

Services Marketing

Question Bank – Unit 1

1. What is a Service?

An act or performance offered by one party to another (performances are intangible, but may involve use of physical products).

An economic activity that does not result in ownership.

A process that creates benefits by facilitating a desired change in customers themselves, physical possessions, or intangible assets.

2. Definition of Services.

According to Kotler, a service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything.

3. How important is the Service Sector in Our Economy?

- In most countries, services add more economic value than agriculture, raw materials and manufacturing combined.
- In developed economies, employment is dominated by service jobs and most new job growth comes from services.
- Jobs range from high-paid professionals and technicians to minimum-wage positions.
- Service organizations can be any size—from huge global corporations to local small businesses.
- Most activities by government agencies and nonprofit organizations involve services.

4. Why Study Services Marketing?

- Significantly different from goods marketing.
- Relatively new discipline with a strong interdisciplinary base.
- Importance of services sector
 - 70% - 80% GDP in highly dev. economies
 - Service sector in India approx 50%

5. Evolving of Services.

- Changing pattern of government regulations.
- Privatization of some public/ nonprofit service
- Technological innovations.

- Internationalization & Globalization.
- Expansion of leasing & rental business.
- Manufacturers as service providers.
- Hiring of employees.

6. Examples of Service Industries

Health Care

- a. Hospital, medical practice, dentistry, eye care

Professional Services

- b. Accounting, legal, architectural

Financial Services

- c. Banking, investment advising, insurance

Hospitality

- d. Restaurant, hotel/motel, bed & breakfast,

Travel

- e. Airlines, travel agencies, theme park

Others:

- f. Hair styling, pest control, plumbing, lawn maintenance, counseling services, health club.

7. Give some examples of Tangible Dominant.

Salt, Soft drinks, Detergents, Automobiles, Cosmetics, Fast food outlets.

8. Give some examples of intangible Dominant.

Advertising agencies, airlines, investment management, consulting, and teaching.

9. List the Implications of Intangibility.

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

10. List the 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

11. What is Heterogeneity?

- Three separate meanings in the literature:
- Differentiation, variability and diversity.
- A professor may be perceived completely different at the same type by different students
- A professor may deliver the same lecture in different ways over the time

12. List the 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.

13. List the Implications of Perishability.

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

14. What is the expanded marketing mix for services?

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.

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.

Process: The actual procedures, mechanisms, and flow of activities by which the service is delivered—the service delivery and operating systems.

15. What are the characteristics of Services Compared to Goods?

Intangibility

Heterogeneity

Simultaneous Production and Consumption (Inseparability)

Perishability.

16. What is Production and Consumption (Inseparability)?

Inseparable is from the point where it is consumed, and from the provider of the service.

For example, you cannot take a live theatre performance home to consume it (a DVD of the same performance would be a product, not a service).

17. What is Intangibility?

Intangibility cannot have a real, physical presence as does a product. For example, motor insurance may have a certificate, but the financial service itself cannot be touched i.e. it is intangible.

18. What is Perishability?

Perishability is that once it has occurred it cannot be repeated in exactly the same way.

For example, once a 100 meters Olympic final has been run, there will be not other for 4 more years, and even then it will be staged in a different place with many different finalists.

19. What is Variability?

Since the human involvement of service provision means that no two services will be completely identical. For example, returning to the same garage time and time again for a service on your car might see different levels of customer satisfaction, or speediness of work.

20. What is Right of ownership?

Right of ownership - is not taken to the service, since you merely experience it. For example, an engineer may service your air-conditioning, but you do not own the service, the engineer or his equipment. You cannot sell it on once it has been consumed, and do not take ownership of it.

21. Why Study Services?

- a. Most new jobs are generated by services
 - i. Fastest growth expected in knowledge-based industries
 - ii. Significant training and educational qualifications required, but employees will be more highly compensated
 - iii. Will service jobs lost to lower-cost countries? Yes, some service jobs can be exported.

22. What are tangible acts?

People processing and Possession processing are tangible acts.

23. What are intangible acts?

Mental Stimulus Processing and Information Processing are intangible acts.

24. What are People Processing?

Customers must:

- a. Physically enter the service factory
- b. Co-operate actively with the service operation

Managers should think about process and output from customer's perspective

- c. To identify benefits created and non-financial costs:
 - i. Time, mental, physical effort.

25. What is Possession Processing?

- Customers are less physically involved compared to people processing services
Involvement is limited
- Production and consumption are separable.

26. What is Mental Stimulus Processing?

- Ethical standards required when customers who depend on such services can potentially be manipulated by suppliers. Ex consulting services – Advice given on strategy
- Physical presence of recipients not required – Ex TV Shows are created elsewhere and transmitted to the consumer
- Core content of services is information-based Can be “inventoried” – Record Prog.

27. List the importance of service sector?

- i. Services account for more than 60 percent of GDP worldwide
- ii. Almost all economies have a substantial service sector
- iii. Most new employment is provided by services
- iv. Strongest growth area for marketing

28. What are the Factors Stimulating Transformation of the Service Economy?

Government Policies

Social changes

Business trends

Advance in information technology.

Globalization.

29. List the factors towards Government Policies in service economy.

- a. Changes in regulations
- b. Privatization
- c. New rules to protect customers, employees, and the environment
- d. New agreement on trade in services.

30. List the factors towards Social changes in service economy.

- a. Rising consumer expectations
- b. More affluence
- c. More people short of time
- d. Increased desire for buying experiences versus things
- e. Rising consumer ownership of high tech equipment
- f. Easier access to information
- g. Immigration
- h. Growing but aging population

31. List the factors towards Business trends in service economy.

- a. Push to increase shareholder value
- b. Emphasis on productivity and cost savings
- c. Manufacturers add value through service and sell services
- d. More strategic alliances and outsourcing
- e. Focus on quality and customer satisfaction

- f. Growth of franchising
- g. Marketing emphasis by nonprofits

32. List the factors towards Advance in information technology in service economy.

- a. Growth of the Internet
- b. Greater bandwidth
- c. Compact mobile equipment
- d. Wireless networking
- e. Faster, more powerful software
- f. Digitization of text, graphics, audio, video

33. List the factors towards Globalization in service economy.

- a. More companies operating on transnational basis
- b. Increased international travel
- c. International mergers and alliances
- d. “Offshoring” of customer service
- e. Foreign competitors invade domestic markets

34. What is customer service?

“Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.”

35. What are service offerings?

HCL has cross industry expertise. We are predominantly present in Banking, Insurance, Publishing, Manufacturing, BPO, IT, Life -Sciences & Government and other verticals.

Reliance BPO services customers in various industries:

Communications (Mobile, Broad band)

Banking and financial services (Account Maintenance, Transaction Processing, Accounting & Reporting, Customer services)

Insurance (Our process delivers end-to-end solutions to all stakeholders – the insured, insurance company, agent, broker and the banking interface.)

Utilities (leading energy provider in the utility)

Entertainment (Theatres & Online Gaming)

36. What are the 8Ps of Services Marketing?

- a. Product Elements
- b. Place and Time
- c. Price and Other User Outlays
- d. Promotion and Education
- e. Process
- f. Physical Environment
- g. People
- h. Productivity and Quality

37. What are the Reasons for studying services?

- i. Service sector dominates economy in most nations, many new industries
- ii. Most new jobs created by services
- iii. Powerful forces—government policies, social changes, business trends, IT advances, and globalization—are transforming service markets
- iv. Understanding services offers personal competitive advantage

38. What are the eight common differences in Services Pose Distinctive Marketing Challenges?

- Most service products cannot be inventoried
- Intangible elements usually dominate value creation
- Services are often difficult to visualize and understand
- Customers may be involved in co-production
- People may be part of the service experience
- Operational inputs and outputs tend to vary more widely
- The time factor often assumes great importance
- Distribution may take place through nonphysical channels.

39. What are the roles in meeting needs of service customers?

Three management functions play central and interrelated roles in meeting needs of service customers

- Operations Management
- Marketing Management
- Human Resources Management.

40. What are the qualities of services?

- **Search qualities:** The buyer can evaluate before purchase.
- **Experience qualities:** The buyer can evaluate after purchase.
- **Credence qualities:** The buyer normally finds hard to evaluate even after consumption.

41. List the Differentiation in services.

Offer: The Offer can include innovation features.

Delivery: A service company can hire and train better people to deliver its service. It can develop a more attractive physical environment in which to deliver the service.

Image: Images are differentiated through symbols & branding.

42. List the Managing of Service quality.

- Gap between management perceptions and consumer expectations.
- Gap between management perceptions and service quality specifications.
- Gap between service quality specifications and service delivery.
- Gap between service delivery and external communication.
- Gap between expected service and perceived service.

43. List the Determinants of service quality.

- Reliability – delivering on promises
- Responsiveness – willing to help
- Assurance – inspiring trust and confidence
- Empathy – individualizing customers
- Tangibles- physical representation.

44. What are the Four Categories of Services?

- People processing (services directed at people's bodies).
- Possession processing (services directed at physical possessions):
- Mental stimulus processing (services directed at people's minds)
- Information processing (services directed at intangible assets).

45. List some examples for People processing.

Airlines, hospitals, haircutting, restaurants hotels, fitness centers, beauty salons, lodging, funeral services.

46. List some examples for Possession processing.

Freight, repair, cleaning, landscaping, retailing, recycling, retail distribution, laundry and dry cleaning, refueling.

47. List some examples for Mental Stimulus Processing.

Broadcasting, consulting, education, psychotherapy, advertising, music concerts, arts and entertainment.

48. List some examples for Information Processing.

Accounting, banking, insurance, legal, research, data processing.

49. List the Challenges for Services.

- Defining and improving quality
- Communicating and testing new services
- Communicating and maintaining a consistent image
- Motivating and sustaining employee commitment
- Coordinating marketing, operations and human resource efforts
- Setting prices
- Standardization versus personalization.

50. List some Service firms.

- Banking, stock broking
- Restaurants, bars, catering
- Insurance
- News and entertainment
- Transportation (freight and passenger)
- Postal service
- Health care
- Education
- Wholesaling and retailing
- Laundries, dry-cleaning
- Repair and maintenance
- Professional (e.g., law, architecture, consulting)
- Tourism.

51. What is Service Dominant Logic?

- “Make it together with the customer”
- Service industries gain more and more importance
- Ideas generated in the service field spread to other sectors (like industrial marketing, marketing for consumer goods)
- “Intangible product features”.

52. What are the Issues in services?

- Service product or package
- Pricing
- Place
- Promotion
- People
- Process
- Physical evidence.

53. What is the nature of services?

- Whichever means of classifying services is used, and whether or not there is agreement that the unique characteristics of services really represent unique distinctions, ultimately both physical goods and services provide benefits and satisfactions – both goods and services are ‘products’ or offerings. Consider the following breakdown of service offerings:
 - Utilities: gas, power, water
 - Transport and communications
 - Recreation and leisure
 - Insurance, banking and finance
 - Business, professional and scientific For most of these categories it is easy to think of ‘products’ associated with them; insurance policies, heating and light, package holidays and so on. This has implications for services marketing management.

54. Differentiate between physical goods and services.

Physical goods	Services
Tangible	Intangible
Homogeneity (uniform in composition or character)	Heterogeneous (Lacks Uniformity)
Production and distribution are separated from consumption	Production, distribution and consumption are simultaneous processes
A thing	An activity or process
Core value processed in factory	Core value produced in the buyer-seller interaction
Customers do not participate in the production process	Customers participate in production
Can be kept in stock	Cannot be kept in stock
Transfer of ownership	No transfer of ownership

55. What will be the core product and supplementary services for a Luxury Hotel?

Core Product: A bed for the night in an elegant private room with bathroom

Supplementary services: Reservation, Valet parking, Reception, Baggage service, cocktail bar, restaurant, entertainment (Sports, Exercise, television), telephone, wake up call, room service, business center.