

MARKETING MANAGEMENT

UNIT-5 PART-I

DEFINITION OF SERVICES

“Activities, benefits and satisfactions, which are offered for sale or are provided in connection with the sale of goods” (American Marketing Association, Committee of Definitions 1960).

“Services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser” (Quinn, Baruch and Paquette, 1987).

Service is the action of doing something for someone or something. It is largely intangible i.e. not material). A product is tangible (i.e. material) since you can touch it and own it. A service tends to be an experience that is consumed at the point where it is purchased, and cannot be owned since it quickly perishes. A person could go to a café one day and have excellent service, and then return the next day and have a poor experience.

The Special Characteristics of Services:-

- Intangibility
- Inseparability of production and consumption
- Heterogeneity
- Perishability

Intangibility:- Services are activities performed by the provider, unlike physical products they cannot be seen, tasted, felt, heard or smelt before they are consumed. Since, services are not tangibles, they do not have features that appeal to the customers' senses, their evaluation, unlike goods, is not possible before actual purchase and consumption. The marketer of service cannot rely on product-based clues that the buyer generally employs in alternative evaluation prior to purchase. So, as a result of this, the services are not known to the customer before they take them. The service provider has to follow certain things to improve the confidence of the client.

The provider can try to increase the tangibility of services. For example, by displaying a plastic or a clay model showing patients an expected state after a plastic surgery.

The provider can emphasize on the benefits of the service rather than just describing the features. Not all the service product has similar intangibility. Some services are highly intangible, while the others are low i.e. the goods (or the tangible component) in the service product may vary from low to high. For example: Teaching, Consulting, Legal advices are services which have almost nil tangible components; While restaurants, fast food centers, hotels and hospitals offer services in which their services are combined with product (tangible objective) , such as food in restaurants, or medicines in hospitals etc.

Inseparability:- Services are typically produced and consumed simultaneously. In case of physical goods, they are manufactured into products, distributed through multiple resellers, and consumed later. But, in case of services, it cannot be separated from the service provider. Thus, the service provider would become a part of a service. For example: Taxi operator drives taxi, and the passenger uses it. The presence of taxi driver is essential to provide the service. The services cannot be produced now for consumption at a later stage / time. This produces a new dimension to service marketing. The physical presence of customer is essential in services. For example: to use the services of an airline, hotel, doctor, etc a customer must be physically present.

Heterogeneity:- Services are highly variable, as they depend on the service provider, and where and when they are provided. Service marketers face a problem in standardizing their service, as it varies with experienced hand, customer, time and firm. Service buyers are aware of this variability. So, the service firms should make an effort to deliver high and consistent quality in their service

Perishability:- This is attained by selecting good and qualified personnel for rendering the service. Services are deeds, performance or act whose consumption take place simultaneously; they tend to perish in the absence of consumption. Hence, services cannot be stored. The services go waste if they are not consumed simultaneously i.e. value of service exists at the point when it is required. The perishable character of services adds to the service marketers problems. The inability of service sector to regulate supply with the changes in demand; poses many quality management problems. Hence, service quality level deteriorates during peak hours in restaurants, banks, transportation etc. This is a challenge for a service marketer.

Therefore, a marketer should effectively utilize the capacity without deteriorating the quality to meet the demand.

Meaning and definition of Service Marketing

Services marketing is marketing based on relationship and value. It may be used to market a service or a product. Marketing a service - base business is different from marketing a product - base business. Services marketing is a sub-field of marketing, which can be split into the two main areas of goods marketing (which includes the marketing of fast-moving consumer goods (FMCG) and durables) and services marketing. Services marketing typically refer to both business to consumer (B2C) and business-to-business (B2B) services, and include marketing of services such as telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services.

Definition

Service marketing is defined as “the integrated system of business activities designed to plan, price, promote and distribute appropriate services for the benefit of existing and potential consumers to achieve organisational objectives”. The perception of services marketing focuses on selling the services in the best interest of the customers. It is a systematic and coordinated effort of a service organisation to expand its market by delivering the best possible services. The objects of services marketing are the achievement of organisational goals like making profits, establishing leadership, long term survival and growth and the satisfaction of consumers by rendering excellent services. The concept of services marketing covers the following aspects: selling services profitably to target consumers and prospects delivering maximum satisfaction to consumers of services; and positioning the service firm in the market. Marketing is thus an integral part of service management. The managerial decisions are not found to be effective in the absence of a time bound implementation of marketing principles. Of late, customer satisfaction is found to be a focal point of the marketing decisions service the marketing process--can help in offering the right services to the right persons at the right time. Marketing simplifies the process of transforming prospects into actual customers of services.