



# ***Introduction to Services Marketing***

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# Learning objectives

- Introduction, To understand characteristics of services
- Analyze the ways Services are classified
- Service as a process: What is each service organization actually processing?
- To know the different categories in which these processes are categorized and their relevance to consumers

TLP Sharing and Discussion

# Content

- Concept of services
- Difference between product and service
- Service spectrum
- Service Attributes



## Reference Text

- Services Marketing: People, Technology, Strategy- Christopher Lovelock, Jochen Wirtz, Jayanta Chatterjee (2010)
- Service Marketing and Management- Christopher H. Lovelock, Lauren k. Wright
- Services Marketing- M.K. Rampal, S.L. Gupta
- Service Marketing and Management- Dr. B. Balaji
- Services Marketing- C. Bhattachatterjee
- Services Marketing- Dwayne D Gremler, Ajay Pandit

# Opening Case - Jia Jaiwanti: A service Consumer

## Summary of the Case: (Reading Time - 5 min.)

- A final year business student of Mumbai is Jia Jaiwanti. Having got up late in the morning due to late night study she hurried to her college skipping her usual cereal bowl. But there was a hope to have breakfast with burger at college.
- While going outside she picked up her umbrella as she heard the FM news on weather which was going to turn so bad soon. Then she moved to her college standing on the college bus as it was full.
- Reaching there she hurriedly headed to the food stand of college but there was no food for her except coffee. Being frustrated she headed to class but was unable to pay attention to lecture.
- The class was so boring and she felt sleepy. She thought if entire course material was transmitted over the recorded or web, so that student could learn at leisure or from abroad.
- After class session, she and her friends ate lunch at the recently modernized canteen, which was very gloomy and nasty. This new modernized food court was offered various types of food.
- After lunch, Jia stopped at an ATM, inserted her card and withdraw money. For her next class preparation, she ran across rain-soaked courtyard.
- After completion her class she headed to visit to hairdresser and she was satisfied with their services.
- When rain stopped, she was picking up clothes from the cleaners. But services from cleaners she disliked very much. After completion of activities she returned to home.
- She collected mail from mail box and resolve that. Eventually when she sought to arrange her meal, she didn't find each elements to cook.
- At the end she decided to make salad and call for a large pizza. It was the story of the business student Jia Jaiwanti.

# CASE STUDY QUESTIONS

Discussion Time: 15 min.

1. *Identify each of the services that Jia had used or was planning to use. Categorize them according to the nature of the respective underlying processes.*
2. *What needs is she attempting to satisfy in each instance? What proportion of these services involve*
  - a) *Self Service*
  - b) *Some degree of customer involvement with the production process.*
  - c) *Where do you find more potential for self-service & what would be the implications for a customer and a supplier ?*
3. *What similarities and differences could you find between the dry cleaning store and the hair salon ?*

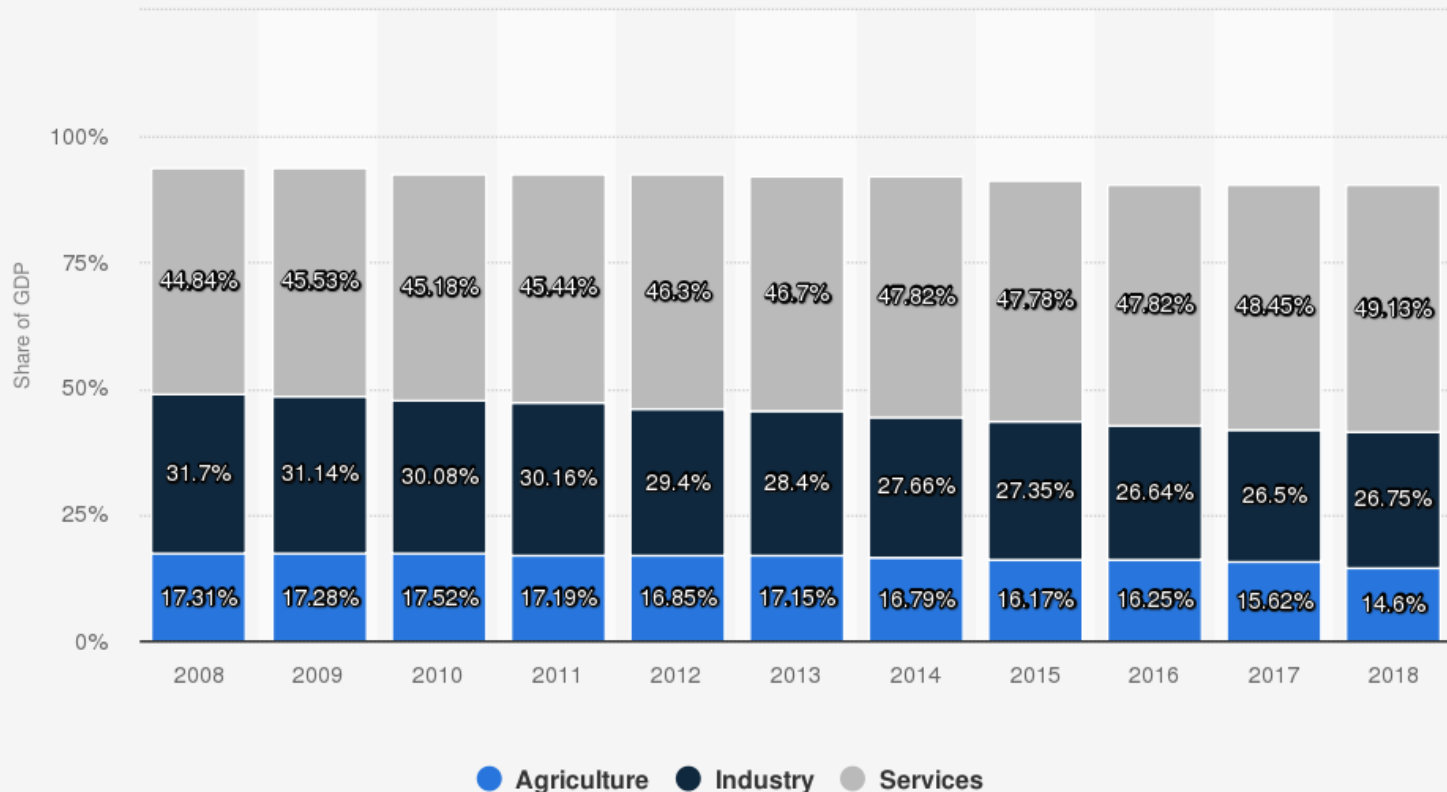
# Service Sector In Indian Economy



- India's large **service industry** accounts for **57.2%** of the country's GDP while the industrial and agricultural sectors contribute 28.6% and 14.6% respectively.
- Agriculture is the predominant occupation in Rural India, accounting for about 52% of employment. The **service sector makes up a further 34% of employment**, and industrial sector around 14%.
- Information technology and BPO are among the fastest growing sectors.

# Service Sector's contribution in India's GDP

India: Distribution of gross domestic product (GDP) across economic sectors from 2008 to 2018



Source  
World Bank  
© Statista 2020

Additional Information:  
India; World Bank



# Service Sector Composition

The various sectors that combine together to constitute service industry in India are:

- Transport (Air, Water, Rail, Road)
- Hospitality (Hotels and Restaurants)
- Communication (Post, Telecom, Internet, IT/ ITES)
- Banking & Insurance
- Other Transport & Storage
- Real Estate
- Business Services
- Public Administration; Defence
- Health Care, Fitness
- Community Services
- Media and Entertainment Services

# Student Activity#1

Think and enlist as many services as you can which you have availed in the last one month..

List you favorite service brands in those categories...**Type in chat-box**

How do you buy a service and consume it??

Are services *Intangible, perishable, customized, interactive, heterogeneous* ??

# Current Affairs in Service business

- [https://brandequity.economictimes.indiatimes.com/news/digital/from-a-to-z-snapchat-defines-new-trends-on-new-generation/70047070?utm\\_source=b2bnotification&utm\\_medium=notification](https://brandequity.economictimes.indiatimes.com/news/digital/from-a-to-z-snapchat-defines-new-trends-on-new-generation/70047070?utm_source=b2bnotification&utm_medium=notification)
- <https://brandequity.economictimes.indiatimes.com/news/digital/why-the-indian-market-needs-to-be-ready-for-5g-now/70048009>
- <https://brandequity.economictimes.indiatimes.com/news/business-of-brands/cardekho-selects-rezo-ai-to-focus-on-whatsapp-automation/70057563>



# Introduction to Services Marketing

- What are services?
- Why services marketing?
- Characteristics of Services Compared to Goods
- Services Marketing Mix
- **Service v/s Products**



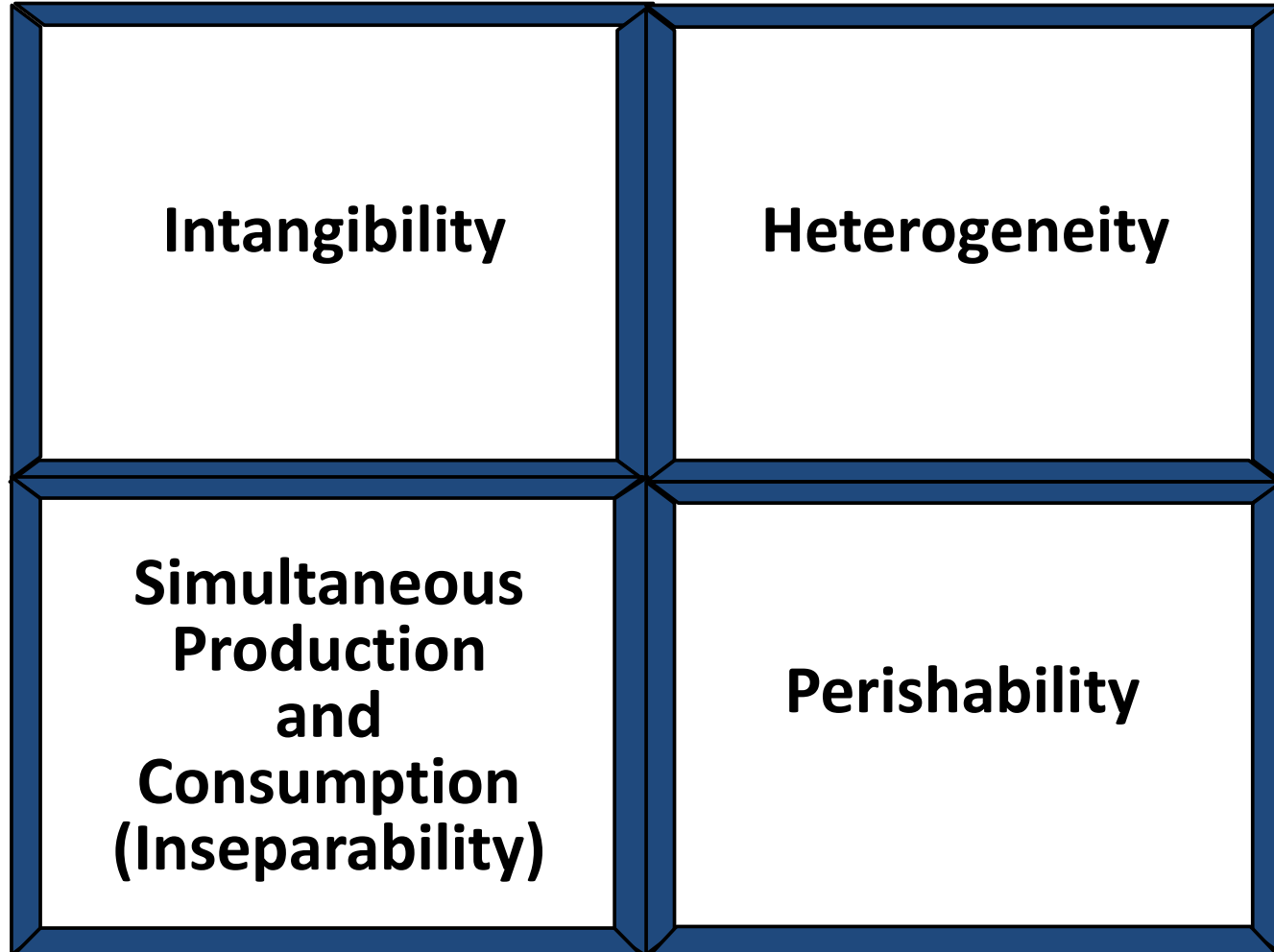
# Definition

- Services are 'deeds, performances, efforts'.
- Is a glass of coke a service?
- Is attending a class a service?
- Is a ride in a taxicab a service?
- Is dining in a restaurant a service?
- Is buying grocery on Big-Basket a service?



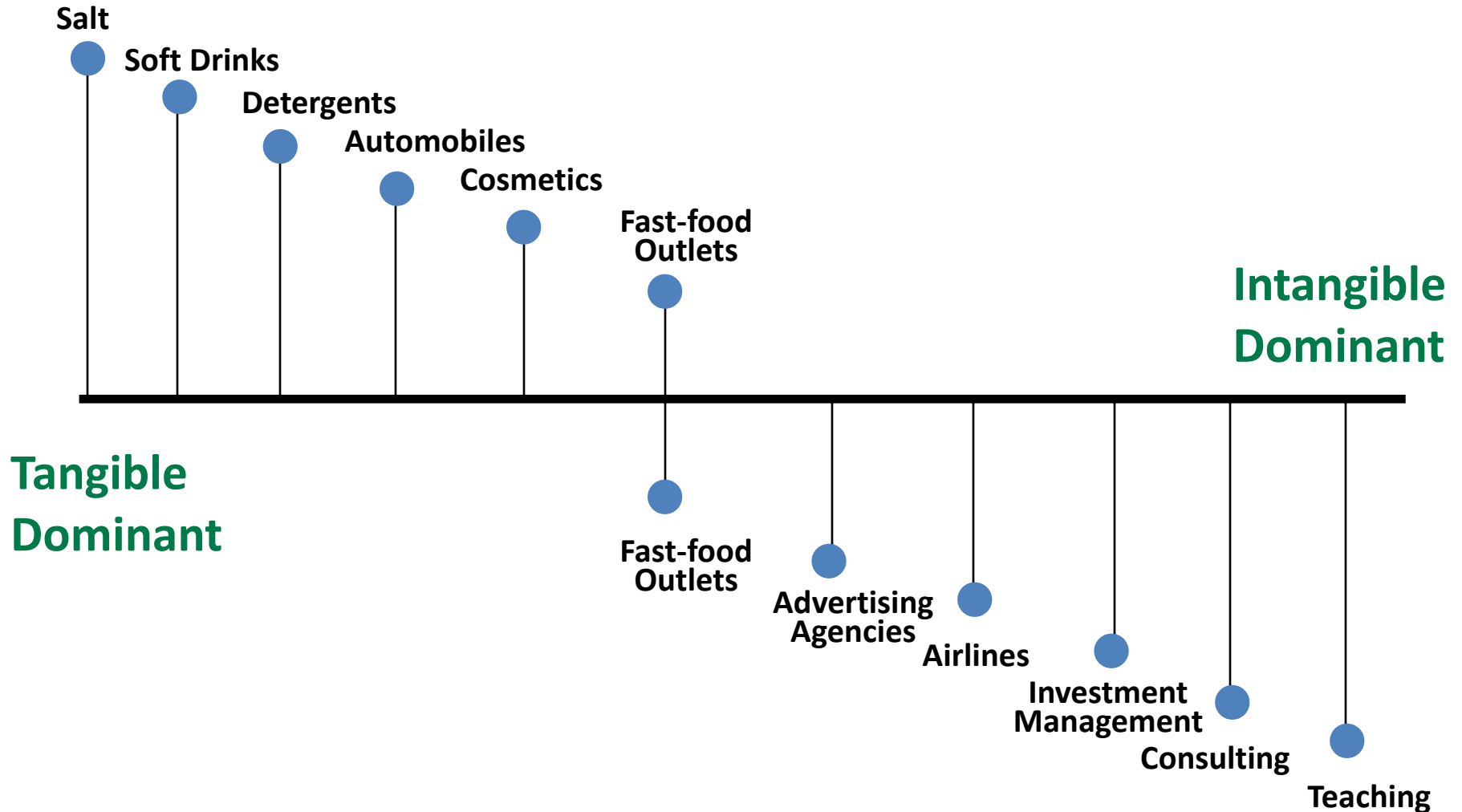
India's largest online supermarket

# Characteristics of Services as **Compared** to Goods



# Characteristics of Services Compared to Goods

## Tangibility Spectrum



# Service marketing mix

- Product
- Price
- Place
- Promotion
- **People**
  - All human actors who play a part in service delivery and thus influence the buyer's perceptions: namely, the firm's personnel, the customer, and other customers in the service environment.
- **Physical Evidence**
  - The environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service.
- **Process**
  - The actual procedures, mechanisms, and flow of activities by which the service is delivered—the service delivery and operating systems.



# Expanded Marketing Mix for Services

| Product                | Place             | Promotion             | Price           |
|------------------------|-------------------|-----------------------|-----------------|
| Physical good features | Channel type      | Promotion blend       | Flexibility     |
| Quality level          | Exposure          | Salespeople           | Price level     |
| Accessories            | Intermediaries    | Selection             | Terms           |
| Packaging              | Outlet locations  | Training              | Differentiation |
| Warranties             | Transportation    | Incentives            | Discounts       |
| Product lines          | Storage           | Advertising           | Allowances      |
| Branding               | Managing channels | Media types           |                 |
|                        |                   | Types of ads          |                 |
|                        |                   | Sales promotion       |                 |
|                        |                   | Publicity             |                 |
|                        |                   | Internet/Web strategy |                 |
| People                 | Physical Evidence | Process               |                 |
| Employees              | Facility design   | Flow of activities    |                 |
| Recruiting             | Equipment         | Standardized          |                 |
| Training               | Signage           | Customized            |                 |
| Motivation             | Employee dress    | Number of steps       |                 |
| Rewards                | Other tangibles   | Simple                |                 |
| Teamwork               | Reports           | Complex               |                 |
| Customers              | Business cards    | Customer involvement  |                 |
| Education              | Statements        |                       |                 |
| Training               | Guarantees        |                       |                 |

# Ways of Classifying Services

- **Degree of tangibility or intangibility of service process** (food service v/s net banking)
- **Direct recipient of service process** (hair-cut v/s dry-cleaning clothes)
- **Place & time of service delivery** (hotel v/s courier at home)
- **Customization versus standardization** (taxi or cab v/s bus service)
- **Nature of relationship with customers** [personal (bank) v/s unidentified (TV broadcast)]
- **Extent to which demand & supply is managed** (fluctuations like rush in supermarkets at weekend)
- **Extent to which facilities, equipments, people are part of service experience.** (class-room v/s ATM card)

# Service as a Process

- A process involves transforming inputs into output.
- Two broad categories are processed in services: **people & objects**.
- **People Processing:** Where people as a customer themselves are involved in process.
- **Objects Processing:** Where objects are involved in process.

# Categorizing Service Processes

**People Processing:** Involves tangible action to people's bodies. Eg. Passenger transportation

**Possession processing:** Tangible action to any object or possession belonging to customer. Eg. Repairing PC

**Mental Stimulus Processing:** Intangible actions directed at people's minds. Eg. entertainment

**Information Processing:** Intangible action directed at people's assets. Eg. Consulting, insurance

# Management Challenges for Different Processes



- Identifying Service benefits
- Designing Service factory
- Finding alternative channels for service delivery
- Balancing Supply and Demand
- Making most of the IT
- Seeing people as part of the product

# Managerial Implications for Different Processes



| Type of Processing                | Implications for Manager  |
|-----------------------------------|---|
| <b>People Processing</b>          | <ul style="list-style-type: none"><li>• Seek active cooperation from customer</li><li>• Thinking about process &amp; output in terms of what happens to customer</li><li>• Process helps to identify some non-financial costs like physical effort incurred by customer</li></ul> |
| <b>Possession Processing</b>      | On-site (home service)/ off-site (at service centre), output should be a satisfactory solution to customer's problem or some tangible enhancement of the item or possession   |
| <b>Mental Stimulus Processing</b> | <ul style="list-style-type: none"><li>• Seeks customer's mental attention to make the service delivery more effective.</li><li>• Information can be stored on physical media and packaged and marketed as a tangible product</li></ul>  |
| <b>Information Processing</b>     | Services highly dependant on effective collection & processing of information, involves informational input from customer like law, market research, medical diagnosis etc..  |

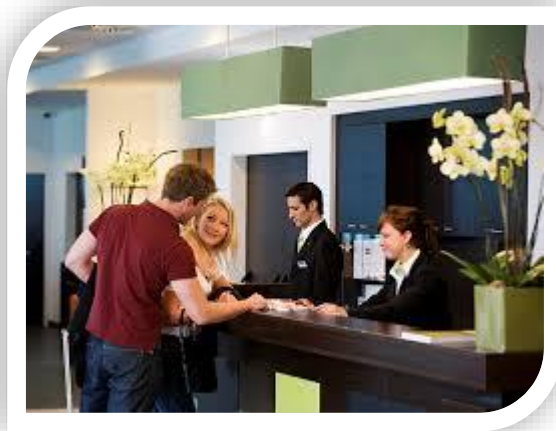
# Activity # 1

Mention one of your service experience as a consumer under each of the four categories of service processing to differentiate among the types of processing involved and tangible/ intangible benefits involved in availing that



# Service Encounters

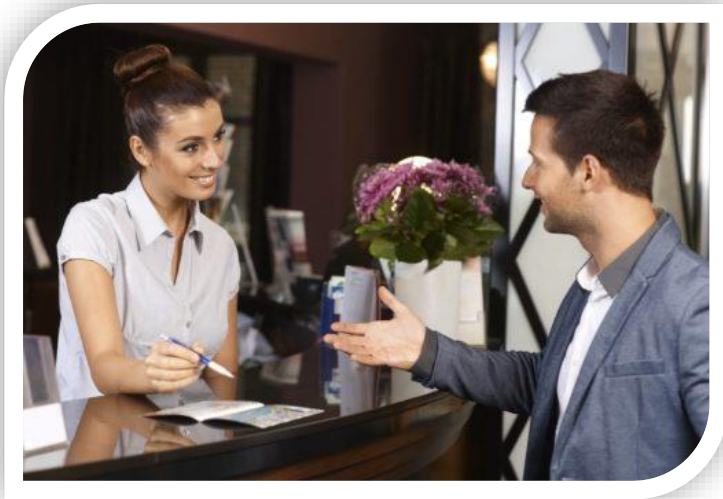
- **Transactional interaction** between customers and service employees, either in person or by phone.
- Service encounters may also take place between customers & physical facilities or equipments.
- Types of service on this basis:
- **High contact services** (contact with humans more)
- **Low contact services** (more contact with automated machines)





# Moment of Truth

- “A point in service delivery where customers interact with service employees or self-serve equipment and the **outcome may affect perceptions of service quality.**”



# Elements of Service Encounter

| Service Personnel         | Service facilities & Equipments               | Non-personal communications             | Other People   |
|---------------------------|---|---|--|
| Sales Representative      | Building exteriors, Parking, landscaping      | Form letters                            | Fellow customers encountered during service delivery |
| Customer service staff    | Building interiors and furnishing             | Brochures/ catalogs instruction manuals | Word of mouth comments from friends, strangers       |
| Accounting/ billing staff | Vehicles                                      | Advertising                             |  |
| Operations staff          | Self-service equipments operated by customers | Signage                                 |  |
| Designated intermediaries | Other equipments                              | News stories/ editorials                |  |

# Critical Incidents in Service Encounters

- It is a specific encounter between customer & service provider in which the outcome has proved especially satisfying or dissatisfying for one or both parties.
- **CIT (Critical incident Technique):** A methodology for collecting, categorizing & analyzing critical incidents that have occurred.



# Implications for Managers

- Negative Critical incidents satisfactorily resolved have great potential of enhancing loyalty.
- Findings from CIT (Critical Incident Technique) can be helpful in pinpointing opportunities for future improvements in service delivery process.





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