



Certified Services Marketing Manager Sample Material

V-Skills Certifications

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1. INTRODUCTION TO SERVICES MARKETING

Services marketing are a sub field of marketing which covers the marketing of both goods and services. Goods marketing include the marketing of fast moving consumer goods (FMCG) and durables.

1.1. Service Basics and Differences with Goods

Services marketing typically refer to the marketing of both business to consumer (B2C) and business to business (B2B) services. Common examples of service marketing are found in telecommunications, air travel, health care, financial services, all types of hospitality services, car rental services, and professional services.

Service Sector

The services sector comprises a wide array of industries that sell to individual consumers and business customers, as well as to government agencies and nonprofit organizations. Services make up the bulk of the economy in postindustrial societies and account for most of the growth in new jobs. Unless a person is already predestined for a career in family manufacturing or agricultural business, the probability is high that they will spend their working life in service organizations.

History

Service marketing is a relatively new phenomenon in the domain of marketing. It gained importance as a discipline towards the end of the 20th century. Services marketing first came into force in the 1980s when there was debate of whether the marketing of services was significantly different from that of products, and whether it should be classified as a separate discipline. Prior to this, services were considered as an aid to the production and marketing of goods, and were not deemed as having separate relevance on their own.

The 1980s saw a shift in this thinking. As the service sector started to grow in importance in postindustrial societies and emerged as a significant employer and contributor to those nations' GDPs, academia and marketing practitioners began to look at the marketing of services in a new light. Empirical research was conducted which brought to light the specific distinguishing characteristics of services.

By the mid1990s, service marketing was firmly entrenched as a significant sub discipline of marketing with its own empirical research and data, growing significance in the increasingly service sector dominated economies of the new millennium. New areas of study in the field opened up and were the subject of extensive empirical research. This gave rise to concepts such as the product service spectrum, relationship marketing, franchising of services, customer retention, and others.

The 7 P's of Services Marketing

The first four elements in the services marketing mix are the same as those in the traditional marketing mix. However, given the unique nature of services, the implications of these are slightly different in case of services.

Product - In case of services, the 'product' is intangible, heterogeneous and perishable. Moreover, its production and consumption are inseparable. Hence, there is scope for customizing the offering

as per customer requirements and the actual customer encounter therefore assumes particular significance. However, too much customization would compromise the standard delivery of the service and adversely affect its quality. Care has to be taken in designing the service offering.

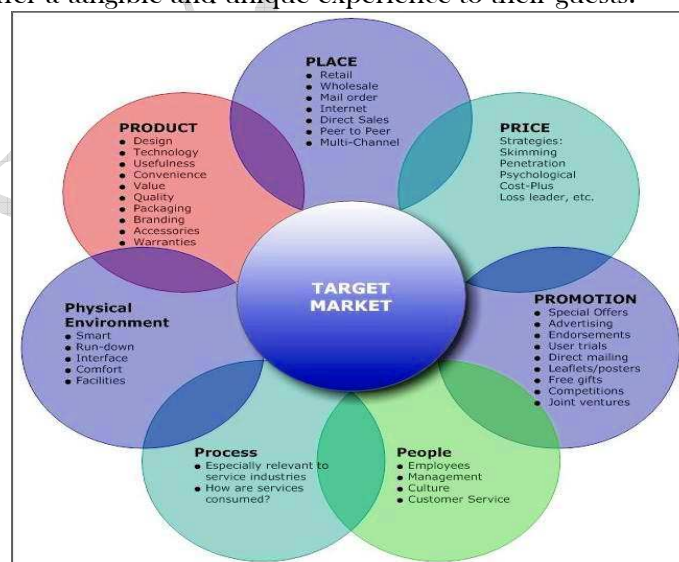
Pricing - Pricing of services is tougher than pricing of goods. While the latter can be priced easily by taking into account the raw materials provided. The final price for the service is arrived at by including a markup for an adequate profit margin.

Promotion - Since a service offering can be easily replicated, promotion becomes crucial in differentiating a service offering in the mind of the consumer. Thus, service providers offering identical services such as airlines or banks and insurance companies invest heavily in advertising their services. This is crucial in attracting customers in a segment where the services providers have nearly identical offerings.

People - People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Thus, a restaurant is known as much for its food as for the service provided by its staff. The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organizations today.

Process - The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Therefore, most companies have a service blueprint which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.

Physical Evidence - Since services are intangible in nature, most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience. Many hair salons invest in comfortable and stylish sitting areas with magazines and plush sofas for patrons to read and relax while they wait. Similarly, many restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests.



The ways in which local housing markets operate are closely related to the quality of basic services. Such services are essential for healthy human settlements, and many services demand a complex

infrastructure designed for peak loads, which often leads to high indivisible investments. Furthermore, these services are public service that is they should be available to every citizen. This, however, does not necessarily imply that such services should be supplied by a public agency. Private firms undertake the provision of basic services in many countries under regulatory frameworks created by central and local governments, through the enabling strategies already highlighted. The supply of basic services is an important part of land development, and supply gaps may cause inefficiencies in urban land markets. Local authorities are often under pressure to supply infrastructure to all newly developing areas, yet meeting all demands at the same time may be impossible, necessitating an incremental approach.

The difference between goods and services

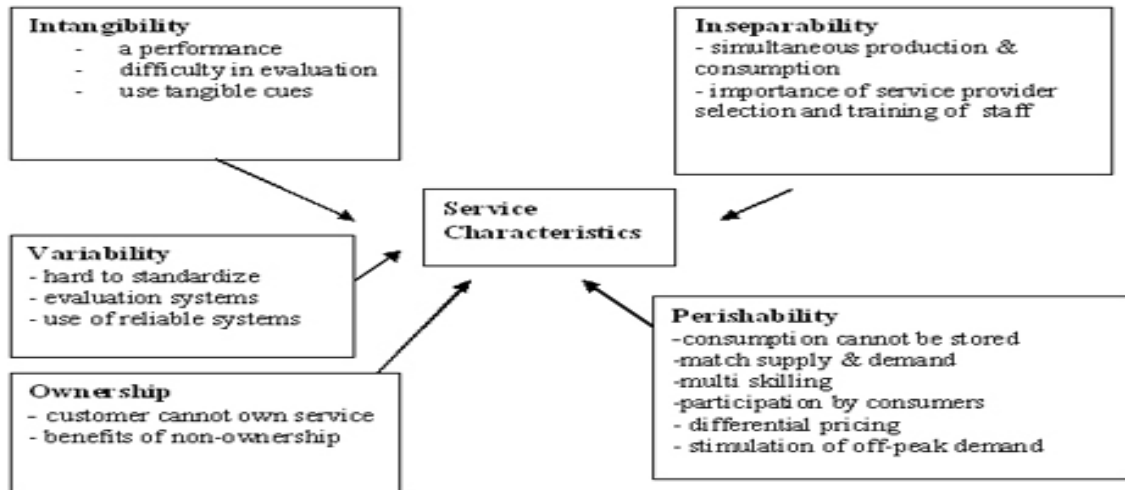
- ✓ Goods are tangible but services are intangible.
- ✓ The ownership rights of goods are transferable, but there is no ownership involved in services.
- ✓ Once goods are produced, their quality remains uniform, but the quality of service varies step to step (with the change in environmental conditions)
- ✓ Goods may be perishable or nonperishable, but they can be stored for a long time. Services can't be stored for a long time and they are only perishable.
- ✓ Goods are produced using raw material, but services are not produced using raw material. They are automatically formed with the change in environment.
- ✓ Services have ultimate and strong impact on demand for goods. But services have not ultimate effect on demand for goods, and if there is an impact, it will be negligible.

1.2. Service Characteristics

There are four unique characteristics that define the nature of a service. They are the following- service intangibility, service inseparability, service variability, and service perish ability.

- ✓ **Service intangibility** means that the service cannot be experienced before it is bought, and so, in order to make the service tangible, sellers show evidence of its quality. In the case of a popular Italian eatery in Los Angeles, the owner has placed signed photographs of celebrities that frequent and enjoy the cuisine that is offered by the restaurant. In that way, the perception of good taste and high standards that is projected by the celebrity endorsement shines a positive light on the menu and subsequent patronage of the customers.
- ✓ **Service inseparability** simply means that the provider and the buyer are intricately linked and must be present in order for the service to be rendered. In the case of a soda pop machine, the user interface, mechanical moving parts and soda transfer all are connected in order to deliver the product to the customer after they drop change into the coin slot. Without the machine, the soda cannot be obtained.
- ✓ **Service variability** is determined by the particular entity or circumstances surrounding the service. Let's take the example of a shoe shiner posted next to the restroom facilities of a casino at a hotel resort in Las Vegas. The shiner may be an older gentleman with a great deal of personal experience who is able to both shine the shoes and tell a great story at the same time. Thus, the value of being entertained is added to the value of the shoeshine. Meanwhile, a competitor at another casino may be a young recent immigrant who is unable to speak fluent English. Thus, quality of experience varies depending on which casino and shiner one chooses.

- ✓ **Service perish ability** describes the characteristic that services must be rendered on the spot and cannot be stocked for a later time. If one were to call a taxi cab to arrive and take one to the airport, one is by necessity obligated to be present to get inside the cab and ride to the airport. If one is not present, they cannot be taken to another location. When demand is inconsistent this would causes the taxi company to cut back on staff, equipment, and/or lower prices.



1.3. Growth and Career Opportunities

The services sector comprises a wide array of industries that sell to individual consumers and business customers, as well as to government agencies and nonprofit organizations. Services make up the bulk of the economy in postindustrial societies and account for most of the growth in new jobs. Unless a person is already predestined for a career in family manufacturing or agricultural business, the probability is high that they will spend their working life in service organizations.

The size of service sector is increasing in almost all economies around the world. As national economy develops, the relative share of employment among the agricultural industry, and the service industry change dramatically. Even in emerging economies, service output is growing rapidly and often repress

- ✓ **Ordering Ease-** Ordering ease refers to how easy it is for the customer to place an order with the company
- ✓ **Delivery Ease-** Delivery refers to how well the product or service is brought to the customer. It includes speed, accuracy, and care throughout the process.
- ✓ **Installation-** It refers to the work done to make a product or service operational in its planned location. Ease of installation becomes a true selling point, especially when the target market is technology novice.
- ✓ **Customer Training-** It refers to training the customer's employees to use the vendor's equipment properly and efficiently.