

CHAPTER ELEVEN

Marketing of Services

The concept of service

“When you build a manufacturing plant, it starts depreciating on the day it opens. The well-served customer, on the other hand is an appreciating asset. Every small act on her or his behalf ups and odds for repeat business, add-on business, and priceless word of mouth referral.”

Tom Peters – A renowned author and Management Guru.

Services are all around us – as consumers we use services every day. The growth in service industry is widely recognized and contributes to the economic development of our country and many regions.

A service has been described as an act, a process and performance.

A service business is one where the perceived value of the offering to the buyer is determined more by the service rendered than the product offered. In this way the nature and scope of services pose different challenges for executives in service business. In fact many of our employees such as technical assistants, office staff, accountants, customer care executives are really service providers.

Services are the sincere efforts of the organization to provide intangible benefits to the customers. Philip Kotler the renowned professor of marketing defines service as: "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. Its production may or may not be tied to a physical product".

Marketing is defined by AMA(American Marketing Association) as “The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals”. W.J. Stanton views services as fulfilling certain wants and states that, "services are those separately identifiable, essentially intangible activities which provide want-satisfaction, and that are not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of tangible goods. However, when such use is required, there is no transfer of title (permanent ownership) to these tangible goods".

As in the case of a product, in the case of services also your starting point for understanding the marketing dynamics is the want satisfaction of the customers. It is

important to correctly identify the particular want(s) which your service is fulfilling, since this will provide the clue for designing the most appropriate marketing strategy. Philip Kotler reiterates that the aim of marketing is to meet and satisfy target customer's needs and wants better than competitors.

The scope of service

(a) A service organization: The entire business activities reside within the service sector.

eg. BSNL as a telecom service provider.

(b) Service as a Core Product: That is the commercial outputs of a service organization: eg. Landline/Broadband/Mobile connections, leased circuits provided by BSNL are the example of core products.

(c) Service as a product augmentation: That is any peripheral activity designed to enhance the delivery of a core product. The courtesy behavior of employees, smiling face, willingness to help, even a complimentary coffee/ drinking water at CSCs come under this category.

(d) Service as a product support: That is any product or customer oriented activity that takes place after the point of delivery. For example monitoring activities, courtesy call to the customer about the product-say the courtesy call about broadband working after the installation of customer premises equipments, prompt fault repair service, updating activities etc

(e) Service as an act: That is service as a mode of behavior such as helping out, giving advice by avoiding complex procedures and process.

To be successful, we have to firstly, identify the basic needs which is being fulfilled by our services, and secondly, find ways and means to differentiate it from that of the competitors so that we can increase customer base and also command their loyalty

Reasons for growth of the service sector

Manufacturing industries grew because they produced tangible goods which satisfied man's physiological needs of food, shelter and clothing. As the basic need was fulfilled there was demand for improved satisfaction, and this led to a proliferation of variations of the same product and a number of companies involved in its manufacture. The growth of service industries can be traced to the economic development of society and the socio-cultural changes that have accompanied it. Sometimes, the growth of specific service industry is the result of a combination of several reasons.

Increasing affluence coupled with the desire to utilize leisure time for leisure rather than for doing odd repair jobs in the house had led to the growing tribe of plumbers and electricians. Increasing affluence combined with increasing complexity of life and increasing insecurity has led to the phenomenon of credit cards and travelers cheques which have proved to be almost perfect substitutes for money. These credit cards provide convenience and safety. In fact, convenience is proving to be a key concept in the provision of services. Because of globalization and liberalization, need for getting connected has been increased and with the availability of electronic technologies and supporting tools Telecom services are increasing day by day. People have adopted telecom services as they serves for everything starting from basic communication needs to entertainment.

Characteristics of services

Services have a number of unique characteristics that make them so different from products. Some of the most commonly accepted characteristics are:

- (a) Intangibility
- (b) Inseparability
- (c) Heterogeneity
- (d) Perishability
- (e) Ownership.

(a) Intangibility

When you buy a cake of soap, you can see, feel, touch, smell and use to check its effectiveness in cleaning. But when you pay fees for a term in college, you are paying for the benefit of deriving knowledge and education which is delivered to you by teachers. In contrast to the soap where you can immediately check its benefits, there is no way you, can do so in case of the teachers who are providing you the benefits. Teaching is an intangible service. When you travel by aero plane, the benefit which you are deriving is a service (transportation) but it has some tangible aspects such as the particular plane in which you fly (Boeing, Avro, Concorde, and the food and drink which is served). In this case the service has both a tangible and intangible aspect as compared to teaching which has no tangible aspect at all. The fact is that most services are in reality a combination of product and service having both tangible and intangible aspects. The distinguishing feature of a service is that its intangible aspect is dominant. J. Bateson has described the intangible characteristics of services which make them distinct from products. These intangible features are:

- a service cannot be touched
- precise standardisation is not possible
- there is no ownership transfer
- a service cannot be patented
- production and consumption are inseparable
- there are no inventories of the service
- the consumer is part of the production process so the delivery system must go to the market or the customer must come to the delivery system.

(b) Inseparability

In most cases service cannot be separated from the person or firm providing it. Service is provided by a person who possesses a particular skill (singer), by using equipment to handle a tangible product (dry cleaning) or by allowing access to or use of physical infrastructure (hotel, train). A plumber has to be physically present to provide the service, the beautician has to be available to perform the massage. This is in direct contrast to products which can be produced in the factory today, stocked for the next two, three or more months and sold when an order is procured.

(c) Heterogeneity

The human element is very much involved in providing and rendering services and this makes standardisation a very difficult task to achieve. The doctor who gave you his complete attention in your last visit may behave a little differently the next time. The new bank clerk who cashes your cheques may not be as efficient as the previous one and you have to spend more time for the same activity. This is despite the fact that rules and procedures have been laid down to reduce the role of the human element and ensure maximum efficiency. Airlines, restaurants, banks, hotels have a large number of standardised procedures. You have to reserve a room in a hotel and this is a straight forward procedure for which all the steps are clearly defined. Human contact is minimal in the computerised reservation systems, but when you go to the hotel there will be a person at the reception to hand over the key of your room. The way this person interacts with you will be an important factor in your overall assessment of the service provided by the hotel. The rooms, the food, the facilities may be all perfect, but it is the people interacting with you who make all the difference between a favourable and unfavourable perception of the hotel.

(d) Perishability

Services cannot be stored and are perishable. A car mechanic who has no cars to repair today, or spare berths on a train, unsold seats in a cinema hall represent service capacity which is lost forever. Apart from the fact that a service not fully utilised represents a total-loss, the other dimension of this perishability aspect is that most services may face a fluctuating demand. There is a peak demand time for buses in morning and evening (office hours), certain train routes are always more heavily booked than others. This fluctuating demand pattern aggravates the perishability characteristic of services.

(e) Ownership

When you buy a product you become its owner-be it a pencil, book, shirt, refrigerator or car. In the case of service, you may pay for its use but you never own it. By buying a ticket you can see the evening film show in the local cinema theatre; by paying wages you can hire the services of a chauffeur who will drive your car; by paying the required charges you can have a marketing research firm survey into the reasons for your products' poor sales performance, etc. In case of service, the payment is not for purchase, but only for the use or access to or for hire of items or facilities.

A service is purchased for the benefits it provides. If we closely examine the reasons why products are purchased, we find that they are bought not because of their physical, tangible features but because they provide certain intangible benefits and satisfactions.

Detergent powder provides the primary benefit of cleanliness, air-conditioner provides the benefit of a cool, comfortable environment, a mixer-cum-grinder provides convenience. The only difference between products and services is that in the latter the intangible component is greater than in the former. Thus, services can be treated as a special kind of product.

From a marketing view-point the same concepts and techniques are applicable for both products and services. The successful marketing of both requires market research, product design, product planning and development, pricing, promotion and distribution. However, for marketing of services, the marketing manager must understand the nature of the five characteristics of services and the manner in which they impinge on the marketing strategy.

Elements of marketing mix in services marketing

For marketing of products, the four elements of marketing mix are product, price, place (distribution) and promotion, which are used in a specific combination to arrive at the marketing strategy. In the case of services, there are three more additional elements.

These elements are people, physical evidence and process. These elements of marketing mix often are referred as *Seven P's* of services marketing. We shall now take up each of these elements for discussion.

Product

The most important issue in the service product understands what benefits and satisfaction the consumer is seeking from the service. From the view-point of a restaurant's manager, the restaurant simply provides food. But the customers coming to the restaurant may be seeking an 'outing', an atmosphere different from home, relaxation, entertainment or even status. The product development of services involves offering innovative services and adding new added value services at regular intervals. This helps marketer attract and retain customers in a competitive market. The components of service product include product variety, quality, design, features, brand name, packaging, sizes, services, warranties and returns

As a manager marketing services, you would like to market not just one service but a range of services. You would need to take decisions on the length and width of the range of services, the manner in which they complement and support each other, and how well they face up to the competitor's offerings. The service or services which you offer must be targeted at a specific market segment. The target market segment must have a definite need for the service.

According to Robert Lauterborn product should be solution to customer's problem.

Pricing

“The key to making the sale is to communicate value! Do it so strongly.... That the price seems reasonable in relation to the product or service you are offering”

“A customer perception of what is a reasonable price is more important than what you want to charge for your product or service. And what the customer decides what reasonable based on perceived value for money, not price. Its creating this perception of value that tells the customer – the price is right.”

Noel Peeble, Author, “Sell your business the Easy Way”

The right price is one, consumers are willing and able to pay and retailers are willing to accept in exchange for merchandise and services. The right price allows the retailer to make a fair profit while providing the consumer with value satisfaction before, during, and after the sale. The components of service pricing include list price discounts allowances payment periods and credit terms.

The two methods which a service organisation may use to determine prices are cost-based pricing and market-oriented pricing. In the former, the price may be regulated

by the government or industry association on the basis of the cost incurred by the most efficient unit. Such a pricing strategy is effective in restricting entry and aiming at minimum profit target. The market-oriented pricing may either be competition or customer-oriented. In case of competition-oriented pricing, the price may be fixed at the level which the competitor is charging, or lower to increase market share. Customer-oriented pricing is varied according to customers' ability to pay. Another important aspect of pricing of services is that the price of the same service can be changed depending on the demand for the service. This concept is generally called yield management .eg. Airline ticketing.

The pricing tactics that may be used to sell services are:

- Differential or flexible pricing
- Discount pricing
- Diversionary pricing
- Guaranteed pricing
- High price maintenance pricing
- Loss leader pricing
- Offset pricing
- Penetration pricing

(a) Differential or flexible pricing is used to reduce the 'perishability' characteristic of services and iron out the fluctuations in demand. Differential price implies changing different prices according to:

- a) customer's ability to pay differentials (as in professional services of management consultants, lawyers);
- b) price tune differentials (used in hotels, airlines, telephones where there is the concept of season and off-season and peak hours); and
- c) place differential used in rent of property-theatre seat pricing (balcony tickets are more expensive than front row seats) houses in better located colonies command high rent.

(b) Discount pricing refers to the practice of offering a commission or discount to intermediaries such as advertising agencies, stock brokers, property dealers for rendering a service. It may also be used as a promotional device to encourage use during low-demand time slots or to encourage customers to try a new service (such as an introductory discount).

(c) Diversionary pricing refers to a low price which is quoted for a basic service to attract customers. A restaurant may offer a basic meal at a low price but one which includes no soft drink or sweet dish. Once the customer is attracted because of the initial

low price he may be tempted to buy a drink or an ice-cream or an additional dish. Thus he may end up buying more than just the basic meal.

(d) Guaranteed pricing refers to pricing strategy in which payment is to be made only after the results are achieved. Employment agencies charge their fee only when a person actually gets a job, a property dealer charges his commission only after the deal is actually transacted.

(e) High price maintenance pricing strategy is used when the high price is associated with the quality of the service. Many doctors, lawyers and other professionals follow this pricing strategy.

(f) Loss leader pricing is one in which an initial low price is charged in the hope of getting more business at subsequently better prices. The danger is that the initial low price may become the price for all times to come.

(g) Offset pricing is quite similar to diversionary pricing in which a basic low price is quoted but the extra services are rather high priced. A gynaecologist may charge a low fee for the nine months of pregnancy through which she regularly checks her patient, but may charge extra for performing the actual delivery and post-delivery visits.

(h) Penetration Pricing: This is pricing strategy with relatively low initial entry price. This may help to break existing brand loyalties and improve the Market share. Fast diffusion & adoption, high stock turnover, positive word – of – mouth, discouraging the entry of competitors are the attractions of penetration pricing. It is suitable when products are price elastic.

Please bear in mind that the money isn't the only currency being "used" to purchase products, there are five "life currencies"- money, time, space, information and personal energy. Therefore pricing is tricky.

Promotion

Service consumers experience a high level of perceived risk when compared to consumers of products because of the intangible nature of services. Service providers should aim to promote their services in order to eliminate the elements of this perceived risk. This can be best achieved by encouraging and promoting positive word-of-mouth publicity, developing strong brands, offering a trial use of service for the consumers and finally, by managing advertising and public relations effectively to clearly communicate the message to the customers.

Promotion of service offers cannot be carried out in isolation, without promoting the service provider, as consumers will not be able to rate the intangible services without knowing who the service provider is, therefore, promotion of the service provider becomes equally important in services.

Another distinguishing factor for promotion of service is that the service personal and other customers also participate in the promotion process. For example, when a customer visits a BSNL customer care centre, he makes an assessment of the service based on the behavior of the service personal and the crowd there is at that point in time. So therefore attracting the right crowd and employing the right people is very important for a service provider. This provides plenty of opportunities for the service providers to promote their services.

The fundamental difference which must be kept in mind while designing the promotion strategy for services is that the customer relies more on subjective impressions rather than concrete evidence. This is because of the inherent intangible nature of services. Secondly, the customer is likely to judge the quality of service on the basis of the performer rather than the actual service. Thirdly, since it is difficult to sample the service before paying for it, the customer finds it difficult to evaluate its quality and value. Thus, buying a service is a riskier proposition than buying a product. The four important methods used for promoting services are advertising, personal selling, publicity and sales promotion.

(a) Advertising

Advertising is any kind of paid, non-personal method of promoting by an identified organisation or individual. Certain services such as entertainment (cinema, theatre), passenger and freight transport (roadways, airlines, trains), hotel, tourism and travel, insurance have been advertising heavily in newspapers magazines, radio, TV to promote greater usage and attract more customers. However, certain service professionals such as doctors and lawyers, have rarely used advertising as a means of increasing their clientele. A study conducted by J.R. Darling and D.W. Hackett in 1978 revealed that doctors, dentists, lawyers and accountants have a negative attitude towards advertising their services. These groups have traditionally relied on word-of-mouth for attracting new customers. But this situation is changing and you can occasionally see an advertisement in the daily newspaper giving information about the location and timings that a particular doctor is available for consultation. These advertisements may also carry the message 'Honorary doctor to the President of India' or ex-director of a prestigious medical college or institution. Such messages help create positive image and credibility.

The guidelines which can be kept in mind while promoting services are as follows:

- Use-simple, clear messages
- Emphasise the benefits of service
- Promise only that which can be delivered and do not exaggerate claims
- Built on the word-of-mouth communication by using testimony of actual consumers in advertisements and

- Provide tangible clues to services by using well-known personalities or objects to help customers identify the service. This is being done by Indian Railways in their advertising on TV wherein they are using well-known sports personalities to talk about the importance of railways to the nations' economic development and protection of railway property.

Identification of the target markets and buyer motives are important in developing an advertising program. The five major decision elements are as follows.

- Mission: Define the objectives
- Money: The budget allotment, how much can be spend?
- Message: What message to be sent among the target market?
- Media: What media should be used?
- Measurement: How to evaluate the results. The communication impact and sales impact of advertisement have to be measured.

Advertisement objective is a specific communication task and achievement level to be accomplished with a specific audience in a specified period of time.

The advertisement should be

- Informative: To create brand awareness, knowledge of new products, new features of existing products.
- Persuasive: It should be convincing
- Reminder: It should act as a reminder for repeat purchase
- Reinforcement: To convince current purchases that they made the right choice

Accept the fact that whatever may be the effectiveness of the advertisement, it can't overcome poor quality of service.

(b) Personal Selling

The problem with using personal selling to promote services is that in certain types of services, the service cannot be separated from the performer. Moreover, it is not a homogeneous service in which exact standards of performance can be specified. In such situations, personal selling implies using an actual professional rather than a salesman to sell the service.

This kind of personal selling is certainly effective but also very expensive. One way of making personal selling more cost effective is to create derived demand by tying up with associated products and services. A chain of hotels may team up with an airline to offer a concessional package tour (as has been successfully done for promoting Nepal tourism, and is being done by Indian Airlines and Jammu and Kashmir Tourism Department). The other way is to maintain a high visibility in professional and social organisations, getting involved in community affairs and cultivating other professionals so as to maximise personal exposure and the opportunities for getting work from new sources.

(c) Publicity

Publicity is unpaid for exposure which is derived by getting coverage as a news or editorial item. It is possible to get publicity when the service which you are offering is unique and, therefore, newsworthy, by holding a press conference in which you can associate your service with some issues of greater social relevance or by involving the interest of the newspaper or its staff in covering your service. The important point about publicity is that your choice of the newspaper, magazine and journal should be correct. The vehicle which you choose must be credible and enjoy a reputation of being trustworthy. Wrong choice of media vehicle will result in adverse publicity.

(d) Sales Promotion

In the case of services, the sales promotion techniques which are used are varied and various in number. A doctor may charge lesser amount of fee on subsequent visits to encourage the patient's loyalty, paediatrician may send reminder cards to parents about their children's pending inoculations, a car mechanic may offer a guarantee for repairs undertaken up to three months, a chartered accountant may offer his services free for the first two visits to allow the customer to evaluate his work. In services, sales promotion techniques are used to offset their perishability characteristic (family discounts offered by hotels in off-season in which two children under twelve are allowed free of charge) and to overcome the problem faced by customers in evaluating and judging the quality before making the purchase. Sales promotion techniques reduce the risk associated with the purchase.

The commonly used techniques of sales promotion are free samples, coupons, rebates, gifts, rewards related to the consumers frequency and intensity in purchasing company's product or services, prizes for contests/sweepstakes/games, free trials, point of purchase(pop) displays and demonstration.

Place

In services, place relates to the ease involved in accessing a service. Due to the inseparability of services, they are produced and consumed at the same place. This inseparability of services makes it impossible for service providers to produce the service at a place where the cost is low and sell it at a place where there is a high demand for it.

Place decisions involve the physical location of the service provider's outlet, the physical appearance and ambience of the place of service offering and the decision to use the particular types of intermediaries to offer easy accessibility to the customers and improve operational efficiency of the organization.

The most important decision element in the distribution strategy relates to the issue of location of the service so as to attract the maximum number of consumers. The inseparability characteristic of services such as those of doctors, teachers, consultants, mechanics etc. poses a distribution constraint since they are able to serve only a limited, localised market. The other characteristic of services which affects the distribution strategy is the fixed location of services such as universities, restaurants, hospitals which necessitates the customer to go to the service location rather than vice-versa. The first decisional variable in planning the distribution strategy relates to the location of the service. In deciding where to locate your service, you should raise the following questions as they would help you arrive at the right decision.

- How important is the location of the service to the customers? Will an inconvenient location lead to purchase being postponed or being taken over by a competitor? The answer is yes in case of services such as dry cleaning, fast food outlets where convenience is the most critical factor. The answer is no in case of services provided by doctors and beauty parlours, where the customer involvement with the provider of the service is very high and the decision is made on the basis of reputation, competence and past experience.
- Is the service, technology-based or people-based? How does the technology or people factor affect the choice of locations? How flexible is the service? Can the equipment and people be moved to another location without any loss in quality?
- How important are complementary services to the location decision? Can the clientele be increased by locating services where complementary products or services already exist? Garages and mechanic shops located next to petrol stations are examples of complementary location decision.

The second decisional variable in the distribution strategy is whether to sell directly to the customers or through intermediaries. In case of services which are inseparable from the performer, direct sale is the only possible way of reaching the

consumer. In case of other services such as hotels, airlines, property, life insurance, they may operate through middlemen. The third decisional variable in the distribution strategy is how to provide the service to maximum number of customers in the most cost-effective manner.

People

People constitute an important dimension in the management of services in their role both as performers of service and as customers. People as performers of service are important because, "A customer sees a company through its employees. The employees represent the first line of contact with the customer. They must, therefore, be well informed and provide the kind of service that wins customer approval. The firm must recognise that each employee is a salesman for the company's service".(E.M. Johnson, "An Introduction to the Problems of Service Marketing Management".) The importance of customers in services stems from the fact that most services imply active and involved customer-organisation interface. The concept of people includes service personnel and customers.

(a) Service Personnel

Service Personnel are important in all organisations but more so in an organisation involved in providing services. The behaviour, knowledge and attitude of the personnel providing the service is an important influence on the customers' overall perception of the service and he can rarely distinguish between the actual service rendered and the human element involved in it. How often have you had the experience of holding onto a telephone receiver after dialing for assistance or trunk booking and receiving no response?

The other- important distinction of service personnel is between those that are visible to the customer and those that are not. In a restaurant the waiters are visible while the cook in the kitchen is not. As a marketing manager you have to devote more time training the visible personnel, since they have greater responsibility in maintaining relations with the customer. The rice dish which is not cooked properly is the cook's fault but it is the waiter who will have to bear the brunt of the customers' anger. The manner in which the waiter behaves with the customer will be an important determinant in the restaurant losing that customer forever or retaining him as a regular client.

As a marketing manager your primary concern is the visible service personnel and especially so if yours is a high contact organisation. You have to be concerned with ways in which you can improve the quality and performance of your service personnel. This can be done through:

- Careful selection and training of personnel

- Laying down norms, rules and procedures to ensure consistent behaviour
- Ensuring consistent appearance and
- Reducing the importance of personal contact by introducing automation and computerisation wherever possible.

American Walmart Superstores require following pledge from employees.
“I solemnly swear and declare that every customer that comes within 10 feet of me, I will smile, look them in the eye, and greet them”

It is worth remembering the Chinese Proverb as far as the service personnel are concerned.

“A man without a smiling face must not open a shop.”

(b) Customers

“There is only one Boss – and he can fire everybody in the company from the Chairman down – Just by spending his money somewhere else.”

Sam Walton

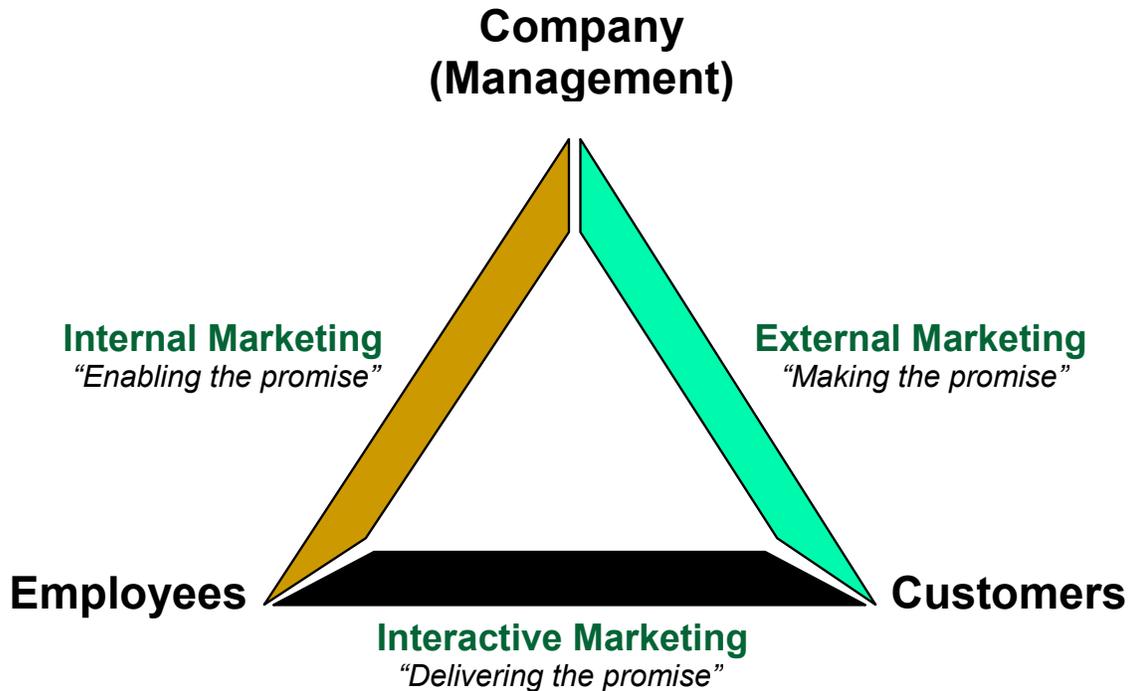
Founder, American Walmart Superstores

Customers are important because they are a source of influencing other customers. In the case of doctors, lawyers, consultants one satisfied customer will lead to a chain reaction bringing in his wake a number of other customers. Thus as a marketing manager, your first task should be to ensure complete satisfaction of the existing customers.

The kind of customers that you attract exerts an important influence on prospective customers. The prospective customer may feel attractive towards the organisation (it may be a restaurant, club, school, college) because it has his 'type' of customers or it has the customer clientele towards which he himself is aspiring. On the other hand, the customer may turn away if he perceives the existing customers to be the kind with whom he would not like to be associated. You have to decide about the class of customers you would like to have and work towards providing your service organisation an image which will fetch you your future customers. The physical appearance of your organisation, the looks and behaviour of service personnel, the delivery of the service have all to be tuned into a desirable composite package.

Services marketing triangle

The services marketing triangle consists of the three components of the service delivery process, namely the company, the front line employees and the customers. In the service industry, customers become a part of the service delivery process due to the inseparability characteristics of services. Both the production and consumption of a service takes place simultaneously.



In the services marketing triangle the company front line employees and the customers make up the three corners of the triangle. The interactions that take place between the company and its customers constitute external marketing through which the company promises to deliver quality service to customers. The company communicates information about its products and services to external customers by means of marketing communication mix comprising advertisements, sales promotion, personal selling, direct marketing and public relations.

The interactions between the company and the front-line employees constitute internal marketing, by means of which the company enables its employees to deliver quality service to customers. Internal marketing is the process of communicating information about the company's product or services to employees of the organization. Any service organisation, in order to achieve its marketing objectives, has to first communicate with its internal staff and convince them of the quality of its services. It should also take feedback from on a regular basis to improve the service offering. The

internal marketing process makes use of tools such as newsletters, video shows, staff forums, training, webinars, presentations etc. to communicate information about the company's services to its employees. Thus internal marketing is similar to external marketing except that the company has to market its services to its own employees. Thorough knowledge of the company's services, competitor's strategies and market conditions gives confidence to employees, especially the front-line staff to market the services.

Process

The production and delivery process in the manufacturing sector is easier than in the services sector. Customer service encounters have an impact on the quality of service delivered by the organization. A service encounter is the actual time period during which an interaction takes place between the service provider and the customer. Among all the service encounters, a few are very important for completing the service delivery process on a successful note. These particular interactions are named "critical incidents" and are directly responsible for customer satisfaction or dissatisfaction. These feelings of satisfaction or dissatisfaction may result either from interaction with service personnel or from the interaction with equipment or production processes.

Over the years, some service organizations have mechanized their services processes to reduce the element of human judgment and error in service delivery. This mechanization helps reduce labour costs which along with competition in the service industry have increased tremendously.

We have to follow customer friendly processes and procedures in all customer interfaces.

Physical evidence

Service customers experience a greater perceived risk as they cannot rate a particular service until it is consumed. Therefore, service providers should try to attach an element of tangibility to their service offering. The physical evidence can be in any form, like TV advertisements, news paper advertisements, hoardings, public relations, media relations, events, brochures, employees in uniform, the ambience of customer service centers, corporate social responsibility activities etc.

The concept of service quality.

It is the measure of how well the delivered service level matches customer expectations on consistent basis.

The dimensions of service quality

The dimensions of service quality are tangibility, reliability, responsiveness, assurance and empathy.

(a) Tangibility: It represents the quality of attributes and physical evidence of service. The following variables contribute to tangibility of service.

- Equipments are modern-looking.
- The physical facilities are visually appealing.
- Employees are neat appearing.
- Materials associated with the service (such as pamphlets or statements) are visually appealing.

(b) Reliability: It is the ability to perform the service dependably and accurately. The following variables contribute to Reliability of service.

- Promises are kept.
- Problems are solved sincerely.
- Service is performed right the first time.
- Time commitments are honored.
- Error-free records.

(c) Responsiveness: The ability of service provider to respond to customer needs on a timely basis. The following variables contribute to Responsiveness of service.

- Employees will tell customers exactly when services will be performed.
- Employees will give prompt service to customers.
- Employees will always be willing to help customers.
- Employees will never be too busy to respond to customers' requests.

(d) Assurance: It is the employees' knowledge, courtesy, and ability to instill confidence among customers. The following variables contribute to Assurance of service.

- The Behavior of employees will instill confidence in customers.
- Customers will feel safe in their transactions.
- Employees will be consistently courteous with customers.
- Employees will have the knowledge to answer customers' questions.

(e) Empathy: The high level of attention to customers indicates empathy. The following variables contribute to Empathy of service.

- Company will give customers individual attention.
- Company will have operating hours convenient to all their customers.
- Company will have employees who give customers personal attention.
- Company will have the customers at heart.
- The employees will understand the specific needs of their customers.

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3. Services Marketing, ICFAI Centre for management Research, 2004.

Questions for discussions.

1. Explain the concept and scope of services marketing.
2. Explain the unique characteristics of services
3. What are the elements of marketing mix in services marketing
4. Explain different pricing strategies adopted for marketing of services
5. Explain the promotional strategies that can be adopted for the marketing of telecom services
6. Distinguish between advertising and sales promotion
7. What is services marketing triangle? Explain
8. Distinguish between internal marketing and external marketing
9. Suggest methods to improved internal marketing activities in BSNL
10. Define service quality, what are its dimensions?