



**SLEZSKÁ
UNIVERZITA**

OBCHODNĚ PODNIKATELSKÁ
FAKULTA V KARVINĚ

Nature of services

Marketing of services



What we already know?

Marketing, value, need, wish, demand,
goods and services, marketing mix.



Type of products

Goods	Services
A physical commodity	A process or activity
Tangible	Intangible
Homogenous	Heterogeneous
Production and distribution are separated from the consumption	Production, distribution and consumption are simultaneous processes
Can be stored	Cannot be stored
Transfer of ownership is possible	Transfer of ownership is not possible



Examples

- Health care – hospital, medical practice, dentistry, eye care.
- Professional services – accounting, legal, architectural.
- Financial services – banking, investment advising, insurance.
- Hospitality – restaurant, hotel, bed & breakfast, ski resort, rafting.
- Travel – air lines, travel agencies, theme park
- Others – hair styling, pest control, lawn maintenance, counseling services.



What is marketing mix?

Old one: 4P – product, price, promotion, place

New one: 4C – customer, costs, communication,
convenience

Extension for services: processes, people, physical
evidence



NATURE OF SERVICES

- A service is a **process** consisting of a series of more or less **intangible** activities that normally, but not necessarily always, take place in **interactions** between the customer and service **employees** and/or physical resources or goods and/or system of the service provider, which are provided as **solutions** to customer problems.

(Grönroos, Ch. 2015. *Service management and marketing*)



Intangibility:

- Services are intangible and do not have a physical existence.
- Hence services cannot be touched, held, tasted or smelt.
- This is most defining feature of a service and that which primarily differentiates it from a product.
- Also, it poses a unique challenge to those engaged in marketing a service as they need to attach tangible attributes to an otherwise intangible offering.



Heterogeneity/Variability:

- Given the very nature of services, each service offering is unique and cannot be exactly repeated even by the same service provider.
- While products can be mass produced and be homogenous the same is not true of services. e.g.: All burgers of a particular flavor at McDonalds are almost identical.
- However, the same is not true of the service rendered by the same counter staff consecutively to two customers.



Perishability:

- Services cannot be stored, saved, returned or resold once they have been used.
- Once rendered to a customer the service is completely consumed and cannot be delivered to another customer.
e.g.: A customer dissatisfied with the services of a barber cannot return the service of the haircut that was rendered to him.
- At the most he may decide not to visit that particular barber in the future.



Inseparability

- This refers to the fact that services are generated and consumed within the same time frame. E.g.: a haircut is delivered to and consumed by a customer simultaneously unlike, say, a takeaway burger which the customer may consume even after a few hours of purchase.
- Moreover, it is very difficult to separate a service from the service provider. E.g.: the barber is necessarily a part of the service of a haircut that he is delivering to his customer.



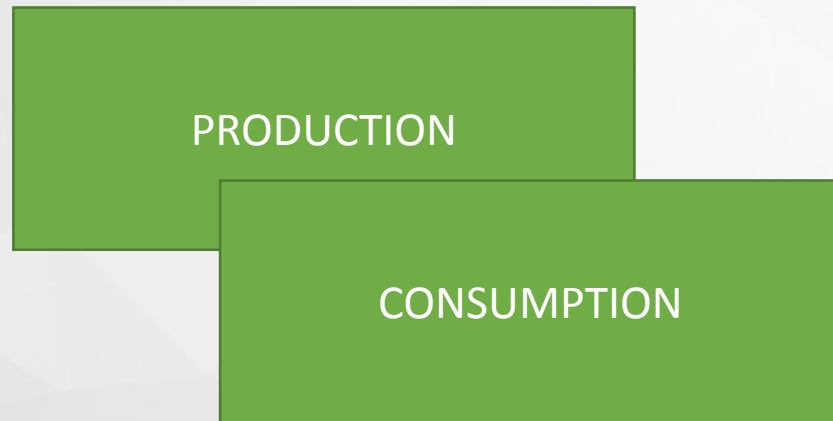
Extension for services: processes, people,
physical evidence



OUTCOME CONSUMPTION



PROCESS CONSUMPTION



What is the role of marketing in services?

- Matching the production (service) process with consumption process
- Result is that consumers perceive good service quality and value
- Than they are willing to continue the relationship with the service provider



What remains?

- Market research
- Pricing
- Advertising
- Marketing communication



What is new?

- Relationship management
- Customer processes analysis
- Customer databases
- Feedback



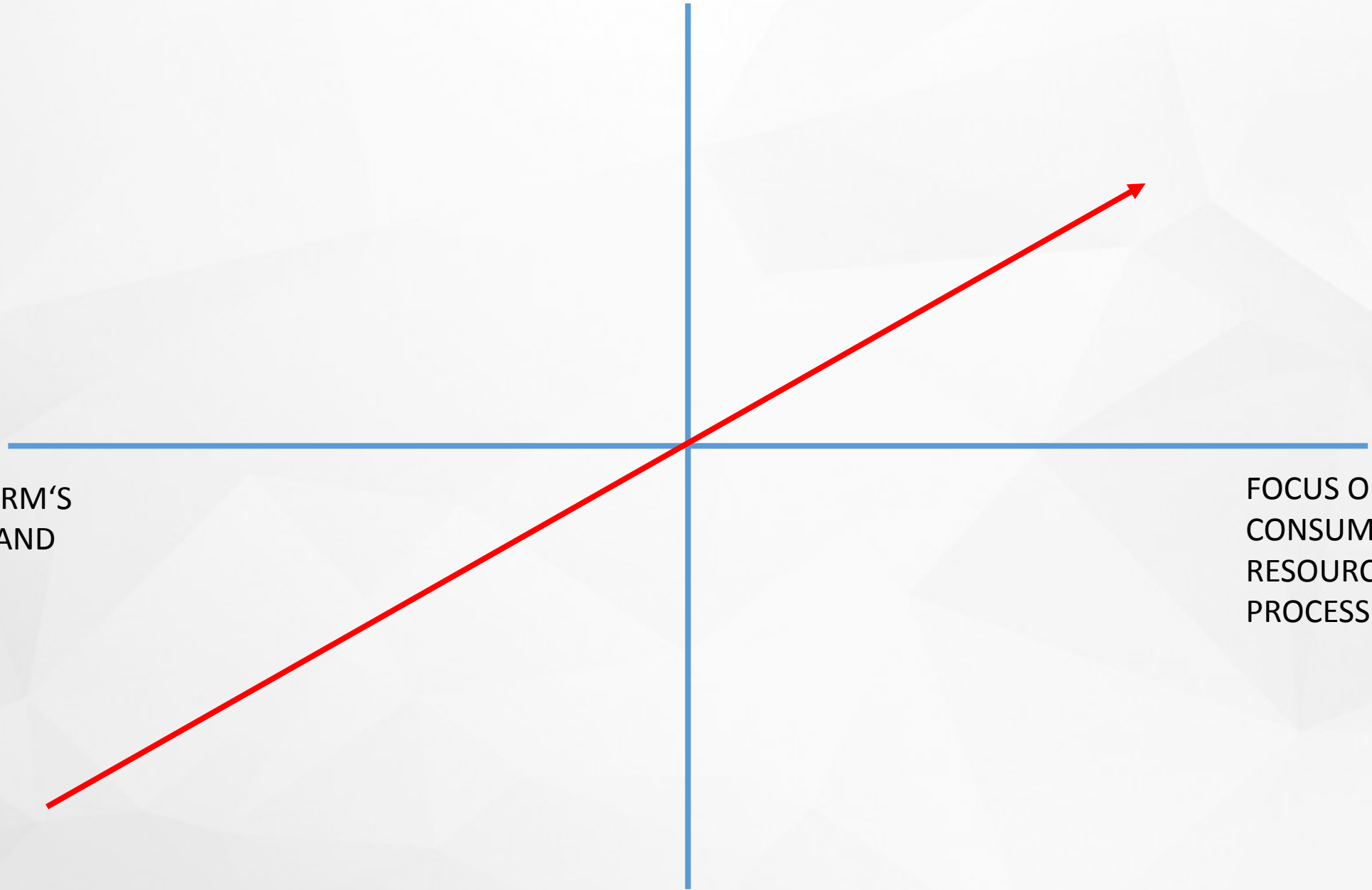
CASE STUDY

YOU ARE RICE MERCHANT IN CHINA COUNTRYSIDE

(Grönroos, Ch. 2015. *Service management and marketing*)



FOCUS ON REVENUE



FOCUS ON FIRM'S
RESOURCES AND
PROCESSES

FOCUS ON
CONSUMERS'
RESOURCES AND
PROCESSES

FOCUS ON COSTS



EXERCISE

**FIND OTHER EXAPMLES OF
PRODUCT-DOMINANT
INDUSTRIES, BUSINESSES AND
PROVIDERS!**



EXERCISE - HW

HOW CAN WE **TRANSFORM**
THEM?

