



People's Democratic Republic of Algeria
Ministry of Higher Education and Scientific Research
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Faculty of Commercial Economic Sciences and Management Sciences

**Directed work with examples intended for L2 MANAGEMENT
students**

“MARKETING module”

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1-Service Marketing

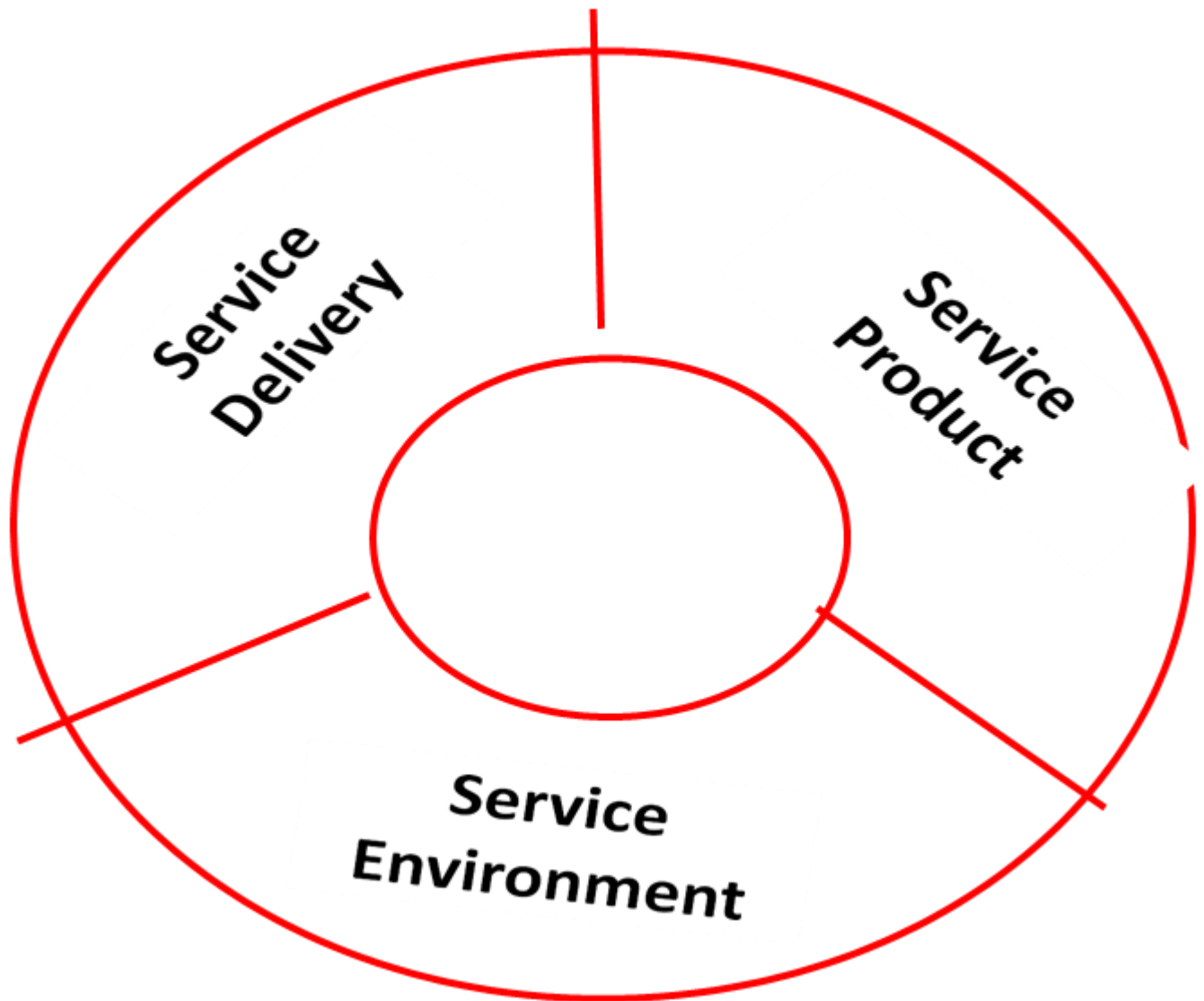
Dr.V.Ramanathan Associate Professor. Department of Management Studies SCSVMV.
SERVICES MARKETING. <https://docplayer.net/213067103-Services-marketing-dr-v-ramanathan-associate-professor-department-of-management-studies-scsvmv.html>

1-SERVICES:

“Services are activities, benefits or satisfaction which are offered for sale or provided in connection with sale of goods”. - **The American Marketing Association**

“Services are those separately identifiable essentially intangible activities, which provide want satisfaction when marketed to consumers and/or industrial uses and which are not necessarily tied to the sale of a product or another service”. – **Stanton**

2-COMPONENTS OF SERVICE:



1.The Physical Product:

The various products marketed by a firm involve the physical transfer of ownership of those products. They are tangible and their quality is standardised.

For Example, physical products include T.V., Radio, Refrigerators, Computers, Hair oil, Vacuum Cleaner, Washing Machine, etc.

2.Service Product:

A service is an activity or benefit that one party can offer to another which is essentially intangible in nature. Service involve some interaction with customers without effecting transfer of ownership.

For example, people visiting exhibitions, trade fairs are allowed to inspect the consumer durables without being approached by sales representatives. Salesmen are trained in making proper approach to the customer visiting their showrooms.

3.Service Environment:

Nature of Service	Physical Product	Service Product	Service Environment	Service Delivery
University	<ul style="list-style-type: none"> Degree 	<ul style="list-style-type: none"> Courses Guidance Placement Employment 	<ul style="list-style-type: none"> Lecture halls Libraries Laboratories Language Lab Playground Canteen Hostels 	<ul style="list-style-type: none"> Teaching performance Tutorial system Counselling Placement
Super market	<ul style="list-style-type: none"> Goods 	<ul style="list-style-type: none"> Display Assortment Assistance Credit Inventory 	<ul style="list-style-type: none"> Sales Floor Racks 	<ul style="list-style-type: none"> Speed Friendliness Market Information
Hotels	<ul style="list-style-type: none"> Stay Food 	<ul style="list-style-type: none"> Bill Settlement Messages Wake-up calls 	<ul style="list-style-type: none"> Looby Parking space Rooms Reception 	<ul style="list-style-type: none"> Laundry Transport arrangement Multi cuisines Room Service Room Cleaning
Couriers	<ul style="list-style-type: none"> Communication 	<ul style="list-style-type: none"> Service time Collection centres 	<ul style="list-style-type: none"> Waiting hall Sorting space Parcel Office 	<ul style="list-style-type: none"> Promptness in Delivery Billing section

3-CHARACTERISTICS OF SERVICES :

1. Intangibility
2. Inseparability
3. Heterogeneity (Individuality or Variability)
4. Perishability
5. Ownership
6. Absence of Quantitative measurement

4-CLASSIFICATION OF SERVICES – Philip Kotler

1. Pure Tangible Goods
2. Tangible Goods with accompanying services
3. Hybrid
4. Major service with accompanying minor goods and services
5. Pure service

5-Quality of Service :

The following are some important ways of judging quality of service:

- a. Fitness for purpose.
- b. The totality of features of service that meet the customer needs.
- c. The difference between customer expectations and performance delivery.
- d. Meeting or exceeding the customer expectations

6-Service Marketing Mix :

The traditional marketing mix is considered in the context of services. Since a different marketing mix is needed for services some have expanded the traditional four Ps.

1. Product

2. Pricing
3. Promotion
4. Place
5. People
6. Process
7. Physical evidence

6-1-Service Marketing Mix – Definition :

“The marketing mix concept is a well established tool used as a structure by marketers. It consists of the various elements of a marketing programme which need to be considered in order to successfully implement the marketing strategy and positioning in the company’s market. It is important internal elements or ingredients that make up an organisation’s marketing programme”.

– Adrian Payne

1- Product (Service Product)

According to Adrian Payne, a product is an overall concept of objects or processes which provide some values to customers. Goods and services are sub- categories of product. The term produce is used in a broad sense to denote either a manufactured good or product and a service. Strictly speaking, customers are not buying goods or services but specific benefits and value from the total offering. This total offering to the customer is termed as “offer”.

a-The core or generic product:

The core product represents the basic services of a product. This product is at its basic level. For example, food served in a restaurant a bed in a hotel room for the night safety of deposits and loanable funds in a bank.

b-The expected product:

The expected product consists of the core product together with the minimal purchase conditions which need to be met. For example in a restaurant in addition to basic food served,

aspects such as cleanliness, timely service polite and courteous service of bearer, availability of menu and background music are expected.

c- The augmented product:

Augmented product refers to offerings (product benefit or services in addition to what customers expect). This concept enables a product to be differentiated from another. For example, though IBM has not got technologically advanced core product they are praised for excellent customer service. This adds value to their core product in terms of reliability and responsiveness.

d-The Potential product:

Potential potentially product feasible refers to hold doing everything and attract the customers. The concept of potential product of a restaurant is viewed in terms of a pleasing flower arrangement, manager's word of thanks, readiness to go out of the way to serve, etc.

2-PRICE:

Price plays a significant role in the marketing mix by attracting revenue to the marketer. Pricing decisions are important for determining the value of the service as perceived by the customer and building of an image for the service. Price serves as a basis for perception of quality. The pricing strategy should be in tune with the marketing strategy. Pricing strategy should gain competitive advantage for the firm.

a- PRICE Decisions – Reasons:

1. Pricing decisions have an impact on marketing channels. Suppliers, sales people, distributors, competitors and customers all are affected by the pricing system.
2. Since services are intangible in nature, pricing of services is highly important. The price is indicative of the quality of service that customers receive. Customers, by going through the menu of a restaurant can perceive the quality of food and the restaurant's service level.
3. Pricing gives customers information about the immediacy of delivery and the importance of availability. Premium pricing is followed during maximum demand period and discounted pricing when the demand for the service is low.

4. Pricing allows homogeneous services to be differentiated and facilitates the adoption of a premium pricing strategy.

b- PRICING Objective:

The price policies for service marketers should be on the lines of those used throughout the general field of marketing. The pricing policy to be followed should be based on pricing objectives. The important pricing objectives are survival, profit maximisation, sales maximisation, prestige and ROI.

In quoting prices, some firms try to meet competition. Where adverse market conditions prevail, marketers quote lower prices in order to ensure survival in the market, even foregoing profitability.

3- PROMOTION:

Promotion is an important part of the marketing mix for many marketers. The promotion element of the service marketing mix communicates the positioning of the service to customers. Promotion adds tangibility and helps the customer evaluate the service offer. The promotion mix includes six elements, namely (a) Advertising (b) Personal Selling (c) Sales Promotion (d) Public Relations (e) Word of mouth and (f) Direct mail.

a- Advertising for services:

Advertising is the impersonal communication used by service firms. Advertising in service marketing adds to the customer's knowledge of the service, persuades the customer to buy and differentiates the service from other service offerings. Persistent advertising is, therefore, a must for the success of the marketing of the service.

b- Personal Selling:

Personal Selling has assumed much importance in service firms owing to the following reasons.

-There is a personal interaction between the service provider and the customer

-The service is provided by a person not a machine.

-“People” are becoming part of the service product.

c- Sales Promotion:

Those marketing activities other than personal selling, advertising and publicity that stimulate customers and dealers effectively such as display shows, exhibitions, demonstrations and various non- recurrent selling efforts not in the ordinary routine are the sales promotional measures.

d- Publicity or Public Relations:

Publicity consists of non-personal stimulation of demand for a product or service by way of arranging commercially significant news to have appeared in mass media free of cost (not paid for the sponsor). Publicity is a free news appearing in mass media about a company and its products.

e-Word of Mouth Promotion :

Customers who are already exposed to the delivery of a service, share their experiences with other potential customers. They offer advice on service providers and businesses who are established already. Personal recommendations through word constitute information source.

buying come from friends, associates colleagues or experts.

4-PLACE :

Place mix of services marketing involves the location and channels which are the two key decision areas. The service provider should decide as to how to deliver the service to the customer and where this should take place. The service provider should ensure that the promised services reach the ultimate users without any distortion. With regard to location, a service firm decides where its operations and staff are situated.

5.PEOPLE :

In all the organisations, people play a decisive role. Employees working in the service organisations are the contact people with the customers. Employees working in a bank, hotel, hair-cutting saloon etc., are all frontline people. They are in direct contact with the customers who visit their services. The role of these frontline people decides the success of the service organisation. A service organisation can be only as good as its people. The strength and success of the service organisation lies in the quality of the service personnel working in the organisation.

6.PHYSICAL EVIDENCE :

Physical evidence is another important variable to be considered in the context of services marketing. Since a service is intangible, it is important for the client to search for evidences which enables him to evaluate the service. Physical evidences are those tangible clues which customers may receive during the process of receiving the service. The customers evaluate the worthiness of the service with the physical evidences they receive.

7.PROCESSES :

The processes by which services are created and delivered to the customers are an important element of marketing mix. Customers perceive the delivery system as a part of the service itself. The decisions on process management are of great importance to the success of the marketing of the service. The processes involve the procedures, tasks, schedules, mechanisms, activities and routines by which a service is delivered to the customer.