



# SERVICES MARKETING

# UNIT 1

## ▶ INTRODUCTION

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# INTRODUCTION FOR SERVICE MARKETING

- ▶ Service is an act or performance offered by one party to another that essentially intangible and does not normally result in ownership of anything. Its product may or may not be tied the physical product.

# DEFINITION

- ▶ The American Marketing Association defines services marketing as an organizational function and a set of processes 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.

# CHARACTERISTICS

- ▶ 6 Characteristics of services marketing:
- ▶ Perishability.
- ▶ Changing Demand.
- ▶ Intangibility.
- ▶ Inseparability.
- ▶ Heterogeneity.
- ▶ Pricing of Services.





# EVALUATION OF SERVICE SECTOR

- ▶ The service sector, also known as the tertiary sector, is the third tier in the three-sector economy. Instead of product production, this sector produces services maintenance and repairs, training, or consulting.
- ▶ Examples of service sector jobs include housekeeping, tours, nursing, and teaching.

# GROWTH OF SERVICE SECTOR

- ▶ The services sector is a key driver of India's economic growth. The sector contributed 55.39% to India's Gross Value Added at current price in FY20#. GVA at basic prices at current prices in the second quarter of 2020-21 is estimated at Rs. 42.80 lakh crore (US\$ 580.80 billion), against Rs.

# NATURE OF SERVICE SECTOR

- ▶ Intangibility.
- ▶ Inconsistency.
- ▶ Inseparability.
- ▶ Storage.

# Nature of Service marketing

- Marketing of Intangible Products
- Non-Transfer of ownership
- Expanded Marketing Mix
- Inseparability of consumption and production
- Heterogeneous products
- Managerial Function

# INTANGIBILITY

- ▶ A service is not a physical product that you can touch or see. A service can be experienced by the buyer or the receiver. Also, you can not judge the quality of the service before consumption.

# INCONSISTENCY

- ▶ There can be no perfect standardization of services. Even if the service provider remains the same, the quality of the service may differ from time to time.

# INSEPARABILITY

- ▶ One unique characteristic of services is that the service and the service provider cannot be separated. Unlike with goods/products the manufacturing and the consumption of services cannot be separated by storage.

# STORAGE

- ▶ The production and consumption of services are not inseparable because storage of services is not possible. Being an intangible transaction there can never be an inventory of services.



# SCOPE OF SERVICES

- ▶ A scope of services sets out precisely what services a consultant will be performing on a project. Scopes of services may also be prepared for contractors where they are carrying out design work, or for consultants appointed by contractors on design and build projects.

# CLASIFICACION OF SERVICES

- ▶ Classification of Service Marketing – 2 Major Classification:
  - ▶ Consumer Service Marketing
  - ▶ Industrial Service Marketing.

# Classification of Service



# THE CHALLENGES OF SERVICE MARKETING

- ▶ 1. INTANGIBILITY
- ▶ 2. LACK OF OWNERSHIP
- ▶ 3. PERISHABILITY
- ▶ 4. HETEROGENEITY
- ▶ 5. INTERACTIVITY

# ISSUES IN SERVICE MARKETING

- ▶ Shifting customer priorities and expectations
- ▶ Contact through multiple channels
- ▶ Surprising demographics
- ▶ Greater importance placed on customer service
- ▶ Move towards frequent testing



UNIT- II

# SERVICE MARKETING OPPORTUNITIES

# ASSESSING MARKET SERVICE POTENTIAL

- ▶ A market opportunity assessment is the process of synthesising market research and client data to identify opportunities for growth in a specific market or business area and formulate an actionable strategy to realise this growth.



# ELEMENTS TO DETERMINE MARKET POTENTIAL

- ▶ Market Size.
- ▶ Market growth rate.
- ▶ Profitability.
- ▶ Competition.
- ▶ Product and consumer type.





Market Size

Market growth

Competition

Profitability

Consumer and product type

# MARKETING MIX

▶ **DEFINITION:**

. A marketing mix includes multiple areas of focus as part of a comprehensive marketing plan. The term often refers to a common classification that began as the four Ps: product, price, placement, and promotion.

Effective marketing touches on a broad range of areas as opposed to fixating on one message.

# The 7 Ps of Marketing

- ▶ Product
- ▶ Prices
- ▶ Promotion
- ▶ Packaging
- ▶ Place
- ▶ Positioning
- ▶ People


# SERVICE MARKETING ENVIRONMENT

- ▶ The service marketing environment refers to all internal and external factors, which directly or indirectly influence the organization's decisions related to marketing activities. Internal factors are within the control of an organization; whereas, external factors do not fall within its control.



# SERVICE MARKETING TRENDS

- ▶ 10 Trends identified in the Service Sector in 21<sup>st</sup> Century
  - ▶ Personalization
  - ▶ Understanding of Customer Expectation
  - ▶ Credibility
  - ▶ Simplification
  - ▶ Internationalization

- 
- ▶ Bundling
  - ▶ Rationing
  - ▶ Virtual experience
  - ▶ Market spaces
  - ▶ Multi-dimensional competition

# SERVICE MARKETING SEGMENTATION

- ▶ Market segmentation is the process of dividing an entire market up into different customer segments. Targeting or target marketing then entails deciding which potential customer segments the company will focus on.

## Market Segmentation Process





# TYPES OF MARKET SEGMENTATION

- ▶ Demographic Segmentation
- ▶ Behavioral Segmentation
- ▶ Geographic Segmentation
- ▶ Psychographic Segmentation

# SERVICE MARKETING TARGETING AND POSITIONING

## ▶ **What Is the STP Marketing Model?**

The STP Marketing Model can help you to analyze your product offering and the way you communicate its benefits and value to specific groups.

### ▶ STP stands for:

- ▶ **S**egment your market.
- ▶ **T**arget your best customers.
- ▶ **P**osition your offering.

# CONSUMER EVALUATION OF SERVICES

- ▶ Companies that conduct customer service evaluations are looking for honest feedback about the levels of service their employees provide to consumers.
- ▶ Evaluations – either Web-based, snail mail, focus groups, by phone or in person – help a business see how the company operates from different perspectives.

# ROLE OF CULTURE IN SERVICE MARKETING

- ▶ Culture has a huge effect on consumer behaviours. It is what determines why certain products sell well amongst certain ages, nationalities and businesses but not in others. It's what actually moulds target audiences. At a global scale, what sells well in the Western world, may not in the Middle East.

# CUSTOMER EXPECTATIONS OF SERVICE

- ▶ Customer expectations are what customers predict will happen if they use a product or service. Before they decide to make a purchase, customers gather and interpret information about the product, which influences how they view the product and its quality.

# SERVICE QUALITY

- ▶ Service quality is a measure of how an organization delivers its services compared to the expectations of its customers. Customers purchase services as a response to specific needs.



# SERVICE ENCOUNTERS

- ▶ A service encounter is defined as **a moment when a customer interacts with a service or product for the first time**. It is the customer's actual interaction with a service company. It is identified as a key component of the current agenda for service marketers.



# RELATIONSHIP MARKETING

- ▶ Relationship Marketing is a strategy of Customer Relationship Management (CRM) that emphasizes customer retention, satisfaction, and lifetime customer value. Its purpose is to market to current customers versus new customer acquisition through sales and advertising.







# CUSTOMER LIFETIME VALUE

- ▶ Customer lifetime value (CLV) is a measure of the average customer's revenue generated over their entire relationship with a company. Comparing CLV to customer acquisition cost is a quick method of estimating a customer's profitability and the business's potential for long-term growth.

# CUSTOMER PROFITABILITY

- ▶ Customer profitability (CP) is the profit the firm makes from serving a customer or customer group over a specified period of time, specifically the difference between the revenues earned from and the costs associated with the customer relationship in a specified period.



# SERVICE RECOVERY

- ▶ Service recovery is a **company's resolution of a problem from a dissatisfied customer, converting them into a loyal customer.** It is the action a service provider takes in response to service failure.



# SERVICE FAILURE

- ▶ A service failure, simply defined, is service performance that fails to meet a customer's expectations. Typically, when a service failure occurs, a customer will expect to be compensated for the inconvenience in the form of any combination of refunds, credits, discounts, or apologies.

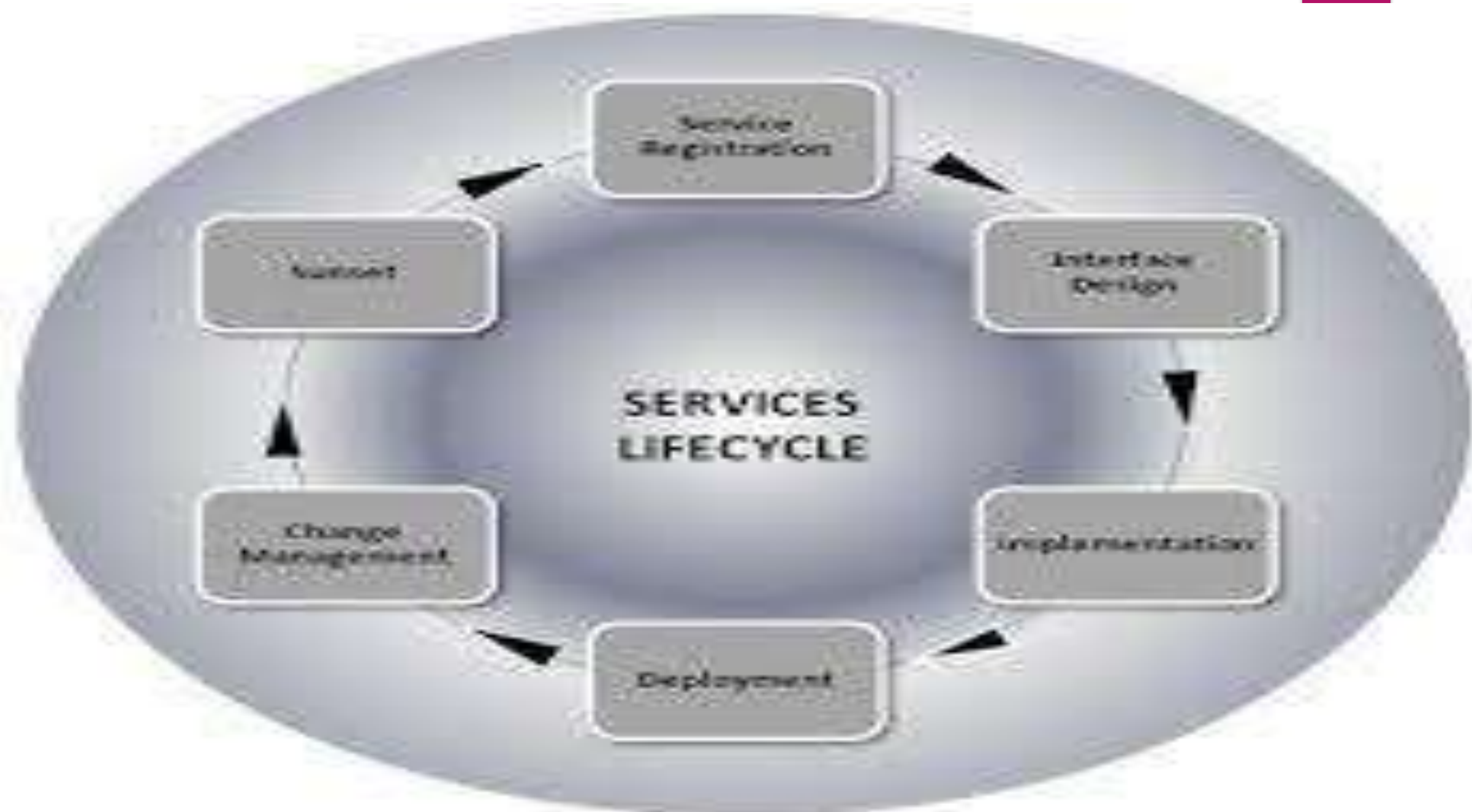


## UNIT 3

# ▶ SERVICE DESIGN AND DEVELOPMENT

# SERVICE LIFE CYCLE

- ▶ Service lifecycle is an approach to IT Service Management that places an emphasis on how important coordination and control is, across the various functions, processes, and systems that are necessary to manage the complete lifecycle of IT services.





# NEW SERVICE DEVELOPMENT

- ▶ Service development is the end-to-end process of developing and launching a new service to be sold to customers. This typically includes market research, service strategy, customer experience, marketing, operations and launch of a new service.

# SERVICE BLUE PRINT

## ▶ DEFINITION

A service blueprint is a diagram that visualizes the relationships between different service components — people, props (physical or digital evidence), and processes — that are directly tied to touchpoints in a specific customer journey. Think of service blueprints as a part two to customer journey maps.

# Why is service blueprinting important?

A service blueprint gives a complete picture of how the service and related experience is delivered, end to end, front to back and across channels. It is a powerful tool that simultaneously provides a high-level view of the user experience and a detailed view of what is going on below the surface.

# GAPs model of service quality

- ▶ The GAP Model of Service quality helps to identify the gaps between the perceived service and the expected service. Five Gaps occur in the Service Delivery Process Like The gap between Customer Expectation and Management Perception, Service Quality Specification and Management Perception and many more.

# Gap Model of Service Quality

Customer

Customer  
Expectation

GAP 5

Customer  
Perception

Company

GAP 1

Service  
Delivery

GAP 3

Service Delivery  
Policies

GAP 2

Understanding of  
Customer Needs

GAP 4

External  
Communications



# MEASURING SERVICE QUALITY

- ▶ Service quality measurement is the significant managerial tool to understand consumers' needs and wants by analyzing the experience of consumers in the service provided. It can help firms to find their weaknesses and advantages to make a better service for consumers.

# Measuring Service Quality: SERVQUAL

**The Tangibles Dimension**

**The Reliability Dimension**

**The Responsiveness Dimension**

**The Assurance Dimension**

**The Empathy Dimension**

# 9 Practical Methods for Measuring Service Quality

- ▶ SERVQUAL
- ▶ Post-service ratings
- ▶ Follow-up surveys
- ▶ In-app surveys
- ▶ Mystery shopping
- ▶ Documentation analysis
- ▶ Customer effort score (CES)
- ▶ First contact resolution ratio
- ▶ Metrics analysis



# SERVQUAL

- ▶ SERVQUAL is a multi-dimensional research instrument designed to capture consumer expectations and perceptions of a service along five dimensions that are believed to represent service quality.

The Five Key Service Dimensions of the Service Quality Model

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# SERVICE QUALITY FUNCTION DEVELOPMENT

- ▶ QFD is a systematic method to help identify customers' needs for designing a product (or service) in a way that it considers the customers' needs first time .
- ▶ The QFD approach uses a matrix format that looks like a house and, hence, it is also known as the “House of Quality” (HoQ).

# Quality Function Deployment is:

Quality



Meeting Customer Requirements

Function



What Must Be Done - Focusing  
the attention

Deployment



Who Will Do It, When

# Benefits of QFD



# PHYSICAL EVIDENCE

- ▶ Physical evidence refers to everything your customers see when interacting with your business. This includes: the physical environment where you provide the product or service. The layout or interior design. Your packaging.

## PHYSICAL EVIDENCE

# Physical Evidence

"Wherever he steps, whatever he touches, whatever he leaves even unconsciously, will serve as silent witness against him. Not only his fingerprints or his footprints, but his hair, the fibers from his clothes, the glass he breaks, the tool marks he leaves, the paint he scratches, the blood or semen he deposits or collects -- all of these and more bear mute witness against him."

—Dr. Edmond Locard



# EFFECT OF PRICING

The impact that a change in value has on the consumer demand for a product or service in the market. The price effect can also refer to the impact that an event has on something's price.



# Effects on Pricing

## Company effects

- product substitutes & complementary products
- product line pricing

## Customer effects

- beware of setting different kinds of middlemen against one another

## Competitive effects

- price war (successive price cutting by competitors)



# APPROACHES AND STRATEGIES

## ▶ Approaches

Approach deal with general philosophies of teaching. Methods deal with more practical nuts and bolts.

## ▶ Strategies

Strategies deal with specific actions.

## UNIT 4

# SERVICE DELIVERY, PRICING AND PROMOTION

# Positioning of service

- ▶ Positioning is defined as the process of establishing and maintaining a distinctive place in the market for an organisation and/or its products/services offerings. This is the creating of a distinct place in the minds of a customer, or the perception of a customer w.r.t. other companies or their products/services.



# Designing service delivery system

- ▶ Congruency between target market, service concept, and service delivery system design is often emphasised as a means to successfully deploy business strategy and attain levels of performance in customer satisfaction, retention, and overall profitability.

Service delivery  
system

Service delivery  
management

Service  
quality

Employee  
engagement

# Service channel

- ▶ Service channels aid companies in carrying out business transactions. The term supply chain is used to describe the long channel stretching from acquiring raw materials to delivering finished products to customers. The supply chain channel includes elements of other marketing channels.



# Key Customer Service Channels



# Pricing of services

## ► Definition:

The Pricing Methods are the ways in which the price of goods and services can be calculated by considering all the factors such as the product/service, competition, target audience, product's life cycle, firm's vision of expansion, etc. influencing the pricing strategy as a whole.

Survival Price

Service quality  
leadership

PRICING  
OBJECTIVES

Current Price  
maximization price

Market Share  
price



# Pricing of service methods

- ▶ Cost plus pricing.
- ▶ Mark-up pricing.
- ▶ Break-even pricing.
- ▶ Target return pricing.
- ▶ Early cash recovery pricing.

# Service Marketing triangle

- ▶ A service marketing triangle is a marketing framework that includes three key types of marketing that help your audience understand what makes your business unique and useful for their needs. These are internal marketing, external marketing and interactive marketing.

# Services Marketing Triangle



# Integrated service marketing

- ▶ Integrated marketing communication refers to integrating all the methods of brand promotion to promote a particular product or service among target customers. In integrated marketing communication, all aspects of marketing communication work together for increased sales and maximum cost effectiveness.

# Service Integration Management

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## Service Integration Management

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# Service culture

- ▶ “We define service culture as] a shared purpose where everyone is focused on creating value for others inside and outside the organization.”
- ▶ Our shorthand definition of service culture is “where employees are obsessed with customer service.”



# Communication

- ▶ Marketing Communication can be defined as the methodologies and tactics adopted by the companies to convey the messages in a unique and creative manner to their existing and prospective customers about their offerings of products and services.



COMMUNICATION

# Delivery service through intermediaries

- ▶ The service principal is the originator and the service deliverer is the intermediary. The service principal is the entity which creates the service concept. The service deliverer is the entity which deals with the customers during the execution of the service

# E\_channel

- ▶ Electronic Channel means any telecommunication or electronic transmission method which may be used in connection with a Money Market Deposit or service, including any computer, email, facsimile, internet, network, SWIFT or the SWIFT network, wire transfer system.

# Franchising

- ▶ A franchise (or franchising) is a method of distributing products or services involving a franchisor, who establishes the brand's trademark or trade name and a business system, and a franchisee, who pays a royalty and often an initial fee for the right to do business under the franchisor's name and system.

# Managing demand and capacity

- ▶ Demand management is an attempt to shift demand, while capacity management is a response to demand. This is a large area of study, encompassing a number of topics within operations and marketing.
- ▶ Both long and short-term decisions are required to fully manage demand and capacity.

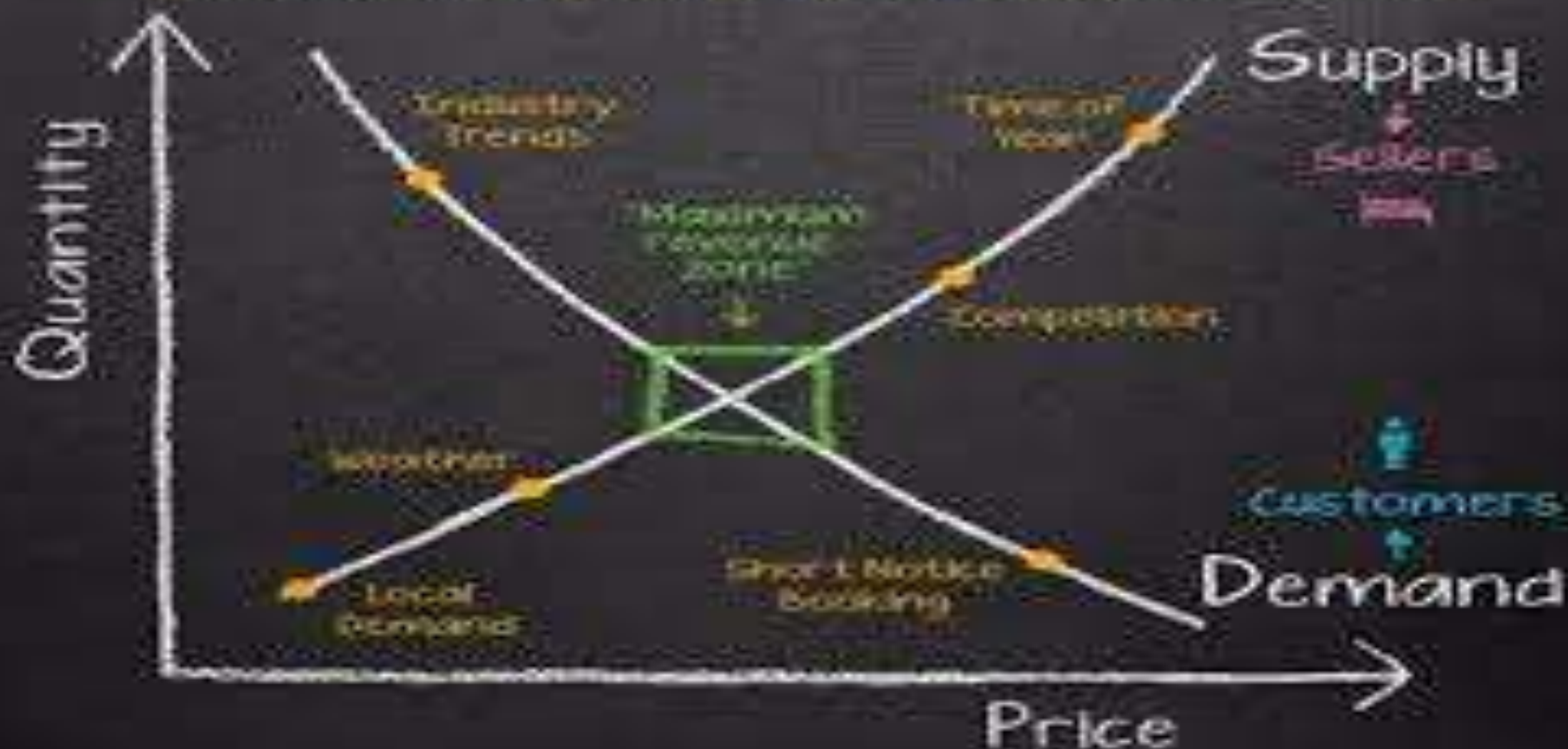


# Yield management

- ▶ Yield management systems attempt to use historical data and specialized algorithms to determine the optimal price to sell the inventory. These systems can work in real-time and change prices based on demand.

# YIELD MANAGEMENT

Understanding the Laws of Supply & Demand



UNIT 5

# SERVICE STRATEGIES

# Health care

- ▶ Strategic planning in healthcare organizations involves creating objectives and setting goals for where the organization sees itself in the long-term. With these goals and objectives in mind, you can create a plan to achieve them



# Hospitality

- ▶ A guestologist seeks to understand and plan for the expectations of an organization's targeted customers before they ever enter the service setting, so that everything is ready for each guest to have a successful and enjoyable experience.



**F & B  
Prod.**

**F & B  
Service**

**Accomm-  
odation  
Mangt.**

**Front  
Office**

**Hospitality  
Industry**

# Tourism

- ▶ A tourism marketing strategy is a structured document that outlines your current position in the marketplace, what you hope to achieve going forward, and how you're going to make that happen. In other words, it provides a framework, so you're not floundering around, wondering what to do next





# Financial logistics

- ▶ Logistics refers to the overall process of managing how resources are acquired, stored, and transported to their final destination. Logistics management involves identifying prospective distributors and suppliers and determining their effectiveness and accessibility.



# Education consultancy

- ▶ An Educational Consultant (EC) is a consultant who helps parents/students and organizations with educational planning.
- ▶ An EC offers similar services to school counselors, but is normally self-employed or employed by consulting firms, while school counselors are employed by schools.



**Educational Consultancy**

# Entertainment utility information technique service

- ▶ Entertainment service management is the system for coordinating field service operations. It includes scheduling work orders, dispatching service technicians, tracking labor hours and job statuses and invoicing the completed job.

# Public utility information technique service

- ▶ Public utilities are services provided by the government or state, such as the supply of electricity and gas, or the train network. Water supplies and other public utilities were badly affected.

# Closing customer gaps

- ▶ Listen to your customers.
- ▶ Find out what your agents know.
- ▶ Experience the customer journey firsthand
- ▶ Implement changes in your business that will narrow the gap
- ▶ Understand that it's an ongoing process.





# Strategies to match promises

- ▶ Focus on the tangibles.
- ▶ Use brand icons to make the service tangible.
- ▶ Use association, physical representation, documentation and visualization.
- ▶ Feature service employees in communication.
- ▶ Feature satisfied customers in the communication.

# Integrated service

- ▶ computer networking, integrated services or IntServ is an architecture that specifies the elements to guarantee quality of service (QoS) on networks. IntServ can for example be used to allow video and sound to reach the receiver without interruption.

# *Integrated Services*



# Marketing communications

- ▶ Marketing communications strategy is the strategy used by a company or individual to reach their target market through various types of communication. It includes your message the medium and the target.

