

SERVICES MARKETING

Structure of this lecture:

- Services marketing
 - What's the service?
 - Trends in services area
 - Types of service
 - Service characteristics
 - Service encounters
 - Services marketing types
 - Marketing mix „7P“
 - Quality of services - mystery shopping
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SERVICES MARKETING

- It is a part of marketing.
 - The services sector is remarkably diverse. It comprises a wide array of industries that sell to individual consumers and business customers, as well as to government agencies and nonprofit organizations.
 - The size of service sector is increasing in almost all economies around the world. Even in emerging economies, service output is growing rapidly.
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WHAT IS THE SERVICE?

- Physical goods X Services  **PRODUCT**
 - **A service is an intangible product involving a deed, performance or effort that cannot be stored or physically possessed.**
 - Services are economic activities offered by one party to another.
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TYPES OF SERVICE

- ❑ **Core Services:** A service that is the primary purpose of the transaction. E.g.: transport, universities, car rental, travel agencies, law offices, hairdresser's, taxi drivers, estate agency, restaurants, telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services, technical services based on knowledge and intangible expertise, ...
 - ❑ **Supplementary Services:** Services that are rendered as a corollary to the sale of a tangible product. E.g.: car, mobile phones, electrical appliances, ...
 - ❑ **Not all products are either pure goods or pure services.** An example would be a restaurant, where a waiter's service is intangible, but the food is tangible.
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SERVICES CHARACTERISTICS

- **INTANGIBLE** is the most characteristic attribute of services and from this one the other attributes are deduced. Pure service is not possible to assess by any physical sense – we can't look through it before the purchase and only in a few cases it's possible to try it.
 - **INSEPARABLE** means that producer of service and customer have to meet each other in place and time. Producer of service can be sometimes replaced by machine (cash dispenser, technological distribution).
 - **HETEROGENEOUS (variable)** In process of providing service there are present people. Their behaviour can't be always anticipated, in case of customers it is even more difficult to determinate specific norm of behaviour. It can happen that providing the same service is different, even in the same company.
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SERVICES CHARACTERISTICS

- **PERISHABLE (PASSING)** The characteristic of service intangibility leads up to the fact that services we can't store, sell again or return.
 - **IMPOSSIBILITY OF OWNERSHIP** A right to own goods passes to customer by goods purchase. In providing services customer doesn't acquire by exchange for his/her money any ownership. Customer buys only the right to provide a service.
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SERVICE ENCOUNTERS

- ❑ Originally, encounter was used to describe the personal interaction between a service provider and customers.
 - ❑ Currently, encounter means all interactions that occur through people and their equipment and machines with the people and equipment belonging to the service provides.
 - ❑ The actual trend is to move customers away **from hig-contact services into low-contact services** ⇒ ATM, internet (app) banking, vending machines, self-service or rapid checkout facilities in hotels, online ticket purchase, ...
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SERVICE ENCOUNTERS

HIGH-CONTACT SERVICES

Retail branch banking, education, ...

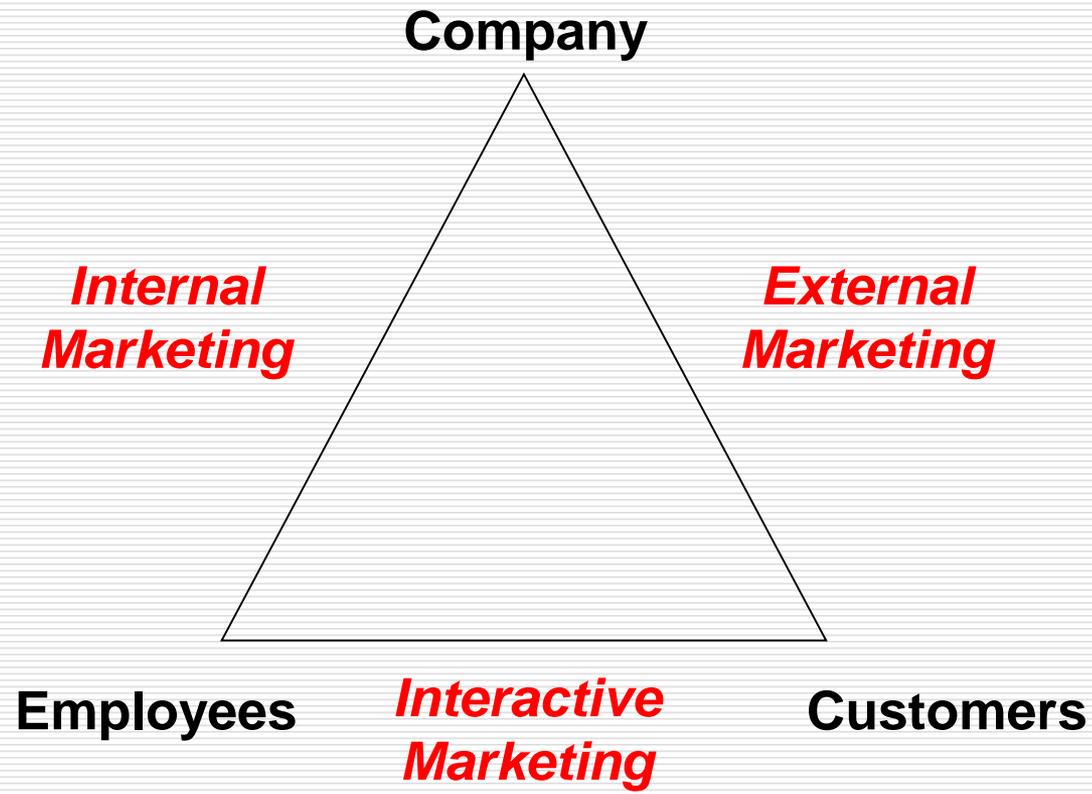
MEDIUM-CONTACT SERVICES

Consulting services, delivering and collecting items to be repaired, ...

LOW-CONTACT SERVICES

Software repairs, television or radio entertainment, ...

SERVICES MARKETING TYPES



EXTENDED MARKETING MIX „7P“

PRODUCT

PRICE

PLACE

PROMOTION

PEOPLE

PHYSICAL EVIDENCE

PROCESS

MARKETING MIX
„4P“

EXTENDED MARKETING MIX

„7P“

- **PEOPLE:** Without efficient and motivated staff, service organizations will lose customers. An important marketing task, then is to set standards to improve the quality of service provided by employees and monitor their performance.
 - **PHYSICAL EVIDENCE:** Physical evidence is the environment in which the service is delivered, and any tangible goods that facilitate the performance and communication of the service. Physical evidence is divided into two basic parts: exterior and interior.
 - **PROCESS:** Process is the procedures, mechanisms and flow of activities by which a service is acquired.
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QUALITY OF SERVICES - MYSTERY SHOPPING

- ❑ **Mystery shopping** or a **mystery consumer** is a tool of market research to measure a quality of service.
 - ❑ Mystery shoppers perform specific tasks such as purchasing a product, asking questions, registering complaints or behaving in a certain way, and then provide detailed reports or feedback about their experiences.
 - ❑ Tools used for mystery shopping assessments range from simple questionnaires to complete audio and video recordings.
 - ❑ Mystery shopping can be used in any industry, the most common are retail stores, hotels, movie theaters, restaurants, fast food chains, banks, gas stations, apartments, health clubs and health care facilities, ...
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