

Services Marketing

- Defining Services
- Approaches to Services Marketing
- Measuring Service Quality



School of Management

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Defining Services:

Services are a special kind of product. They may require special understanding and special marketing efforts (Jobber, 2007:894)

- Lack of Ownership
- Inseparable
- Intangible
- Heterogeneous
- Produced and consumed simultaneously



Services Marketing Mix



People

Physical evidence

Processes

Promotion

Place

Price

Product

The Nature of Services



- Categories of Service Mix:
 - Pure tangible good (e.g. toothpaste)
 - Tangible good with accompanying services (e.g. cars or computers)
 - Hybrid (e.g. fast food)
 - Major service with accompanying minor goods and services (e.g. airlines)
 - Pure service (e.g. hairdressing or beauty treatment)

Kotler and Keller 2005 p403

Physical Products / Services



- Greater difficulty maintaining quality
- Harder to evaluate
- Absence of inventories
- Relative importance of time factors
- Structure and nature of distribution channels

Source: Lovelock et al. (1999).

Implications? Requires a completely different approach, or is it basically the same as marketing products???

Services Marketing



....*Every business is a service business (Kotler, 2003:443)*

- Both the US & UK are moving increasingly towards a service economy and beyond: marketers need to know more about marketing services and services as a key element in the marketing of products
- Services:
 - Account for 74% of U.S. gross domestic product.
 - Service industries include business organizations, government, and private not-for-profit organizations.

Service Delivery in Action

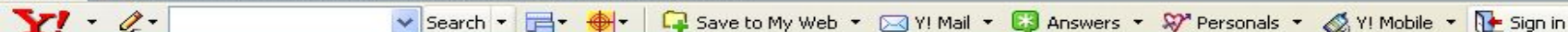


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Service Delivery in Action



- Ritz-Charlton

Commitment to service excellence

- Fairfield Inn
- Residence Inn/ Townplace Suite: extended stay
- Springhill Suites
- Execustay
- Vacation Club

***Employee Commitment
Empowerment***

Differentiated service levels



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SERVICES MENU

- INTRODUCTION**
- TRANSPORT SERVICE
- INSTALLATION SERVICE
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Exaggerated
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- How much of your supermarket shopping experience is evaluated by the level of service you get?
- How much of your choice of mobile phone is determined by which network it works on and your evaluation of the service?



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CLEARANCE



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- Woolworth's: low price, poor service?
- How did you define service? Queues at tills, staff that don't know anything, store layout, store atmospherics?
- How important is this compared to the quality of the products that you buy there?

How do we measure service?



Service Quality

- Berry *et al.*, 1990 identified the principal dimensions customers use to judge a company's **service**:

Tangibles. The appearance of physical facilities, equipment, personnel, and communication materials.

Reliability. The ability to perform the promised **service** dependably and accurately.

Responsiveness. The willingness to help customers and to provide prompt **service**.

Assurance. The knowledge and courtesy of employees and their ability to convey trust and confidence.

Empathy. The provision of friendly, personalized attention to customers

SERVQUAL

Managing Service Quality



- What are the Key Terms for Quality?

Quality is the totality of relationships between service providers (functional aspects) and the features of retailing (technical aspects) which are related to the delivery of satisfaction (Gilbert, 2003 p101)

Total quality management (TQM) is a holistic organisational approach which systematically attempts to improve customer satisfaction by focusing on continuous quality improvements without incurring unacceptable cost increases (Gilbert, 2003 p101).

Managing Service Quality



- Five gaps that cause unsuccessful delivery:
 - Gap between consumer expectation and management perception
 - Gap between management perception and service-quality specification
 - Gap between service-quality specification and service delivery
 - Gap between service delivery and external communications
 - Gap between perceived service and expected service

(Palmer, 1998)

Service Quality Gaps

- The Parasuraman, Zeithaml and Berry model (PZB) (1985):

Gap 1: Ignorance of the customer's expectations

Gap 2: Requirement for service design standards

Gap 3: Not delivering to service standards

Gap 4: Inconsistency between performance and promises

Gap 5: The service shortfalls

(Palmer, 1998)



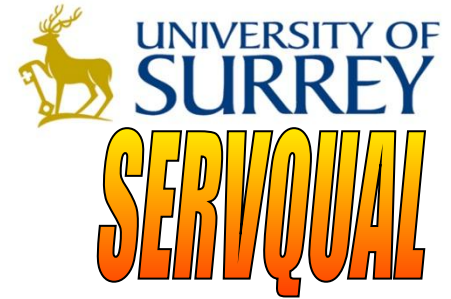
Criticisms of SERVQUAL



- Ambiguous “expectations”
- Low reliability of constructs, especially when measuring “gaps”
- Very complex psychological constructs involved but the measure is simplistic
- Correlations are merely self-perceptions
- Serious validity and measurement problems
- Caution should be used when making claims about SERVQUAL

Source: Van Dyke, T., Prybutok, V. & Kappelman, L., (1999) ‘Cautions on the Use of SERVQUAL: Measure to assess the quality of information systems services, *Decision Sciences*, Vol. 30, No. 3 pp 1-15

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Reading and follow-up activity

- Kotler and Keller, chapter 13
- On ULearn, discuss how you would measure the performance of the School of Management **using the SERVQUAL** model as the framework. Then, evaluate the usefulness of SERVQUAL for measuring high value services like education.

