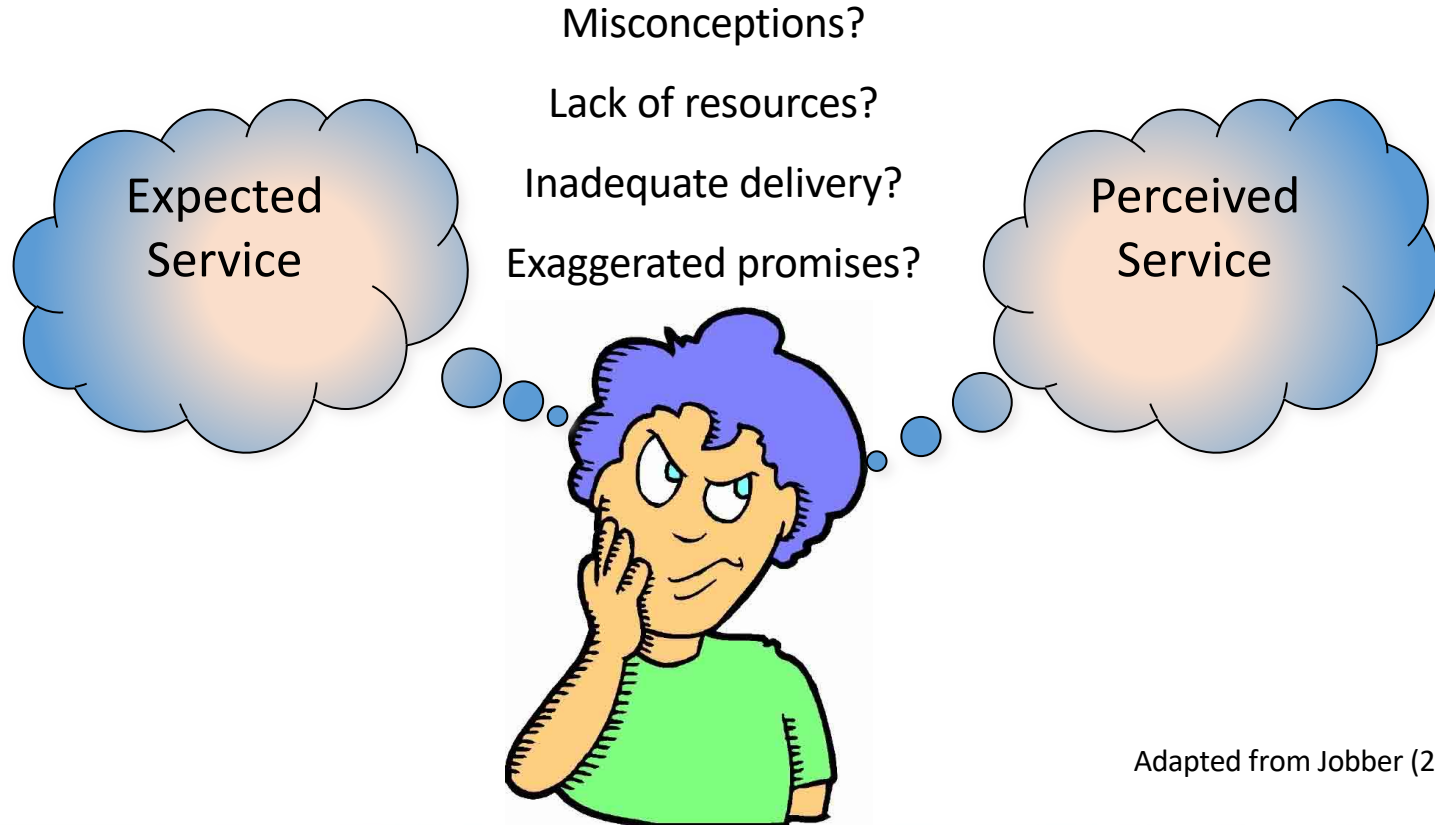
Parasuraman, Zeithaml and Berry (1985)

## Service factors influence customer retention



Jobber (2007)

# Matching Service Quality to Customer Expectations



Adapted from Jobber (2007)

# Why the service elements of the mix are so important...



“I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

— Maya Angelou

# Summary

- Most 'products' have a 'service' element.
- The service element is highly influential in the management of customer satisfaction and repeat purchase.
- Often ignored because of its characteristics of intangibility and perishability.
- Its value within the mix is difficult to measure but makes an essential contribution to customer satisfaction