

# Lecture 8 - Strategic Services Decisions

Services

(Researched Examples in blue)

A service is an intangible product involving a deed, a performance or an effort that cannot be physically processed

There are Consumer services and also business services.

When classifying a service one must look at the:

- Type of market (consumer/ industrial)
- Degree of labour intensiveness (labour/ equipment)
- Degree of customer contact (high/ low)
- Skill of service provider (Professional/ non)
- Goal of service provider (profit/ non-profit)

Characteristics of services are that they are:

**Intangible** - before point of purchase they cannot be touched or felt but experienced

This therefore increases perceived risk. Marketers must find images as well as physical evidence to enhance perceptions of the service quality. Use of marketing mix to help facilitate decision making

**Perishable** - cannot be stored

Essential to get cost and differentiation strategies right as service can't be stocked

**Inseparable** - can't have service without provider

Customers are co-producers/ designers

Service must be brought to consumer

Hard to lower price and hold image of quality

**Heterogeneous** - quality of service is dependent on provider

Difficult to differentiate as it is dependent on provider. Personnel must be standardised to provide high quality but this cannot be controlled. Consistency must be established, but should also be flexible to changes

Unowned - you can't own a service only provided

Increasingly firms are outsourcing many of the activities allowing them to focus on core competences

**Examples Banks such as Barclays outsource their customer support services from overseas call centres for a cheaper cost**

The extended marketing mix applies to only services:

- People

**British Airways: Extensive recruitment procedure tests, Undergo training, International cabin crew with knowledge of language and culture**

- Process

**Structured process which attempts to make traveling procedure easy and efficient as well as safe**

- Physical evidence (sensoral appearance of environment)

**Uniform standards and appearance, logos, pleasant internal appearance of aircraft, different classes of travel**