

SERVICES MARKETING

LECTURE SLIDES

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A Service is any activity or benefit that one party can offer to another that is essentially intangible & does not result in the ownership of anything.

Philip Kotler

Activities, benefits & satisfactions that are offered for sale or provided in connection with the sale of goods

American Marketing Association

Acts, deeds & performances

Berry

Its an experience

Dr Vipul jain

Services does not result in ownership. They are essentially Intangible & does not result in any physical output. They are directed at the people by the people & people form the part of the service product.

PRODUCT CLASSIFICATION

TANGIBLE GOODS

Touched

Stored

owned

(Refrigerators & Televisions)

INTANGIBLE SERVICES

Cannot be touched

cannot be stored

cannot be owned

(Banking, Insurance & Education)

REASONS FOR GROWTH OF THE SERVICE SECTOR

Increasing affluence (Greater demand for services because of change in lifestyle)

More leisure time (Greater demand for recreation entertainment)

Higher % of women in the labour force (Greater demand for creches, baby sitting & household domestic help)

Greater complexity of products (ACs & Computers)

CHARACTERISTICS OF SERVICES

INTANGIBILITY
INSEPARABILITY
INCONSISTENCY
INVENTORY
OWNERSHIP

INTANGIBILITY

This is the most Important characteristic of Services. A service cannot be touched & it can only be felt or experienced. (Education & Transportation) One should remember that it is this characteristic which makes Services, different from tangible goods.

INTANGIBILITY-TANGIBILITY CONTINUUM

TEACHING
BABY SITTING
COUNSELING
BANKING
INSURANCE
AIRLINES
FASTFOOD JOINTS
AUTOMOBILES
DETERGENTS
REFRIGERATOR

INSEPARABILITY

A service cannot be separated from the person or firm providing it. A service is provided by a particular person who possesses a particular skill. (Teacher, Barber, Plumber)

A tangible good can be produced in a factory today, stocked for months & can be sold later on.

INCONSISTENCY(HETEROGENEITY)

The human element(People component) is very much involved in providing the services & this makes standardization very difficult.

It is very hard for the human beings to maintain the exact level of standard because they are effected by their External & Internal Environment.

ZONE OF TOLERANCE

INVENTORY(PERISHABILITY)

A Service cannot be stored and are perishable. Production & Consumption in services is a simultaneous process.

OWNERSHIP

An ownership is never provided in service. You may pay for its use but you never own it. In services the payment is not for purchase, but only for the use or access. (You buy a ticket of a movie which entitles you to watch it but you don't own it & nor do you own the seat on which you are seated.)

Services are a special kind of Product & therefore requires a special treatment. Its characteristics brings certain complications & a smart marketer removes these complications.

TANGIBLE GOODS

Tangible

Homogeneous

Production & distribution are separated from
Consumption

Customers do not participate in the production
process

Can be stocked

ownership

INTANGIBLE SERVICES

Intangible

Heterogeneous

Production, Distribution & Consumption are simultaneous process

An activity or process

Core value produced in buyer-seller interaction

Customers participate in the production

Cannot be stocked

No ownership