



# Service Science, Management and Engineering

## Introduction to service marketing

Tento projekt je spolufinancován Evropským sociálním fondem a státním rozpočtem České republiky.



INVESTICE DO ROZVOJE VZDĚLÁVÁNÍ

Název prezentace v zápatí

## Content of the course

- Basic of marketing methodology
- Management of marketing
- Analysis of market environment
- Marketing and work with information
- Basic marketing tools (marketing mix)

## Course evaluation

- ❏ Team work
  - ❏ Student will make a group of 2 - 4 members
  - ❏ Prepare short presentation (5 minutes) of marketing of selected company (case)
  - ❏ Try to answer:
    - ❏ What is unique on this company (approach)?
    - ❏ Why have you chosen it?
  - ❏ The presentations will held at the beginning of each lesson.
- ❏ Written exam at the end of the course

## Definition

Marketing is defined by the American Marketing Association [AMA] as *"the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."*



***Why should we  
concentrate to  
marketing of services?***



# Introduction to Services

- What are services?
- Why services marketing?
- Service and Technology
- Characteristics of Services Compared to Goods
- Services Marketing Mix
- Staying Focused on the Customer



# Introduction to Services

- Explain what services are and identify important trends in services.
- Explain the need for special services marketing concepts and practices and why the need has developed and is accelerating.
- Explore the profound impact of technology on service.
- Outline the basic differences between goods and services and the resulting challenges and opportunities for service businesses.



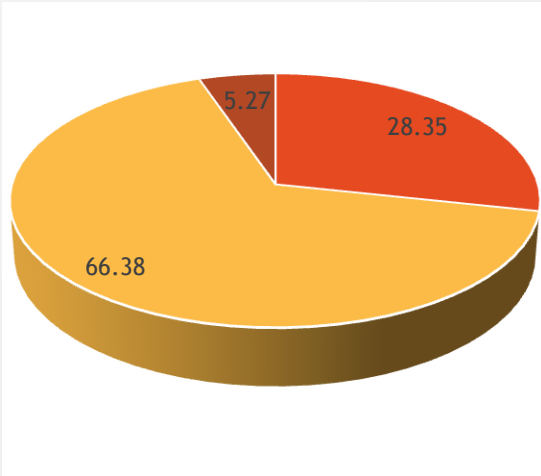
## Examples of Service Industries

- ❏ Health Care
  - ❏ hospital, medical practice, dentistry, eye care
- ❏ Professional Services
  - ❏ accounting, legal, architectural
- ❏ Financial Services
  - ❏ banking, investment advising, insurance
- ❏ Hospitality
  - ❏ restaurant, hotel/motel, bed & breakfast
  - ❏ ski resort, rafting
- ❏ Travel
  - ❏ airline, travel agency, theme park
- ❏ Others
  - ❏ hair styling, pest control, plumbing, lawn maintenance, counseling services, health club, interior design

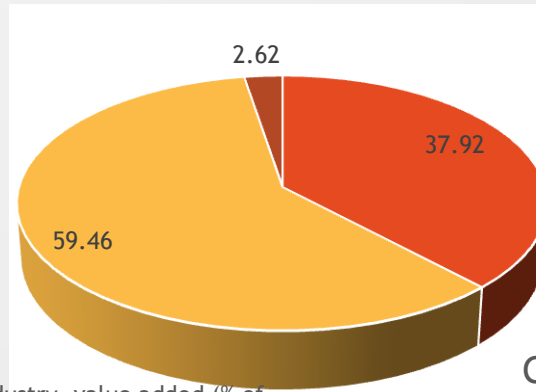


# Contributions of Service Industries to Gross Domestic Product

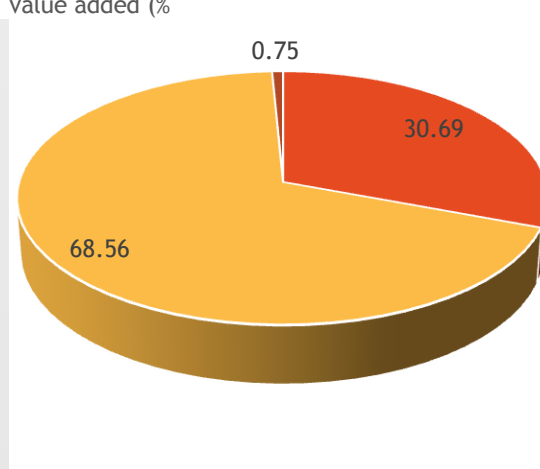
Bulgaria



Czech republic



Germany



- Industry, value added (% of GDP)
- Services, etc., value added (% of GDP)
- Agriculture

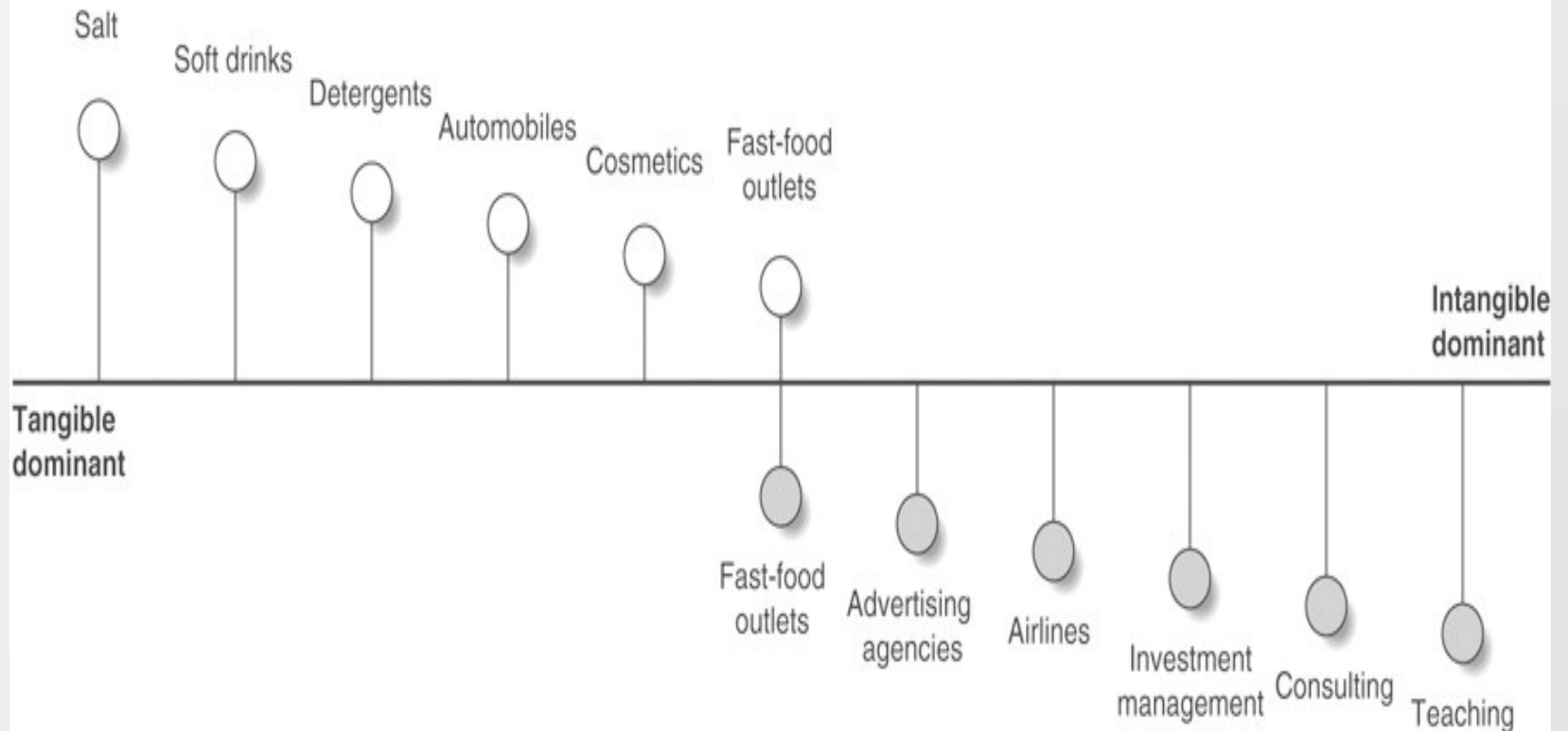
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# Tangibility Spectrum

**FIGURE 1.2** Tangibility Spectrum

Source: G. Lynn Shostack, "Breaking Free from Product Marketing," *Journal of Marketing* 41 (April 1977), pp. 73–80. Reprinted with permission of the American Marketing Association.





## Overview: Why Services Matter

- Services dominate EU and worldwide economies
- Services are growing dramatically
- Service leads to customer retention and loyalty
- Service leads to profits
- Services help manufacturing companies differentiate themselves



## Why do firms focus on Services?

- ▣ Services can provide higher profit margins and growth potential than products
- ▣ Customer satisfaction and loyalty are driven by service excellence
- ▣ Services can be used as a differentiation strategy in competitive markets



## Why study Services Marketing?

- Service-based economies
- Service as a business imperative in manufacturing and IT
- Deregulated industries and professional service needs
- Services marketing is different
- Service equals profits

## What is Service? The Old View

- Service is a technical after-sale function that is provided by the service department.



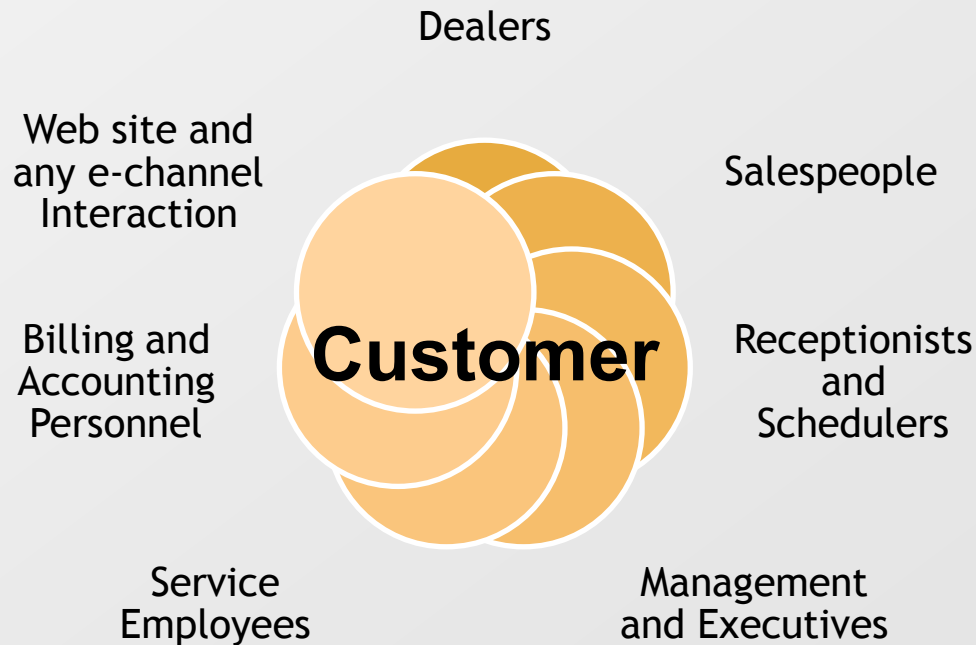
Old view of service =  
Customer Service Center



Old:  
Service =  
wrench time

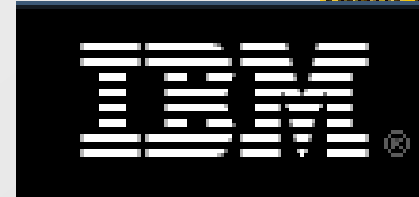
## What is Service? The New View

- Service includes every interaction between any customer and anyone representing the company, including:



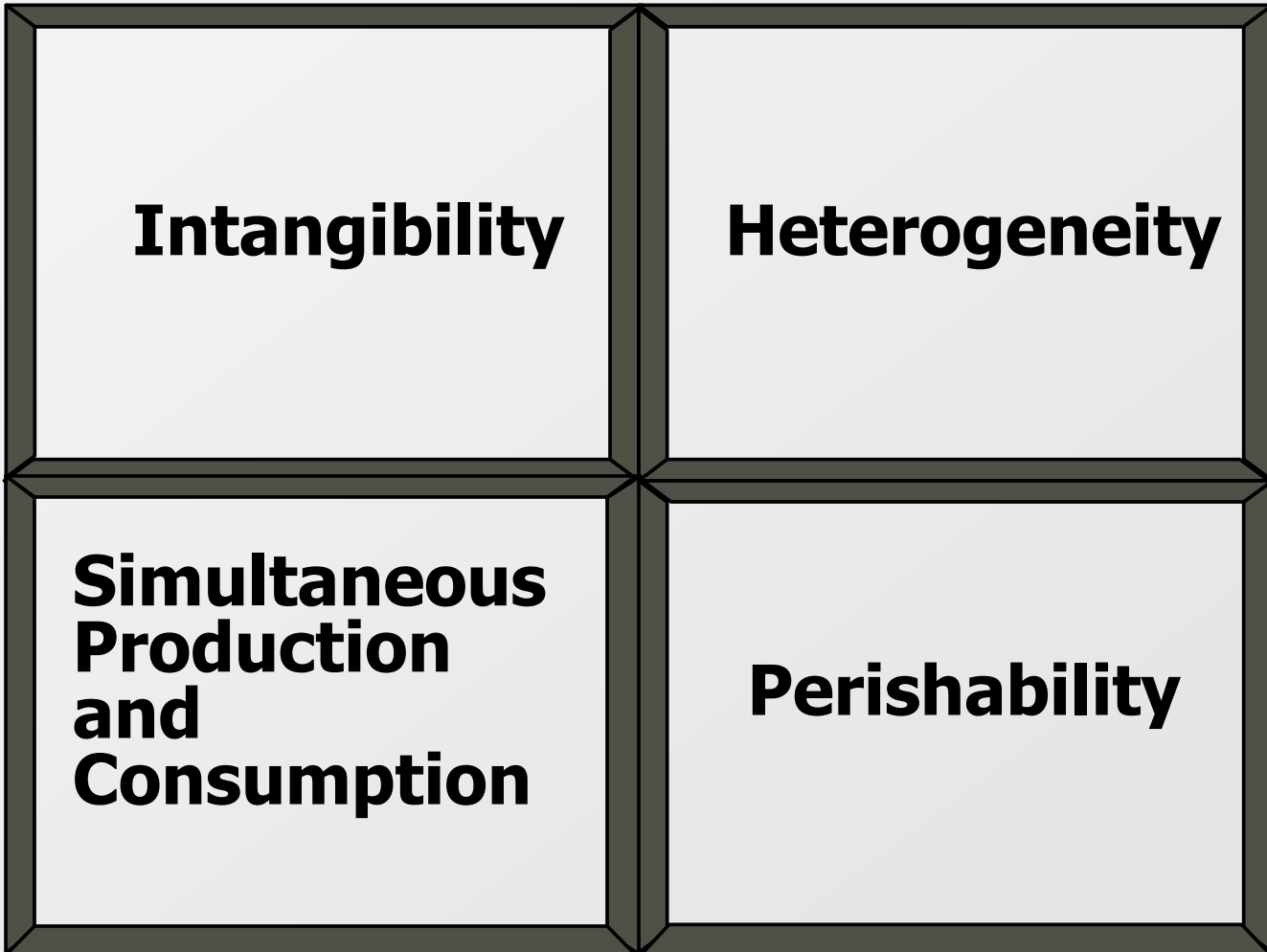
## Service Can Mean all of These

- ➔ Service as a product
- ➔ Customer service
- ➔ Services as value add for goods
- ➔ Service embedded in a tangible product





## Characteristics of Services Compared to Goods





## Implications of Intangibility

- Services cannot be inventoried
- Services cannot be easily patented
- Services cannot be readily displayed or communicated
- Pricing is difficult



## Implications of Heterogeneity

- ❏ Service delivery and customer satisfaction depend on employee and customer actions
- ❏ Service quality depends on many uncontrollable factors
- ❏ There is no sure knowledge that the service delivered matches what was planned and promoted



## Implications of 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



## Implications of Perishability

- ❏ It is difficult to synchronize supply and demand with services
- ❏ Services cannot be returned or resold



# Comparing goods and services

Goods	Services	Resulting Implications
Tangible	Intangible	Services cannot be inventoried. Services cannot be easily patented. Services cannot be readily displayed or communicated. Pricing is difficult.
Standardized	Heterogeneous	Service delivery and customer satisfaction depend on employee and customer 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 after 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.

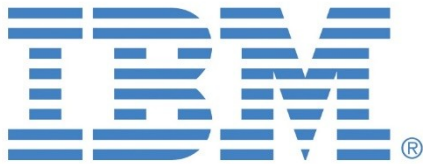


## Challenges for Services

- Defining and improving quality
- Ensuring the delivery of consistent quality
- Designing and testing new services
- Communicating and maintaining a consistent image
- Accommodating fluctuating demand
- Motivating and sustaining employee commitment
- Coordinating marketing, operations, and human resource efforts
- Setting prices
- Finding a balance between standardization versus customization



# Examples of Goods Companies that are Expanding into Services







**Thank you for the attention**