

ELEVENTH EDITION

MARKETING

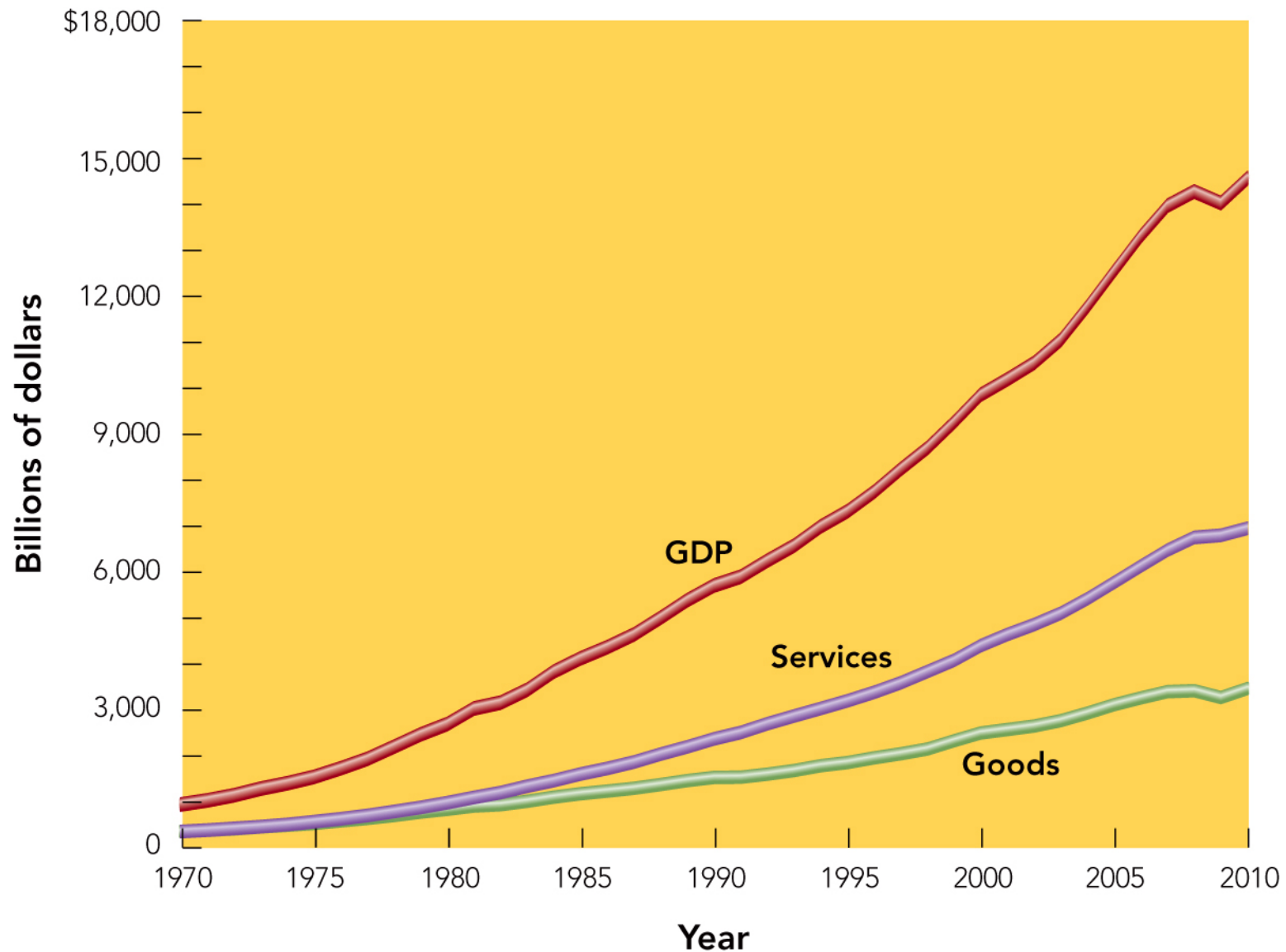
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CHAPTER

12

SERVICES
MARKETING

FIGURE 12-1 Services are a larger part of the U.S. GDP than goods



THE UNIQUENESS OF SERVICES

THE FOUR I'S OF SERVICES

➤ **Services**

➤ **Four I's of Services**

- **Intangibility**
- **Inseparability**
- **Inconsistency**
- **Inventory**
 - **Idle Production Capacity**

FIGURE 12-3 The service continuum shows how offerings can vary in their balance of products and services

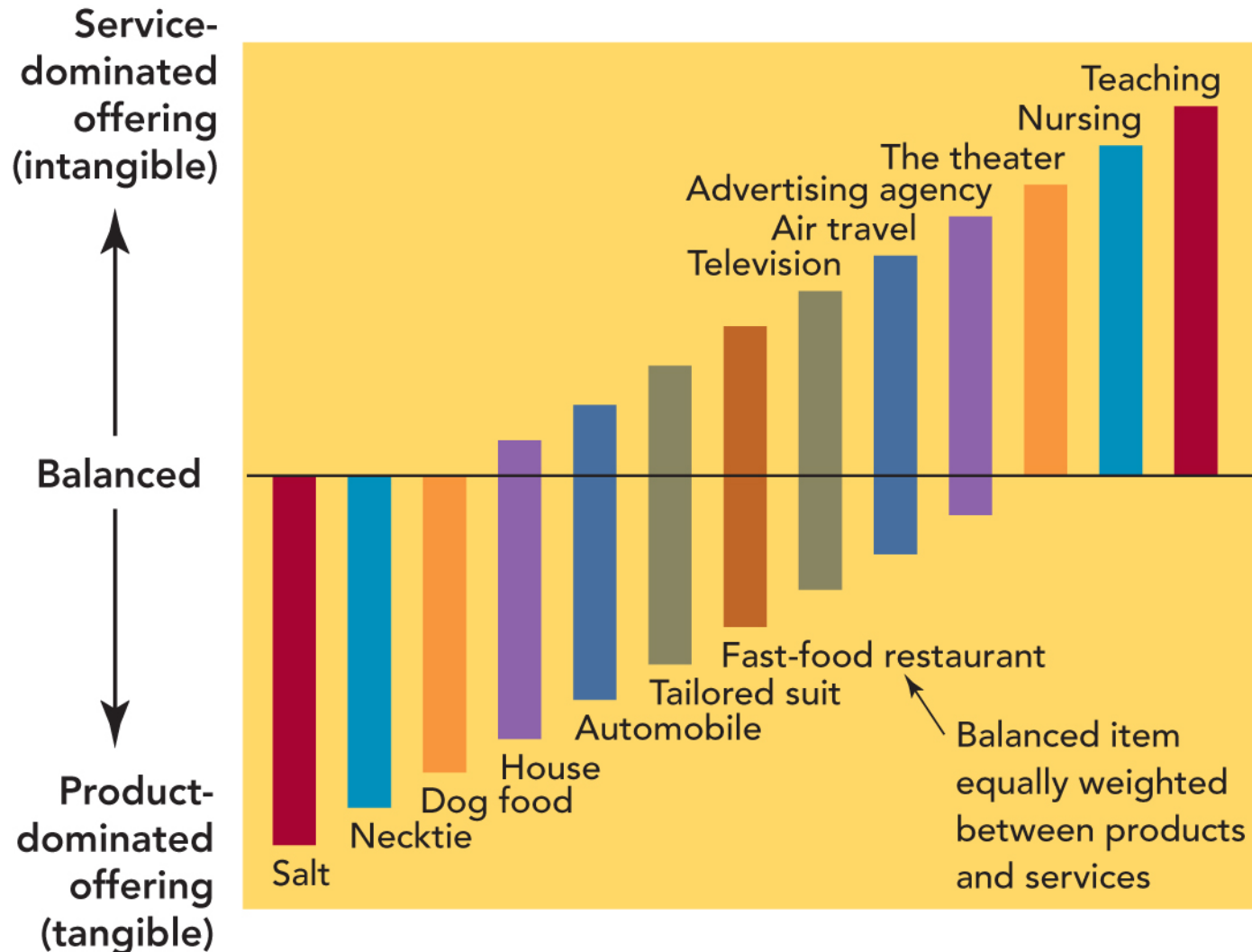


FIGURE 12-4 Services can be classified as equipment-based or people-based

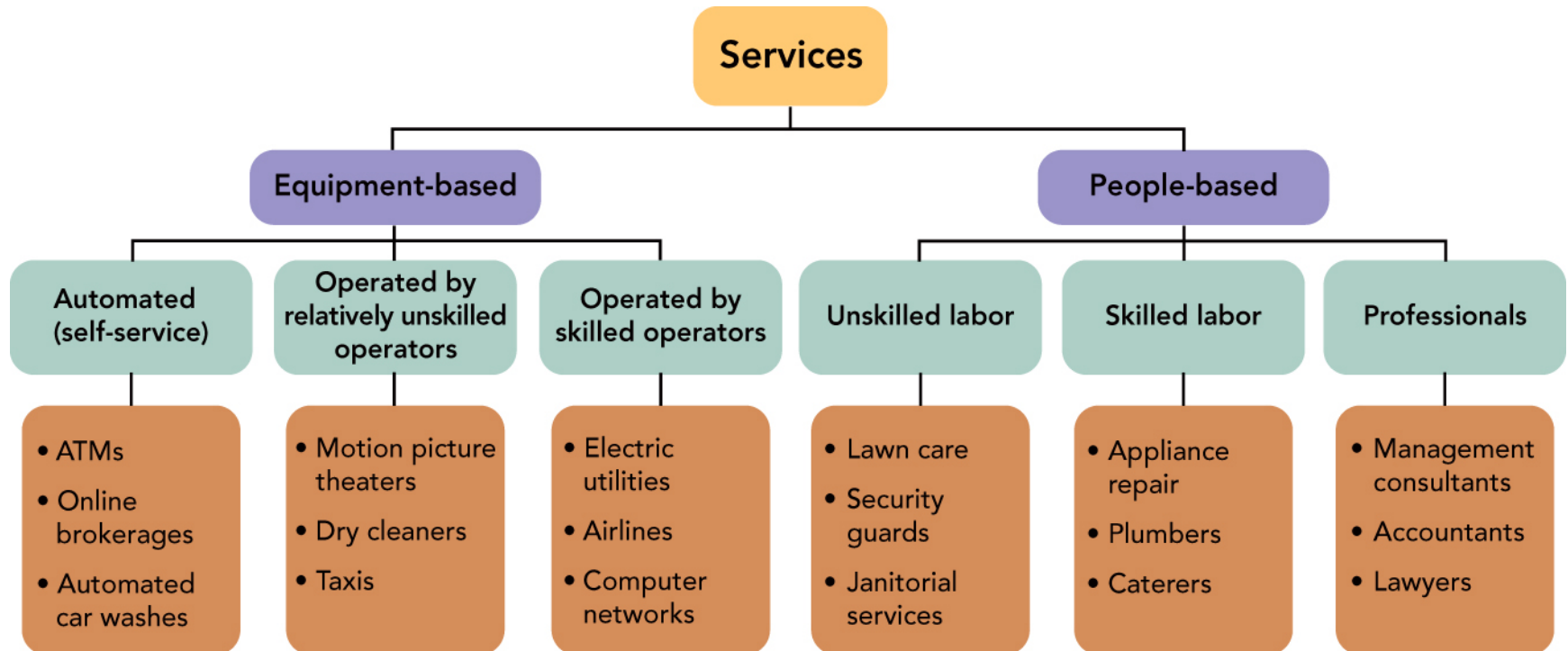
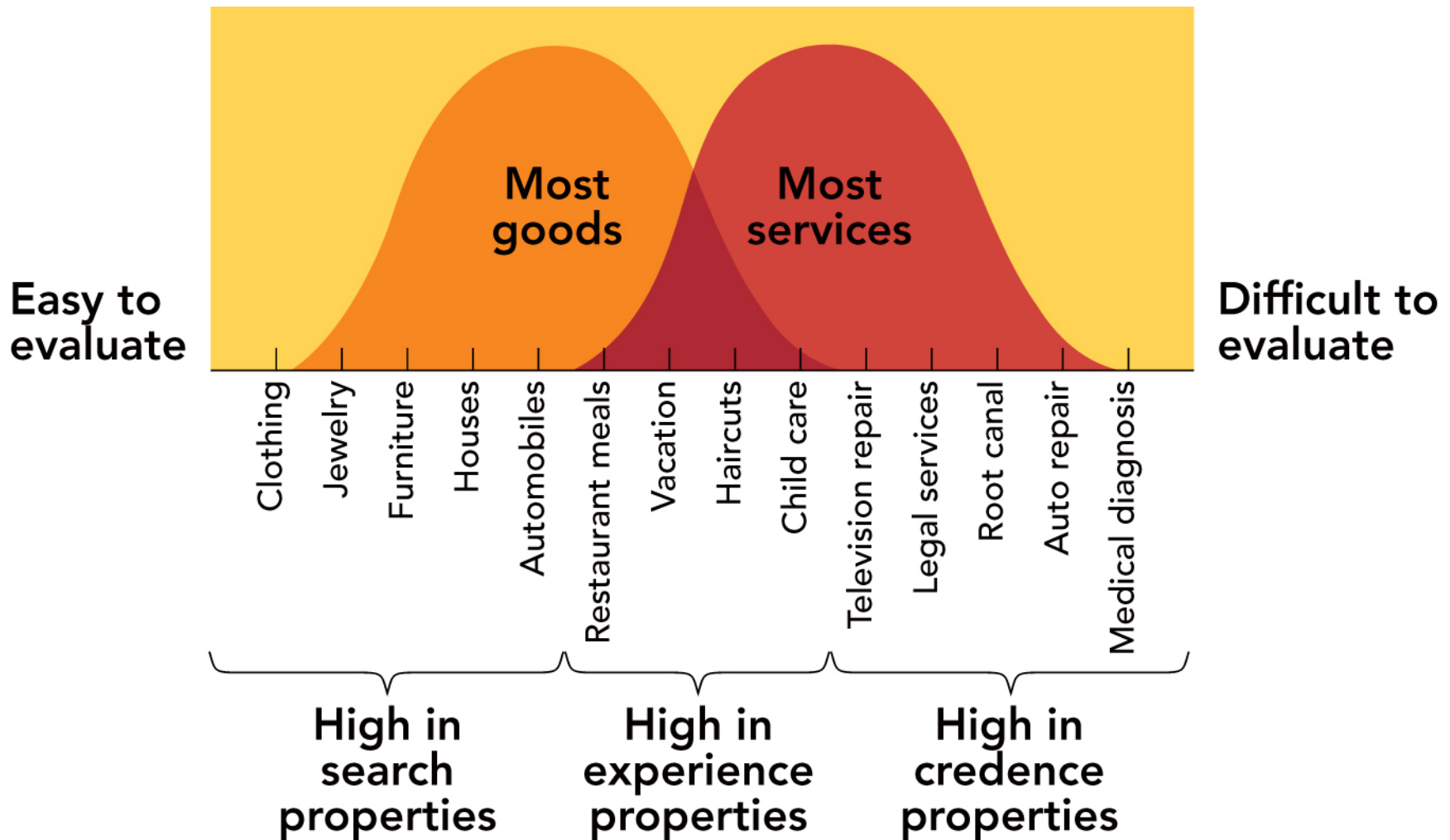


FIGURE 12-5 Consumers use search, experience, and credence properties to evaluate services



HOW CONSUMERS PURCHASE SERVICES

➤ **Assessing Service Quality**

- **Gap Analysis**
- **Monitoring Service Failure**

FIGURE 12-6 The five dimensions of service quality

DIMENSION	DEFINITION	EXAMPLES OF QUESTIONS AIRLINE CUSTOMERS MIGHT ASK
Reliability	Ability to perform the promised service dependably and accurately	Is my flight on time?
Tangibles	Appearance of physical facilities, equipment, personnel, and communication materials	Are the gate, the plane, and the baggage area clean?
Responsiveness	Willingness to help customers and provide prompt service	Are the flight attendants willing to answer my questions?
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence	Are the ticket counter attendants, flight attendants, and pilots knowledgeable about their jobs?
Empathy	Caring, individualized attention provided to customers	Do the employees determine if I have special seating, meal, baggage, transfer or rebooking needs?

HOW CONSUMERS PURCHASE SERVICES

- **Customer Contact and Relationship Management**
 - **Service Encounters**
 - **Customer Contact Audit**
 - **A Customer's Car Rental Activities**
 - **Relationship Marketing**

MANAGING THE MARKETING OF SERVICES

THE SEVEN Ps OF SERVICES

➤ Seven Ps of Services Marketing

➤ Product (Service)

- Branding



➤ Price



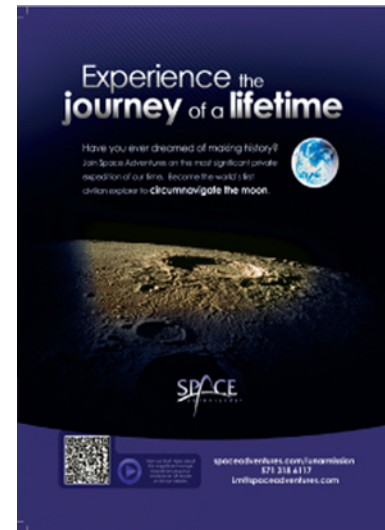
- Off-Peak Pricing

MANAGING THE MARKETING OF SERVICES

THE SEVEN Ps OF SERVICES

➤ Place (Distribution)

➤ Promotion



- Publicity
- Public Service Announcements (PSAs)

MANAGING THE MARKETING OF SERVICES

THE SEVEN Ps OF SERVICES

➤ **People**

- **Internal Marketing**
- **Customer Experience Management (CEM)**

➤ **Physical Environment**

➤ **Process**

- **Capacity Management**

➤ Technological Advances

- Mobility
- Personalization
- Convergence
- Sustainability



VIDEO CASE 12

PHILADELPHIA PHILLIES, INC.: SPORTS MARKETING 101



VIDEO CASE 12

PHILADELPHIA PHILLIES

SOURCES OF REVENUE	APPROX. %
1. Ticket sales (home and away games)	52%
2. National media (network TV and radio)	13%
3. Local media (over-the-air TV, pay TV, radio)	13%
4. Advertising (publications, co-sponsorship promotions)	12%
5. Concessions (food, souvenirs, restaurants)	10%
Total	100%

VIDEO CASE 12

PHILADELPHIA PHILLIES

1. (a) What is the “product” that the Phillies market? (b) What “products” are the Phillies careful not to market?

VIDEO CASE 12

PHILADELPHIA PHILLIES

2. How does the “quality” dimension in marketing the Philadelphia Phillies as an entertainment service differ from that in marketing a consumer product such as a breakfast cereal?

VIDEO CASE 12

PHILADELPHIA PHILLIES

3. In terms of social network marketing strategy, (a) what are the likely characteristics of the Phillies fans and (b) what should the Phillies' Facebook fan page contain?

VIDEO CASE 12

PHILADELPHIA PHILLIES

4. Considering all five elements of the promotional mix (advertising, personal selling, public relations, sales promotion, and direct marketing), what specific promotional activities should the Phillies use? Which should be used off-season? During the season?

VIDEO CASE 12

PHILADELPHIA PHILLIES

5. What kind of special promotion gift days (with premiums) and event days (no premiums) can the Phillies use to increase attendance by targeting these fan segments: (a) 14 and under, (b) 15 and over, (c) other special fan segments, and (d) all fans?

Services

Services are the intangible activities or benefits that an organization provides to satisfy consumers' needs in exchange for money or something else of value.



Four I's of Services

The **four I's of services** consists of the four unique elements to services: intangibility, inconsistency, inseparability, and inventory.



Idle Production Capacity

Idle production capacity occurs when the service provider is available but there is no demand for the service.



Service Continuum

The **service continuum** consists of the range of offerings companies bring to the market, from the tangible to the intangible or product-dominant to service-dominant offerings.



Gap Analysis

Gap analysis is a type of analysis that compares the differences between the consumer's expectations about and experiences with a service based on dimensions of service quality.



Customer Contact Audit

A customer contact audit is a flowchart of the points of interaction between consumers and a service provider.



Seven Ps of Services Marketing

The **seven Ps of services marketing** is an expanded marketing mix for services that includes the four Ps (product, price, promotion, and place or distribution) as well as people, physical environment, and process.



Off-Peak Pricing

Off-peak pricing involves charging different prices during different times of the day or during different days of the week to reflect variations in demand for the service.



Internal Marketing

Internal marketing is the notion that a service organization must focus on its employees, or internal market, before successful programs can be directed at customers.



Customer Experience Management (CEM)

Customer experience management (CEM) is the process of managing the entire customer experience within the organization.



Capacity Management

Capacity management
integrates the service component
of the marketing mix with efforts
to influence consumer demand.

