

SERVICES AND FINANCIAL SERVICES MARKETING

Session-1: Introduction to Services



By:

Dr. Sabyasachi Dey

Assistant Professor

Centurion University of Technology and Management, Odisha

DEFINITION



- Service is a “deed, a performance, an effort” (Rathmell, 1966).
- It is intangible.
- It doesn’t result in ownership.
- It may or may not be attached with a physical product.
- Examples- Financial planner, Doctor, Lawyer etc.

EXAMPLES OF SERVICE INDUSTRIES



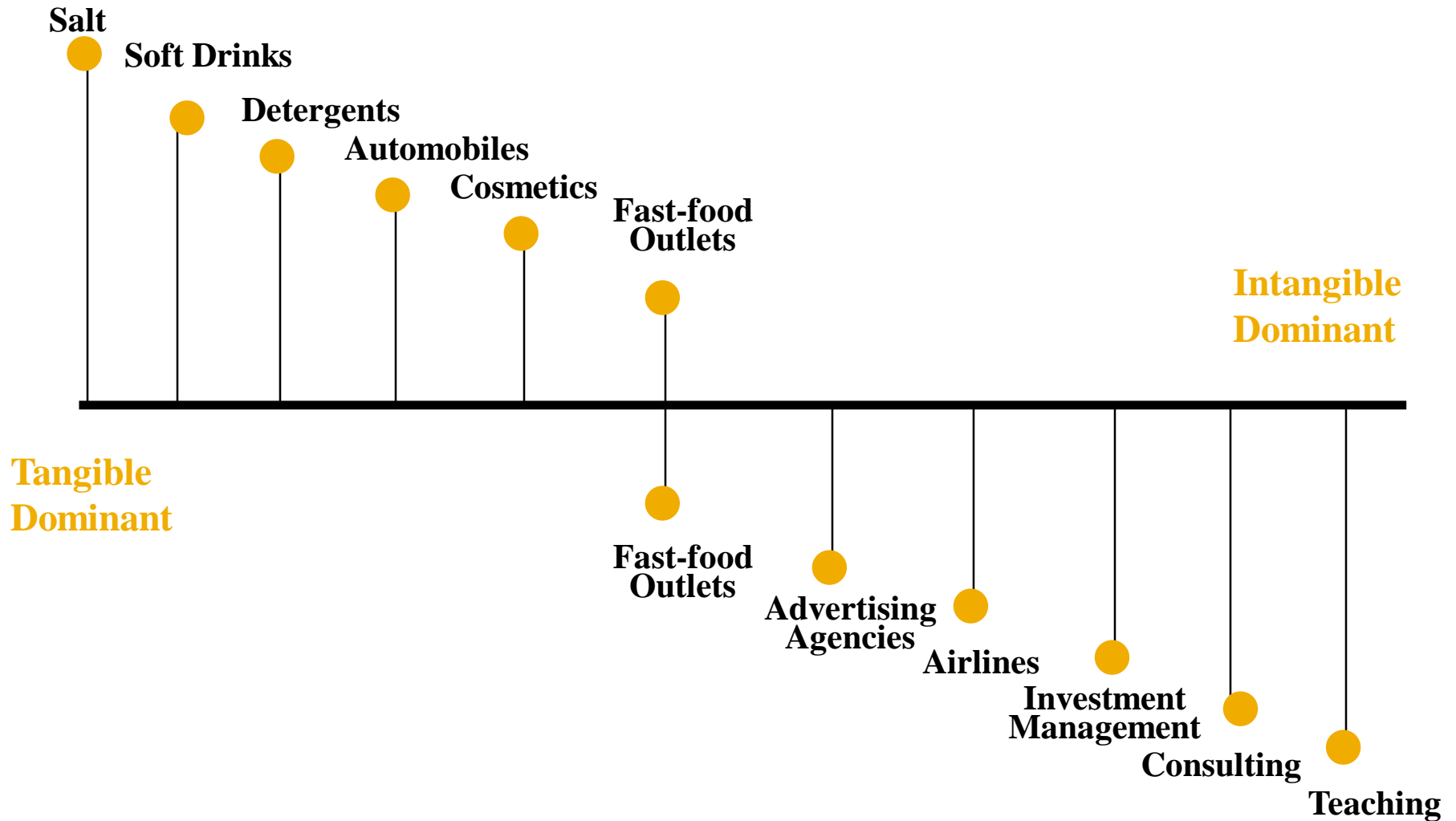
- **Health Care**
 - hospital, medical practice, dentistry, eye care
- **Professional Services**
 - accounting, legal, architectural, IT
- **Financial Services**
 - banking, investment advising, insurance
- **Hospitality**
 - restaurant, hotel/motel, resorts
- **Travel**
 - airlines, cruise, travel agencies
- **Others:**
 - hair styling, pest control, plumbing, lawn maintenance, counseling services, health club

SERVICE SECTOR IN INDIA



Industry wise Sector Contribution to GDP & Employment (in bracket figures)	India	USA	China
Agriculture and Allied	15.4% (53%)	8% (2%)	7% (26%)
Manufacturing and Industry	23% (22%)	12% (19%)	40% (28%)
Services* (*IT contributes the majority)	61.6% (25%)	80% (79%)	53% (46%)

TANGIBILITY SPECTRUM



GOODS VS SERVICES



Goods	Services	Resulting Implications
Tangible	Intangible	Services cannot be inventoried. Services cannot be patented. Services cannot be readily displayed or communicated. Pricing is difficult.
Standardized	Heterogeneous	Service delivery and customer satisfaction depend on employee actions. Service quality depends on many uncontrollable factors. There is no sure knowledge that the service delivered matches what was planned and promoted.
Production separate from consumption	Simultaneous production and consumption	Customers participate in and affect the transaction. Customers affect each other. Employees affect the service outcome. Decentralization may be essential. Mass production is difficult.
Nonperishable	Perishable	It is difficult to synchronize supply and demand with services. Services cannot be returned or resold.

CHARACTERISTICS OF SERVICES



- Intangibility
- Heterogeneity
- Inseparability
- Perishability

THE THREE ADDITIONAL 'P'S OF SERVICE MARKETING



- People
- Physical evidence
- Process

QUALITIES OF SERVICES



- Search qualities
- Experience qualities
- Credence qualities

MOMENTS OF TRUTH



- It is the customer – service encounter.
- Every positive or negative experience of the consumer would have an impact on the overall service experience.

In services, the last experience remains uppermost in your mind. Therefore, it is not enough to be good, you have to be consistently good.

MARKETING CHALLENGES CAUSED BY INTANGIBILITY



- Services cannot be stored.
- Services cannot be protected through patents.
- Hard to explain and display Services if you can't see them.
- Prices are difficult to set - depends on customers expectations.

INTANGIBILITY: MARKETING STRATEGIES



- Stress tangible cues, eg. “the power of the pyramid”- shape of Transamericas office building.
- Focus on the service’s benefits and satisfaction.
- Use word-of-mouth
- Contacting customers after they buy to stimulate continued enthusiasm and hope they “talk it up”.
- Visualization of service.

MARKETING PROBLEMS CAUSED BY HETEROGENEITY



- **It is very difficult to standardize services and to have quality control!**
- Eg. A machine can make ice cream cones a standard size 100% of the time.
- A person filling an ice cream cone with a scoop cannot do the same amount each time, unless you use a machine to dispense the ice cream.

HETEROGENEITY: MARKETING STRATEGIES



- Customise the service

Disadvantage:

- the customers may not be willing to pay more
- time issue

- Standardize the service

- intensive training to personnel
- substitution of human labor to machines (ATM)

MARKETING PROBLEMS CAUSED BY INSEPARABILITY



- Many people involved in delivering a service
- Service provider must be physically present to deliver service.
- Customer is involved in the production process
eg A university class.
- Involvement of other customers in the production process eg. Smokers violating space of non smokers in restaurants.
- Mass production of services is hard to do.

INSEPARABILITY: MARKETING STRATEGIES



- The service organization must select and train their employees well.
- They must have many locations so that customers can get to them, and they can manage local specialities.
Ex KFC
- Consumer management
ie. Home delivery

MARKETING PROBLEMS CAUSED BY PERISHABILITY



- Demand fluctuates and changes, so it becomes difficult to match demand and supply.
- eg. Place in the restaurant at noon can not be stored to be used in the evening.

PERISHABILITY : DEMAND STRATEGIES



- Creative pricing eg. Pop Tate's Happy hours
- Reservation systems
- Development of complementary services
eg. Newspapers or TV in waiting rooms
- Development of nonpeak demand
eg. Employees crosstrained to serve other customer segments as Mcdonalds breakfast.

PERISHABILITY : SUPPLY STRATEGIES



- Capacity sharing eg. Hospital's cabin allotted to another patient when the first patient gets shifted to ICU after a surgery.
- Prepare in advance for future expansion.
- Utilization of third parties for eg. Travel agents, OYO, Swiggy, Zomato etc



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