



SYLLABUS

B.COM/BBA/BAJMC III YEAR

SUBJECT – Service Marketing

UNIT - 1	Foundation of Services Marketing: The concept of Services, Nature of Services, Characteristics of Services, Classification of Services, Services Marketing Distinctive Characteristics of Services Four I's of Services Inconsistency and Inventory. Intangibility, Services Marketing And its Strategic Aspects: Concept, Importance of Services Marketing, Growth of Services Marketing in Indian and Global Scenarios, Targeting a Few Segments Positioning a Service in the Marketplace, Targeting Customers and Building Relationships.
UNIT - 2	The Services Marketing Mix and Distribution Strategies: Service Product, Service Products; 8 LH Bundled with Conventional Products and Standalone, Service Life Cycle, Service Design. Challenges in Distribution of Service, Personal Selling Advertising and Sales Promotion in Service Industry, Customer Satisfaction & Service Quality in Service Marketing, Monitoring and Measuring Customer Satisfaction-SERVQUAL & GAP Model, Handling Complaints Effectively
UNIT - 3	Services in Organized Retailing: Health care Services, Marketing E- Services, Business process outsourcing (BPO), Medical transcription Services, Knowledge process outsourcing Services (K PO) E-Learning (Indian Context) Services, Mutual Funds Service. Day Care, Portfolio Service, Education Services, Hospitality Services.



Unit 1: Foundation of Services Marketing

1. The Concept of Services

- **Definition:** Services are intangible economic activities offered by one party to another, typically involving a deed, performance, or effort that cannot be physically possessed.
- **Nature of Services:** Services are typically consumed as soon as they are produced and do not result in ownership of any physical product.
- **Key Points:**
 - No physical product.
 - Often involve customer participation in the delivery process.
 - Services cannot be stored for later use (perishable).

2. Nature of Services

Services have certain inherent qualities that make them different from physical goods. These include:

- **Intangibility:** Unlike products, services cannot be seen, touched, or owned.
- **Inseparability:** Services are typically produced and consumed simultaneously.
- **Perishability:** Services cannot be stored for future use or resale.
- **Heterogeneity (Inconsistency):** Service quality can vary depending on various factors such as the service provider, time, place, etc.
- **Lack of Ownership:** Customers do not own the service; they only benefit from its use.

3. Characteristics of Services

The key characteristics of services, which distinguish them from physical goods, are often referred to as the **Four I's**:

- **Intangibility:**
 - Services cannot be touched, seen, or owned like physical products.
 - This creates challenges in communication, customer assurance, and evaluation of service quality.
 - Example: A consulting service cannot be physically touched or experienced until it is delivered.
- **Inseparability:**
 - Services are often produced and consumed simultaneously. The service provider and the customer may need to be present for the service to be delivered.
 - Example: A hairstylist provides a haircut, and the service is consumed as it is being produced.
- **Variability (Inconsistency):**
 - The quality of services can vary depending on when, where, and who provides them. This is due to human involvement and external factors influencing service delivery.
 - Example: The quality of a hotel service can vary depending on the time of day, the staff available, or the location of the hotel.
- **Perishability:**



- Services cannot be stored, saved, or inventoried for later use. Once the service is performed, it cannot be reclaimed or reused.
- Example: An empty hotel room or an unfilled airline seat represents lost revenue because the service cannot be stored.

4. Classification of Services

Services can be classified in several ways based on different criteria:

- **By Tangibility:**
 - **Pure Services:** Intangible, such as medical services, legal services, education, etc.
 - **Mixed Services:** Combination of both tangible products and services, such as a restaurant (service + food).
 - **Pure Goods:** Involves no service component, like physical goods.
- **By Relationship with the Customer:**
 - **People-based Services:** Involves the skills and expertise of people, such as healthcare, consulting, etc.
 - **Object-based Services:** Focused on physical objects and processes, like repair and maintenance.
- **By Degree of Customization:**
 - **Standardized Services:** Same service is offered to all customers, e.g., fast food chains.
 - **Customized Services:** Tailored to individual customer needs, such as high-end personal trainers or private tutors.

5. Services Marketing

Services marketing involves all the activities related to the promotion, selling, and management of services. Unlike goods marketing, services marketing focuses on the customer's experience and satisfaction rather than just the tangible product.

- **Core Elements:**
 - Service Quality
 - Customer Satisfaction
 - Service Delivery
 - Relationship Marketing
- **Challenges in Services Marketing:**
 - Managing customer expectations.
 - Training employees to maintain consistent service quality.
 - Effective communication of the service benefits.

6. Distinctive Characteristics of Services

As mentioned earlier, the key distinctive characteristics of services are:

- **Intangibility:** Services cannot be physically touched or stored.
- **Inseparability:** Production and consumption of services occur simultaneously.
- **Perishability:** Services cannot be stored for future use or resale.



- **Variability:** Service quality can differ depending on various factors.

7. The Four I's of Services

The **Four I's** refer to the key challenges faced by service marketers:

- **Intangibility:** Since services cannot be physically touched, they must be marketed by focusing on benefits, experiences, and customer trust.
- **Inseparability:** Customers often need to be involved in the service delivery, which necessitates proper customer interaction and training of employees.
- **Inconsistency:** Service quality often varies, so service providers must focus on standardizing processes and employee training to ensure a consistent experience.
- **Inventory:** Services cannot be stored, so managing capacity (e.g., booking systems, scheduling) is crucial to avoid service shortfalls or surpluses.

8. Inconsistency and Inventory

- **Inconsistency:**
 - Services are often inconsistent because they depend on human performance, external factors, and the interaction between the provider and the customer.
 - Service providers can manage inconsistency through quality control systems, employee training, and feedback mechanisms.
- **Inventory Management:**
 - Since services are perishable and cannot be stored, managing demand and supply becomes important.
 - Techniques like pricing strategies, reservations, and capacity planning help balance supply and demand.
 - Example: A hotel uses booking systems to manage room reservations and avoid overbooking.

Services Marketing and Its Strategic Aspects

1. Concept of Services Marketing

- **Definition:** Services marketing refers to the process of promoting and selling intangible services rather than physical products. It focuses on creating and delivering value to customers through performance, expertise, or experience.
- **Key Elements of Services Marketing:**
 - **People:** Employees who deliver the service.
 - **Processes:** The systems and procedures ensuring service delivery.
 - **Physical Evidence:** Tangible elements (e.g., ambiance, infrastructure) associated with the service.
 - **Customer Experience:** Central to services marketing, emphasizing customer satisfaction and retention.
- **Objective:** To build long-term relationships with customers by meeting their needs, ensuring consistent service quality, and enhancing their overall experience.

2. Importance of Services Marketing



- **Economic Contribution:** Services form a significant part of modern economies, contributing to GDP growth and employment.
 - Example: In India, services like IT, healthcare, and tourism play a pivotal role.
- **Customer Relationship Management (CRM):** Services marketing fosters strong customer relationships by addressing their needs and providing personalized experiences. This builds loyalty and trust.
- **Competitive Differentiation:** Differentiating services is essential in a market with intense competition. Services marketing focuses on creating a unique value proposition to stand out.
- **Adaptability to Changing Needs:** In dynamic markets, services marketing adapts to evolving customer preferences, enabling businesses to remain relevant.
- **Global Expansion:** Services marketing facilitates the international growth of industries like IT, hospitality, and education, ensuring cultural and operational adjustments for global appeal.
- **Technological Integration:** Digital services marketing uses tools like AI, CRM software, and social media to enhance customer interactions and streamline service delivery.

3. Growth of Services Marketing

a) In India

- **Economic Shift:** India has transitioned from an agrarian economy to one dominated by services. The IT, healthcare, education, and tourism sectors have been significant contributors.
- **Government Initiatives:** Programs like "Digital India" and "Startup India" have fostered growth in service sectors such as e-commerce, fintech, and telecommunications.
- **Urbanization:** Increased urbanization has spurred demand for services like retail, healthcare, and real estate.
- **Rising Disposable Income:** A growing middle class with higher disposable income has increased spending on luxury services like travel, dining, and wellness.
- **Global Recognition:** India has emerged as a global outsourcing hub, offering cost-effective IT and BPO services.
- **Education and Skill Development:** Investments in education and skill-building have boosted professional service industries.

b) Global Scenarios

- **Technological Advancements:** Global adoption of technologies like AI, IoT, and cloud computing has driven innovation in services marketing.
- **Service Dominance:** Services account for over 60% of global GDP, reflecting their significance in modern economies.
- **Emerging Markets:** Developing nations like Brazil, China, and South Africa have experienced rapid growth in service sectors such as telecom, retail, and finance.
- **Globalization:** The integration of economies has facilitated cross-border service exchanges, particularly in education, healthcare, and IT.
- **Sustainability Focus:** Environmental and social consciousness have led to the growth of eco-friendly and ethical service practices.

4. Strategic Aspects of Services Marketing



a) Targeting a Few Segments

- **Definition:** Targeting involves identifying and focusing on specific customer groups whose needs align with the service offerings.
- **Steps in Targeting:**
 1. **Segmentation:** Dividing the market into smaller groups based on demographics, psychographics, behavior, and geography.
 2. **Evaluation:** Assessing the potential profitability and growth of each segment.
 3. **Selection:** Choosing one or more segments that best fit the organization's strengths and resources.
- **Example:** A luxury hotel chain targets high-income travelers by offering premium amenities and personalized experiences.
- **Benefits:**
 - Efficient resource allocation.
 - Enhanced customer satisfaction.
 - Competitive advantage.

b) Positioning a Service in the Marketplace

- **Definition:** Positioning involves creating a distinct image of a service in the minds of the target audience, emphasizing unique features and benefits.
- **Steps in Positioning:**
 1. **Understand Customer Needs:** Analyze what customers value in a service.
 2. **Analyze Competitors:** Identify competitors' strengths and weaknesses.
 3. **Define a Value Proposition:** Highlight the service's unique selling points (USPs).
 4. **Communicate the Positioning:** Use consistent messaging across all marketing channels.
- **Positioning Strategies:**
 - **Price-Based Positioning:** Competing on affordability.
 - **Quality-Based Positioning:** Focusing on superior service quality.
 - **Experience-Based Positioning:** Emphasizing exceptional customer experiences.
- **Example:** Starbucks positions itself as a premium coffee brand offering a relaxing environment and personalized service.

c) Targeting Customers and Building Relationships

- **Importance of Relationship Marketing:** Relationship marketing focuses on building long-term connections with customers, fostering loyalty, and ensuring repeat business.
- **Strategies for Building Relationships:**
 - **Personalization:** Tailoring services to meet individual customer preferences.
 - **Regular Communication:** Engaging customers through emails, newsletters, and social media.
 - **Customer Feedback:** Actively seeking and acting upon customer feedback.
 - **Loyalty Programs:** Offering rewards for repeat business, such as discounts or exclusive perks.
- **Benefits:**
 - Increased customer retention.
 - Word-of-mouth referrals.



- Higher lifetime value of customers.
- **Example:** Airlines offer frequent flyer programs to reward loyal customers, encouraging repeat travel.

5. Challenges in Services Marketing

- **Intangibility:** Difficulty in demonstrating the value of intangible services.
- **Customer Involvement:** Ensuring customer satisfaction during direct interaction with the service provider.
- **Standardization:** Maintaining consistent service quality across different locations or providers.
- **Perishability:** Managing supply and demand to avoid service wastage or shortages.
- **Competitive Pressure:** Standing out in markets with numerous service providers offering similar offerings.



Unit 2: The Services Marketing Mix and Distribution Strategies

1. The Services Marketing Mix

- **Definition:** The services marketing mix expands the traditional 4 Ps (Product, Price, Place, Promotion) to include three additional Ps: People, Process, and Physical Evidence. This extended framework addresses the unique challenges of marketing services.

1.1 Components of the Services Marketing Mix

1. Product (Service Product):

- The core offering provided by the service provider, which can be standalone or bundled with physical products.
- Examples: Hotel stay (standalone), Car service with spare parts (bundled).

2. Price:

- Pricing strategies for services consider factors like demand, competition, and perceived value.
- Examples: Hourly rates, subscription models, or package pricing.

3. Place (Distribution):

- Distribution of services focuses on accessibility and convenience, often using physical locations, digital platforms, or mobile channels.

4. Promotion:

- Communicating the value of the service using advertising, personal selling, public relations, and sales promotions.

5. People:

- The employees who deliver the service significantly influence customer experience and satisfaction.

6. Process:

- The steps and workflows involved in delivering the service, including customer interaction and internal operations.

7. Physical Evidence:

- The tangible elements associated with the service, such as infrastructure, ambience, and branding, which build customer confidence.

2. Service Product

• Standalone Services:

- Services provided independently without any associated physical product.
- Example: Financial consulting.

• Bundled Services:

- Services combined with physical products to enhance value.
- Example: A computer sold with warranty and technical support.

• Service Life Cycle:

- **Introduction Stage:** Focus on creating awareness.
- **Growth Stage:** Service adoption increases; competition intensifies.
- **Maturity Stage:** Market saturation occurs; emphasis on differentiation.
- **Decline Stage:** Demand decreases; strategies include service innovation or discontinuation.



3. Service Design

- **Definition:** Service design involves planning and organizing service components, including physical and human aspects, to create a seamless customer experience.
- **Key Aspects of Service Design:**
 1. **Blueprinting:** Mapping the service delivery process, touchpoints, and customer interactions.
 2. **Customer Journey Mapping:** Visualizing the customer's experience at each stage of service interaction.
 3. **Employee Training:** Ensuring that service staff are well-equipped to handle various scenarios.
 4. **Technology Integration:** Incorporating tools like CRM systems to enhance efficiency.
- **Challenges in Service Design:**
 - Ensuring consistency across touchpoints.
 - Balancing customer expectations with operational feasibility.

4. Challenges in Distribution of Services

- **Intangibility:** Difficulty in showcasing the service value before purchase.
- **Inseparability:** Services often require customer presence during delivery.
- **Perishability:** Services cannot be stored for future use, requiring effective capacity management.
- **Heterogeneity:** Variability in service quality across different locations or employees.

Strategies to Overcome Distribution Challenges:

- **Multi-channel Distribution:** Combining physical outlets, online platforms, and mobile applications.
- **Franchising:** Expanding the service footprint while maintaining quality.
- **Automation:** Using technology to standardize processes and enhance accessibility.

5. Personal Selling, Advertising, and Sales Promotion in the Service Industry

- **Personal Selling:**
 - One-on-one interaction between the service provider and the customer.
 - Benefits: Builds trust, allows customization, and addresses specific customer needs.
 - Example: Real estate agents guiding buyers.
- **Advertising:**
 - Promoting services through mass media like TV, radio, and digital platforms.
 - Challenges: Highlighting intangible benefits and building credibility.
 - Example: Healthcare providers advertising quality of care and facilities.
- **Sales Promotion:**
 - Short-term incentives to boost service adoption.
 - Examples: Discounts on memberships, free trials, and referral rewards.

6. Customer Satisfaction and Service Quality in Service Marketing



- **Customer Satisfaction:**
 - A measure of how well a service meets or exceeds customer expectations.
 - Factors influencing satisfaction:
 - Service reliability.
 - Responsiveness and empathy of staff.
 - Tangible evidence of service quality.
- **Service Quality:**
 - Perceived quality of service delivery, often assessed using models like SERVQUAL.

7. Monitoring and Measuring Customer Satisfaction

7.1 SERVQUAL Model

- **Definition:** A framework to measure service quality by comparing customer expectations with actual experiences.
- **Dimensions of SERVQUAL:**
 1. **Tangibles:** Physical facilities, equipment, and appearance.
 2. **Reliability:** Consistency and dependability of service.
 3. **Responsiveness:** Promptness in assisting customers.
 4. **Assurance:** Knowledge and courtesy of employees.
 5. **Empathy:** Caring and personalized attention.
- **Steps in Using SERVQUAL:**
 - Identify customer expectations.
 - Gather feedback on actual experiences.
 - Analyze gaps and implement improvements.

7.2 GAP Model

- **Purpose:** Identifies gaps between customer expectations and service delivery.
- **Types of Gaps:**
 1. **Knowledge Gap:** Difference between customer expectations and management's perception.
 2. **Policy Gap:** Discrepancy between management's understanding and service design.
 3. **Delivery Gap:** Variance between service standards and actual delivery.
 4. **Communication Gap:** Mismatch between promises made and actual service delivery.
 5. **Perception Gap:** Difference between customer perception and their expectations.

8. Handling Complaints Effectively

- **Importance:**
 - Addressing complaints effectively can turn dissatisfied customers into loyal advocates.



- Shows commitment to service quality and customer care.
- **Steps to Handle Complaints:**
 1. **Listen Actively:** Allow the customer to voice their concerns without interruptions.
 2. **Acknowledge the Problem:** Show empathy and validate their feelings.
 3. **Investigate:** Understand the root cause of the issue.
 4. **Offer a Solution:** Provide a resolution that meets or exceeds customer expectations.
 5. **Follow-Up:** Ensure the customer is satisfied with the solution.
- **Techniques for Complaint Management:**
 - Creating a dedicated complaint resolution team.
 - Training employees in conflict resolution.
 - Leveraging technology for complaint tracking and analytics.
- **Examples:**
 - Airlines offering compensation for delayed flights.
 - Restaurants providing discounts for unsatisfactory meals.



Unit 3: Services in Organized Retailing

1. Overview of Services in Organized Retailing

Organized retailing refers to activities involving the sale of goods and services through organized channels, including malls, departmental stores, franchise operations, and e-commerce platforms. Services in organized retailing go beyond product offerings to include additional value-added services that enhance customer satisfaction and convenience.

2. Key Sectors in Organized Retailing

2.1 Healthcare Services

- **Definition:** Healthcare services involve medical treatment, preventive care, and wellness programs delivered through hospitals, clinics, diagnostic centers, and pharmacies.
- **Components of Healthcare Services:**
 - **Preventive Care:** Vaccinations, wellness check-ups, and health screenings.
 - **Curative Care:** Diagnosis and treatment of illnesses.
 - **Rehabilitative Care:** Post-treatment support such as physiotherapy.
 - **Pharmaceutical Retail:** Organized retailing of medicines and health products.
- **Trends in Healthcare Services:**
 - Telemedicine and virtual consultations.
 - Health insurance and wellness programs.
 - Integration of AI for diagnostics and treatment plans.
- **Challenges:**
 - Maintaining service quality.
 - High costs of advanced medical equipment.
 - Limited access to rural populations.

2.2 Marketing E-Services

- **Definition:** E-services refer to services provided through electronic platforms, including websites, mobile apps, and social media.
- **Examples:**
 - Online shopping platforms like Amazon and Flipkart.
 - Food delivery services like Zomato and Swiggy.
 - Digital payment services like Paytm and Google Pay.
- **Features of E-Services:**
 - **Accessibility:** Available 24/7.
 - **Convenience:** Customers can access services from anywhere.
 - **Customization:** Tailored recommendations based on user data.
- **Challenges:**
 - Ensuring data security and privacy.
 - Managing high customer expectations for instant gratification.
 - Overcoming digital illiteracy in rural areas.



2.3 Business Process Outsourcing (BPO)

- **Definition:** BPO involves outsourcing business operations and processes to third-party service providers to reduce costs and improve efficiency.
- **Types of BPO:**
 - **Back Office:** Includes payroll, HR, and accounting.
 - **Front Office:** Includes customer support and telemarketing.
- **Benefits of BPO:**
 - Cost reduction.
 - Access to skilled professionals.
 - Focus on core business functions.
- **Challenges:**
 - Communication barriers.
 - Quality control issues.
 - Dependency on external providers.

2.4 Medical Transcription Services

- **Definition:** Medical transcription involves converting voice-recorded medical reports dictated by healthcare professionals into text format.
- **Uses:**
 - Maintaining patient records.
 - Preparing clinical documentation.
 - Supporting medical research.
- **Advantages:**
 - Accurate and detailed patient histories.
 - Enhanced communication between healthcare providers.
- **Challenges:**
 - High skill requirements for transcriptionists.
 - Ensuring data confidentiality.
 - Managing technological changes like voice-to-text AI.

2.5 Knowledge Process Outsourcing (KPO)

- **Definition:** KPO involves outsourcing knowledge-intensive tasks requiring specialized skills and expertise, such as research, analysis, and consultancy.
- **Examples of KPO Services:**
 - Market research and analytics.
 - Financial modeling and investment analysis.
 - Legal process outsourcing.
- **Advantages:**
 - Access to domain expertise.
 - Improved decision-making through data-driven insights.
 - Cost savings in research and analysis.
- **Challenges:**
 - Retaining skilled employees.
 - Intellectual property risks.
 - Adapting to dynamic market demands.



2.6 E-Learning Services (Indian Context)

- **Definition:** E-learning refers to the delivery of educational content and training through digital platforms.
- **Growth in India:**
 - Increased internet penetration and smartphone usage.
 - Government initiatives like Digital India and SWAYAM.
 - Popular platforms: Byju's, Unacademy, Coursera, and Vedantu.
- **Benefits of E-Learning:**
 - Accessibility for remote learners.
 - Flexibility in learning schedules.
 - Diverse content formats (videos, quizzes, live sessions).
- **Challenges:**
 - Digital divide in rural areas.
 - Limited interactivity compared to traditional classrooms.
 - Dependence on technology infrastructure.

2.7 Mutual Fund Services

- **Definition:** A mutual fund pools money from multiple investors to invest in securities like stocks, bonds, and money market instruments.
- **Types of Mutual Funds:**
 - Equity funds.
 - Debt funds.
 - Hybrid funds.
- **Services in Mutual Fund Retailing:**
 - Investment advisory.
 - Online portfolio management.
 - Customer support for investment queries.
- **Challenges:**
 - Educating investors about risks.
 - Maintaining transparency.
 - Regulatory compliance.

2.8 Day Care Services

- **Definition:** Organized facilities providing care and supervision for children during the day.
- **Features of Day Care Services:**
 - Structured schedules and activities.
 - Nutritious meals and snacks.
 - Trained caregivers and staff.
- **Challenges:**
 - Ensuring safety and hygiene.
 - Managing child-to-staff ratios.
 - High operating costs.



2.9 Portfolio Services

- **Definition:** Portfolio services involve managing an individual or organization's investments to achieve financial goals.
- **Key Elements:**
 - Asset allocation and diversification.
 - Regular performance tracking.
 - Tax optimization strategies.
- **Challenges:**
 - Market volatility.
 - Aligning portfolios with investor goals.
 - Educating clients about investment risks.

2.10 Education Services

- **Definition:** Organized services that facilitate learning through schools, colleges, coaching centers, and online platforms.
- **Emerging Trends:**
 - Blended learning models.
 - International collaborations.
 - Vocational training programs.
- **Challenges:**
 - Rising costs of quality education.
 - Bridging the gap between rural and urban education systems.
 - Ensuring employability through skill-based training.

2.11 Hospitality Services

- **Definition:** Hospitality services include accommodation, food and beverage, and event management offered through hotels, resorts, and restaurants.
- **Components:**
 - Room service.
 - Dining and catering.
 - Event planning and conferencing.
- **Trends:**
 - Focus on eco-tourism.
 - Adoption of contactless technologies.
 - Customization for unique customer preferences.
- **Challenges:**
 - Seasonal demand fluctuations.
 - Managing customer expectations.
 - Ensuring global standards.