

B.com 6th semester

Marketing of services

Unit – 2

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.

The marketing concept dictates that marketing decisions should be based upon customer needs and wants. Buyers purchase goods and services to satisfy their needs and wants. Thus when a buyer engages in a market transaction he perceives a bundle of benefits and satisfactions to be derived from that transaction. However he does not usually divide the market offering into its component parts.

From the sellers' view point however the market offering can be divided into its component parts. The marketing mix is the convenient means of organizing all the variables controlled by the marketer that influence transactions in the marketplace. It is a 'checklist approach' where marketer's attempt to list and organize the variables under their control which may be important in influencing transactions in the market place

The formulation process of marketing mixes in services markets is much the same as in other types of markets typically this involves:

- (a) Separating the offering into its components or sub mixes;
- (b) Coordinating the sub mixes into the marketing mix.

The specific marketing mix adopted by a particular organization will of course vary according to circumstances (e.g. level of demand, range of service being offered). The marketing mix process then is a constant one of fashioning and reshaping the component elements in response to changing market circumstances and needs.

Inevitably there is much overlap and interaction between the various components of a marketing mix. Decisions cannot be made on one component of the mix without considering their impact upon the other components.

Also the precise elements and their importance within any marketing mix at any point in time will vary. The outline that follows therefore indicates some of the key areas to which marketing managers need to devote their attention in formulating their marketing mixes

for services markets. It is illustrative not comprehensive. Service organizations will almost certainly need to adapt it in their strategy planning.

Table 2.1 : EXPANDED MARKETING MIX FOR SERVICES

Product	Place	Promotion	Price	People	Physical evidence	Process
<ul style="list-style-type: none"> Physical good features Quality level Accessories Packaging Warranties Product lines Branding Service lines After sales service 	<ul style="list-style-type: none"> Channel type Exposure Intermediaries Outlet locations Transportation Storage Managing channels Accessibility Coverage 	<ul style="list-style-type: none"> Promotion blend Salespeople Number Selection Training Incentives Advertising Targets Media types Type of ads Copy thrust Sales promotion Public Relations Publicity 	<ul style="list-style-type: none"> Flexibility Price level Terms Differentiation Discounts Allowances Commissions Perceived value 	<ul style="list-style-type: none"> Employees Recruiting Training Motivation Rewards Teamwork Customers Education Training Communicating culture and Values Employees research Attitudes 	<ul style="list-style-type: none"> Facility design Aesthetics Functionality Ambient conditions Equipment Signage Employee dress Reports Business Cards Statements Guarantees Furnishing Colour Layout Noise level 	<ul style="list-style-type: none"> Flow of activities Standardized Customized Number of steps Simple Complex Level of customer involvement Policies Procedures Employee discretion 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. The service product mix of such elements can vary considerably and may be seen in comparisons of service range between a small local building society and one of the largest in the country; or between a small hotel offering a limited menu range and a four star hotel offering a wide range of meals.

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.

Expanded mix for services:

Because services are usually produced and consumed simultaneously, customers are often present in the firm's factory, interact directly with the firm's personnel, and are actually part of the service production process. Also, because services are intangible customers will often be looking for any tangible cue to help them understand the nature of the service experience.

These facts have led services marketers to conclude that they can use additional variables to communicate with and satisfy their customers. For example, in the hotel industry the design and decor of the hotel as well as the appearance and attitudes of its employees will influence customer perceptions and experience.

Acknowledgment of the importance of these additional communication variables has led services marketers to adopt the concept of an expanded marketing mix for services shown in the three remaining columns in Table 2.1. In addition to the traditional four Ps, the services marketing mix includes people, physical evidence, and process.

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. How these people are dressed, their personal appearance their attitudes and behaviors all influence the costumers perceptions of the service.

The service provider or contact person can be very important. In fact, for some services, such as consulting, counselling, teaching, and other professional relationship – based services, the provider is the services. In other cases the contact person may play what appears to be a relatively small part in service delivery, for instance, a telephone installer, an airline baggage handler, or an equipment delivery dispatcher. Yet research suggests that even these providers may be the focal point of service encounters that can prove critical for the organization.

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. In some cases it includes the physical facility where the service is offered, for example, the retail bank branch facility.

In other cases, such as telecommunication services, the physical facility maybe irrelevant..In this case other tangibles such as billing statements and appearance of the repair truck may be important indicators of quality. Especially when consumers have little on which to judge the actual quality of service they will rely on these cues just as they rely on the cues provided by the people and the service process. Physical evidence cues provide excellent opportunities for the firm to send consistent and strong messages regarding the organization's purpose, the intended market segments, and the nature of the service.

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.

Some services are very complex, requiring the customer to follow a complicated and extensive series of actions to complete the process. Highly bureaucratized services frequently follow this pattern, and the logic of the steps involved often escapes the customer.

Another distinguishing characteristic of the process that can provide evidence to the customer is whether the service follows a production-line/standardized approach or whether the process is an empowered/customized one. None of these characteristics of the service is inherently better or worse than another.

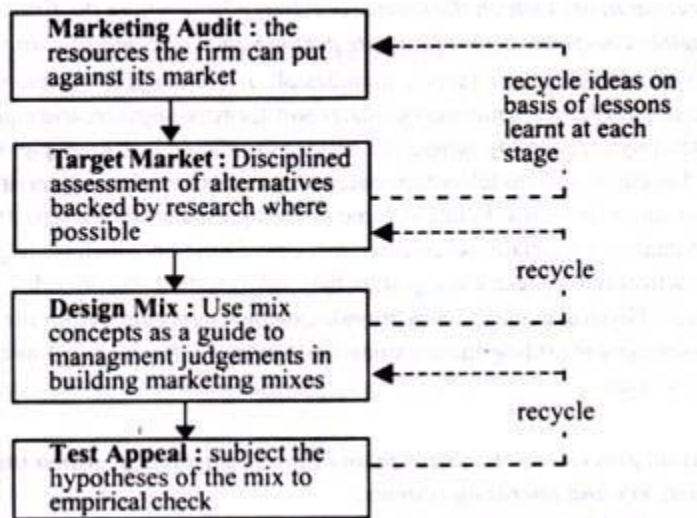
Rather, the point is that these process characteristics are another form of evidence used by the consumer to judge service. For example, two successful airline companies, Southwest in the United States and Singapore Airlines, follow extremely different process models. Southwest is no-frills (no food, no assigned seats), no exceptions, low-priced airline that offers frequent, relatively short length domestic flights

All of the evidence it provides is consistent with its vision and market position. Singapore Airlines, on the other hand, focuses on the business traveler and is concerned with meeting individual traveler needs. Thus, its process is highly customized to the individual, and employees are empowered to provide nonstandard service when needed. Both airlines have been very successful.

The three new marketing-mix elements (people, physical evidence, and process) are included in the marketing mix as separate elements because they are within the control of the firm and any or all of them may influence the customer's initial decision to purchase a service, as well as the customer's level of satisfaction and repurchase decisions.

Certainly Marketing managers in services markets need to undertake research about the markets and market segments for which their respective marketing mixes are shaped. Wherever possible the services marketing manager will need to research and analyses the characteristics of the markets served. It is these problems of conducting such analysis and research that we now examine (Figure 2.1).

Figure 2.1 : BUILDING THE MARKETING MIX



1. Developing a marketing strategy involves two tasks. These are selecting target markets and formulating marketing mixes.
2. In services marketing adaptations and adjustments may be required, although the processes of devising marketing strategies and formulating marketing mixes are similar irrespective of market type.
3. In the analytical stage preceding strategy formulation, common questions posed about all products may give rise to different answers for services.
4. The marketing mix may have to be revised for use in services contexts. In particular people, processes and physical evidence may have to be incorporated into the marketing mix framework.