

JAMAL MOHAMED COLLEGE (Autonomous)

**Accredited (3rdCycle) with 'A' Grade by NAAC
(Affiliated to Bharathidasan University)**

Tiruchirappalli - 620 020

PG & RESEARCH DEPARTMENT OF COMMERCE (SF-MEN)



SERVICES MARKETING (20UCO4GE2)

GENERIC ELECTIVE - II



SINCE 1951

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Generic Elective - II SERVICES MARKETING (20UCO4GE2)

Course Outcomes

At the end of this course, the students will be able to

1. Build an understanding of the marketing challenges for service businesses and their similarity and differences from goods/manufacturing businesses.
2. Provide a theoretical basis for assessing service performance using company examples and report on this in a professional and logical way.
3. Identify the major elements needed to improve the marketing of services.
4. Identify and discuss characteristics and challenges of managing service firms in the modern world including cultural implications.
5. Understand the process and develop skills to evaluate the customer experience and service quality of an organization and develop solutions designed to build competitive advantage.

UNIT- I

Services Marketing: Meaning and Definition - Characteristics - Evolution and Growth of Service Sector - Classification of Services - Difference between goods and services.

UNIT - II

Service Marketing Mix - Meaning - Features - Various Elements: Product - Price - Promotion - Place - People - Physical Evidence - Process.

UNIT - III

Pricing of Services – Meaning- Objectives - Factors affecting Pricing of Services - Approaches to Pricing Services.

UNIT - IV

Marketing of Services - Banking - Insurance - Health Services - Tourism - Professional Services - Telecommunication Services.

UNIT - V

Quality of Services - Meaning - Dimensions of Service Quality - Measurement of Service Quality - Service Quality Management.

Text Books:

1. S.M. Jha - Services Marketing, Himalaya Publishing House, Mumbai 2008
2. Vasanti Venugopal and Raghu V.N. – Services Marketing, Himalaya Publishing House, Mumbai 2019.

Books for References:

1. Christopher Lovelock – Services Marketing, 4th Ed, Pearson Education, 2010
2. E. G. Bateson – Managing Services Marketing – Text & Readings, Dryden Press, 2011
3. Philip Kotler & Paul N. Bloom, Marketing Professional Services, Prentice Hall, New Jersey 2007.
4. Payne, The Essence of Services Marketing, New Delhi, Prentice Hall, 2001.
5. Helen Wood Ruffe – Services Marketing, Macmillan India, New Delhi, 2008

UNIT- I : Services Marketing: Meaning and Definition - Characteristics - Evolution and Growth of Service Sector - Classification of Services - Difference between goods and services.

INTRODUCTION TO SERVICE MARKETING

The world economy nowadays is increasingly characterized as a service economy. This is primarily due to the increasing importance and share of the service sector in the economies of most developed and developing countries. In fact, the growth of the service sector has long been considered as indicative of a country's economic progress. Economic history tells us that all developing nations have invariably experienced a shift from agriculture to industry and then to the service sector as the main stay of the economy. This shift has also brought about a change in the definition of goods and services themselves. No longer are goods considered separate from services. Rather, services now increasingly represent an integral part of the product and this interconnectedness of goods and services is represented on a goods-services continuum.

Meaning of Services

Service as any primary or complimentary activity that does not directly produce a physical product that is the non goods of transaction between customer and service provider

Definition of Services

According to American Marketing Association services are defined as “activities, benefits or satisfactions which are offered for sale or provided in connection with the sale of goods.”

According to Philip Kotler and Bloom services is defined as “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.”

“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

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 organizational 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 organization to expand its market by delivering the best possible services.

Services 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.

There are several major differences, including:

1. The buyer purchases are intangible
2. The service may be based on the reputation of a single person
3. It's more difficult to compare the quality of similar services
4. The buyer cannot return the service
5. Service Marketing mix adds 3 more p's, i.e. people, physical environment, process service and follow-through are keys to a successful venture.

Characteristics of Services:

1. 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.

2. 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. eg: 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.

3. 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. eg: 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.

4. Inseparability/Simultaneity of production and consumption:

This refers to the fact that services are generated and consumed within the same time frame. Eg: 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. Eg: the barber is necessarily a part of the service of a haircut that he is delivering to his customer.

5. Lack of Transportability:

Services tend to be consumed at the point of “production” (although this doesn’t apply to outsourced business services).

6. Lack of Homogeneity:

Services are typically modified for each client or each new situation. Mass production of services is very difficult. This can be seen as a problem of inconsistent quality. Both inputs and outputs to the processes involved providing services are highly variable, as are the relationships between these processes, making it difficult to maintain consistent quality.

Types of Services

Professional service :

Professional service firms may service the business market, the private individual or may serve both market segment. professional service are characterized by the following; advisory and problem solving, provided by a qualified professional known for their specialty, include an assignment requested by the client, provided by a professional who is independent and not connected with other suppliers, supervised by professional associations which attempt to defined the nature if profession to lay down requirements of competence ,to control the practice of the practice of the profession and to enforce a code of consultancy , engineering architectural and interior design, legal and medical to which may be added other agencies and broken, such as estate agents, stock and insurance brokers and market research agencies.

Consumer service:

Those firms which tend to be non professional again may either be in business to business market ,or be consumer oriented .those service which may be included in former category can include office catering service , cleaning services et,. Those service firms which may be in the latter category are the ones which the consumer is more acquainted with , such as holiday tour companies fast food outlets or entertainment companies.

Reasons for Growth in Service Sector

Growth in the service sector all over the world .the trends indicate that the future belongs to the service.

Demography:

The study of population reveals a general increase in the world population ,high birth rate has given scope for childcare centers, education institutions etc. As the baby

boom generation began entering its years of prime capacity in late eighties, it become a prime target for a variety of services –fast food entertainment etc.,

Economic:

The growth of corporate sector and stock market is usually an indicator of growth of an economy. With an overall economic liberalization, resource mobilization through capital market has reached unprecedented heights. The growth of large firms has brought about greater dependence on special service provides like market research and advertising agencies.

Political and Legal:

De- regularization has opened many service industries (airlines, banking)to more intense competition generating greater innovation and expansion. At the same time, many countries continue to strengthen consumer protection laws to improve public security and to protect the environment.

The increase in government interaction in the trade sector has increased trade relationships between nations leading to development of tourism and hotel industry. Trading blocks such as North America Free agreement (NAFTA),European Common Market, association of South East Asian Nation (ASEAN),South Asia Association for Regional Co- operation (SAARAC)

Social:

The increase in single person household, smaller families and working women mean more discretionary income , more time for travel and entertainment and also need for child care services. Changing life styles of the masses due to culture exchange and communication networks has resulted in continued emphasis on services.

Technological:

Recent development in computer science and information technology have brought about convergence of various technologies like telecommunication , entertainment and data transmission . The influence of internet has resulted in increasing mobility of educated labour force among countries, and paradigm shift in many service industries like Travel, Banking, Education, Financial, Services, Insurance etc.,

Classification of Services

Basis	Service Ontology For Service Bundling	Economic Service Classifications
Function	Combine services into groups	Divide whole spectrum of existing services into smaller groups
Grouping Rules	Company- and domain-specific business rules	Global rules (hold for the whole service industry)
Nature of Grouping Rules	Any type of dependency between services (e.g. difference, similarity)	Classification criteria that differentiate one service from another
Abstraction Level of Reasoning	Instances of services (e.g., ABN-Amro private unemployment insurance)	Abstract classes of services (e.g., insurance services)

Growth of Service Sector in India

The Indian services sector was the largest recipient of FDI inflows worth US\$ 96.76 billion between April 2000-June 2022. The services sector is not only the dominant sector in India's GDP, but has also attracted significant foreign investment, has contributed significantly to export and has provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

The services sector is a key driver of India's economic growth. The sector contributed 55.39% to India's Gross Value Added at current price in FY20. GVA at basic prices at current prices in the second quarter of 2020-21 is estimated at Rs. 42.80 lakh crore (US\$ 580.80 billion), against Rs. 44.66 lakh crore (US\$ 633.57 billion) in the second quarter of 2019-20, showing a contraction of 4.2%. According to RBI, in February 2021, service exports stood at US\$ 21.17 billion, while imports stood at US\$ 10.61 billion.

The India Services Business Activity Index/Nikkei/IHS Markit Services Purchasing Managers' Index fell to 54 in April 2021, from 54.6 in March 2021, due to pandemic-induced constraints in business activities and weakened sentiments towards growth prospects.

Difference Between Goods and Services

Basis	Goods	Services
Tangibility	Goods are tangible in nature. They can be touched and hold	Services are intangible in nature. They cannot be touched or hold.
Reparability	Function of distribution and consumption of goods can be separated from the function of production	Services are inseparable in nature. Production, distribution, and Consumption of service take place simultaneously.
Ownership	Goods can be owned.	Services cannot be owned. They can be hired for a specific time period.
Perish-ability	Goods can be stored for future use.	Services get perished after a specific time period. It cannot be stored for future use.
Heterogeneity	Goods are less heterogeneous. It is possible to make each goods identical.	Services are more heterogeneous. It is very difficult to make each service identical.

