SERVICES MARKETING

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Service Marketing Mix (Meaning)

The service marketing mix is a combination of the different elements of services marketing that companies use to communicate their organizational and brand message to customers. The mix consists of the seven P's i.e. Product, Pricing, Place, Promotion, People, Process and Physical Evidence.

Features of Service Marketing Mix

Intangibility

Intangibility is an important consideration that complicates the functional responsibility of a marketing manager, especially while influencing and motivating the prospects/customers.

Heterogeneity

The goods if not sold today can be stored, preserved for further selling. Thus, the risk element is here in a different form. But in the context of services, if we fail to sell the services, it is lost only not for today but even for the future.

Simultaneity

This is also a feature that complicates the task of professionals while marketing the services. The inseparability focuses on the fact that the services are not of separable nature. Generally, the services are created and supplied simultaneously. Like the dancers, musicians, dentists and other professionals create and offer services at the same time.

Quality Measurement

The quality of services can’t be standardized. The prices charged may be too high or too low. In the case of entertainment and sports, we find the same thing.

Nature of Demand

The goods sold are transferred from one place to another, the ownership is also transferred and this provides to the buyers an opportunity to resell. In the case of services, we don't find the same thing. The users have just an access to the service.

Simultaneity

Services can't be delivered to customers or users. Services don't move through the channel of distribution. For availing the services, it is essential that the users are brought to the providers or the providers go to the users.

Quality Measurement

The quality of service requires another tool for measurement. We can't measure it in terms of service level. It is very difficult to rate or quantify the total purchase.

Various Elements of Service Marketing Mix

Seven elements used in marketing mix for service are as follows: (1) Product (2) Price (3) Place (4) Promotion (5) People (6) Physical evidence (7) Process.

Table 2.1 : EXPANDED MARKETING MIX FOR SERVICES

Product	Place	Promotion	Price	People	Physical evidence	Process
• Physical good features • Quality level • Accessories • Packaging • Warranties • Product lines • Branding • Service lines • After sales service	• Channel type • Exposure • Intermediaries • Outlet locations • Transportation • Storage • Managing channels • Accessibility • Coverage	• Promotion blend • Salespeople Number Selection Training Incentives • Advertising Targets Media types Type of ads Copy thrust • Sales promotion • Public Relations • Publicity	• Flexibility • Price level • Terms • Differentiation • Discounts • Allowances • Commissions • Perceived value	• Employees Recruiting Training Motivation Rewards Teamwork • Customers Education Training • Communicating culture and Values • Employees research • Attitudes	• Facility design Aesthetics Functionality Ambient conditions • Equipment • Signage • Employee dress • Reports • Business Cards • Statements • Guarantees • Furnishing • Colour • Layout • Noise level	• Flow of activities Standardardized Customized • Number of steps Simple Complex • Level of custome involvement • Policies • Procedures • Employee discreti • Customer Involvement

Marketing Mix:

1. Product:

The service product requires consideration of the range of services provided, the quality of services provided and the level of services provided. Attention will also need to be given to matters like the use of branding, warranties and after-sale service.

2. Price:

Price considerations include levels of prices, discounts allowances and commissions, terms of payment and credit. Price may also pay a part in differentiating one service from another and therefore the customers perceptions of value obtained from a service and the interaction of price and quality are important considerations in many service price sub mixes.

3. Place:

The location of the service providers and their accessibility are important factors in services marketing. Accessibility relates not just to physical accessibility but to other means of communication and contact. Thus the types of distribution channels used (e.g. travel agents) and their coverage is linked to the crucial issue of service accessibility.

4. Promotion:

Promotion includes the various methods of communicating with markets whether through advertising, personal selling activities, sales promotion activities and other direct forms of publicity, and indirect forms of communication like public relations.

5. People:

All human actors who play a part in service delivery and thus influence the buyer's perceptions: namely, the firm's personnel, the customer, and other customers in the service environment. All of the human actors participating in the delivery of a service provide cues to the customer regarding the nature of the service itself.

6. Physical Evidence:

The environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service. The physical evidence of service includes all of the tangible representations of the services – such as brochures, letterhead, business cards, report formats, signage, and equipment.

7. Process:

The actual procedures, mechanism and flow of activities by which, the service is delivered the service delivery and operating systems. The actual delivery steps the customer experiences, or the operational flow of the service, will also provide customers with evidence on which to judge the service.

Pricing of services (meaning)

According to one of the leading experts or pricing, most service organization use a “naive and unsophisticated approach to pricing without regard to underlying shift in demand, the rate that supply can be expanded, price of available substitute, consideration of the price — volume relationship, or the availability of future substitution”.

Pricing of services objectives

1. Profits-related Objectives:

Profit has remained a dominant objective of business activities.

Company’s pricing policies and strategies are aimed at following profits-related objectives:

i. Maximum Current Profit

ii. Target Return on Investment

(1) fixed percentage of sales,

(2) Return on investment, or

(3) A fixed rupee amount.

2. Sales-related Objectives

i. Sales Growth

ii. Target Market Share

iii. Increase in Market Share

3. Competition-related Objectives:

Competition is a powerful factor affecting marketing performance. Every company tries to react to the competitors by appropriate business strategies.

i. To Face Competition

ii. To Keep Competitors Away

iii. To Achieve Quality Leadership by Pricing

iv. To Remove Competitors from the Market

4. Customer-related Objectives:

Customers are in center of every marketing decision.

i. To Win Confidence of Customers

ii. To Satisfy Customers

5. Other Objectives

i. Market Penetration

ii. Promoting a New Product

iii. Maintaining Image and Reputation in the Market

iv. To Skim the Cream from the Market

v. Price Stability

Factors Affecting Pricing of a Product or Service

Product cost

Cost of a product or service is one of the most important factors which affect the price of the product or service.

The utility and demand

The cost of the product helps the producer to fix the lower limit of the price. The demand of the product will help in fixing the higher limit of the price. The higher limit of the price means that the price cannot exceed the demand of the product.

Government and legal regulations

Many a times, to protect the interest of the consumers, the government needs to intervene in fixing the price limit. There are certain products which can be considered essential and their price should be as low as possible so that the consumers can buy them.

Pricing objectives

Depending on the organizational objective the price may be fixed. There can be two types of objectives, such as, getting increased market share for the product or survive in this competitive market.

Marketing methods used

Other element in the marketing mix such as branding, packaging, channel of distribution used, the promotional schemes used etc. will also affect the price of the product. Along with the elements mentioned above, uniqueness of the product is also an element which gives a organization a leverage to fix a little higher price.

Approaches to Pricing Services

General approaches to pricing are of Four types;

1. Competitive Pricing

If you are in the business of selling readily-available products, then pricing that is similar to your competitors can be an option. It is always a good idea to distinguish your business on something other than a competitive price, in case you cannot maintain the volume a vendor requires, or if costs spike suddenly.

2. Cost-Plus Pricing

In terms of small businesses, Cost-plus Pricing is often used when the manufacturer or creator of a product also sells at retail. Cost-plus is adding the materials, labor and overhead to a set profit margin to determine the final or total cost of the product.

3. Markup Pricing

Markup Pricing can be considered a variation on Competitive Pricing. This method is when a set percentage, the markup, is added to the wholesale product cost. It may vary by product or category.

4. Demand Pricing

Demand pricing is a more risky and complicated method sometimes known as customer-based pricing. In this method, a retailer is using his or her knowledge of consumer demand and perceived value to create the maximum price that someone might be willing to pay.