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# UNIT 1 MARKETING OF SERVICES : CONCEPTUAL FRAMEWORK

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## Objectives

After going through this unit you should be able to:

- define the concept of services,
- identify the reasons for growth of the service sector,
- explain the characteristics that distinguish services from products,
- explain the implications of these characteristics in terms of designing a marketing strategy,
- explain the ways in which services can be classified so as to develop frameworks for managing them, and
- identify the services marketing mix.

## Structure

- 1.1 Introduction
- 1.2 The Concept of Service
- 1.3 Reasons for Growth of the Service Sector
- 1.4 Characteristics of Services
- 1.5 Services Classified
- 1.6 The Services Marketing Mix
- 1.7 Summary
- 1.8 Self Assessment Questions
- 1.9 Further Readings
- 1.10 References

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## 1.1 INTRODUCTION

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Economists have divided all industrial and economic activities into three main groups: primary, secondary, and tertiary. Primary activities include agriculture, fishing and forestry. Secondary activities cover manufacturing and construction; tertiary activities refer to the services and distribution. In the pre-industrialised era, primary activities were the mainstay of the economy. The Industrial Revolution marked the beginning of increasing importance of secondary activities and the gradually decreasing the status of agriculture and allied activities. The period following World War II saw USA become the world's first 'service economy' with more than 50 per cent of the working population employed in producing services and today 80 per cent of the US economy is service-oriented. This led a New York Congressman to remark that America is becoming a nation of people who are "serving each other hamburgers or taking in each others' laundry". However, the US service industry is a very technical and sophisticated one comprising computer and software development, business consultancy, telecommunication, banking and insurance.

This pattern of economic development is not universally applicable to all countries. In many African and Asian countries the agricultural sector is till the dominant one. In countries like India, we can observe the growing importance of the manufacturing and service sectors while agriculture still continues to retain its stronghold on the economy. The manufacturing and service sectors are growing not only in volume but also in sophistication and complexity. The

wide array of services found in the metropolitan cities in India compare favourably with those found anywhere in the world. Deniel Bell, in his book 'The Coming of the Post-industrial Society' called this period of dominance by the service sector as the post-industrial society<sup>1</sup>. According to him: "if an industrial society is defined by the quantity of goods as marking a standard of living, the post-industrial society is defined by the quality of life as measured by the services desirable and possible for everyone."

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## 1.2 THE CONCEPT OF SERVICE

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Widespread interest in the effective management and marketing of services as well as the inconclusive debate on how distinct is the marketing of intangible services from that of the tangible products, have enriched the literature by highlighting the service characteristics as that of intangibility, immediacy, individuality, perishability, heterogeneity, ownership, inseparability of production from consumption, and being experimental. In common parlance, these characteristics are also referred as:

- Services are performed, not produced.
- Services are more people-based than technology-based.
- Services supply cannot be easily changed to meet the suddenly changed market needs.
- Service demand has greater elasticity.
- Services face unique quality control issues and a larger number of problems in customer servicing.
- Service quality is an amalgam of services.

### Activity 1

If we take tangibility and intangibility as the opposite ends of a continuum, can you by looking around identify services which can be classified along this continuum? Think of the services utilized by you as an individual, as a family and as an organisation.

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The term service is rather general in concept, and it includes a wide variety of services. There are the business and professional services such as advertising, marketing research, banking, insurance, computer-programming, legal and medical advice. Then there are services which are provided by professionals but consumed for reasons not of business, rather for leisure, recreation, entertainment and fulfillment of other psychological and emotional needs such as education, fine arts, etc.

Faced with such a broad spectrum we need to define the concept of service from a marketing view-point. Kotler offers one such definition: 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.<sup>2</sup>. Its production may or may not be tied to physical product.

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 are not necessarily tied to the sale of a product or

**Table 1.1: List of Selected Services**

<b>Utilities</b>	<b>Insurance, Banking, Finance</b>
Electricity	Banks
Water Supply	Share and Stock Brokers
<b>Law Enforcing, Civil, Administrative and Defence Services</b>	<b>Business, Professional and Scientific Activities</b>
Police	Advertising
Army	Marketing Research
Air Force	Consultancy
Navy	Accountancy
Judiciary	Legal
Civil Administration	Medical
Municipal Services (Sewage, maintenance of roads parks and public buildings)	Educational Research
<b>Transport and Communication</b>	Maintenance and Repairs (of plants, machinery and equipment)
Railways (Passenger and Freight)	Leasing
Air Transport (Passenger and Freight)	Computer Programming
Post and Telegraph	Employment Agencies
Telephone and Telecommunication	<b>Leisure, Recreation</b>
Broadcasting (All India Radio)	Cinema, Theatre
Telecasting (Doordarshan)	Clubs, Gymnasiums
<b>Distributive Trades</b>	Restaurants, Hotels
Wholesale Distribution	Video Game Parlors
Retail Distribution	Casinos
Dealers, Agents	Self-improvement Courses
	<b>Miscellaneous</b>
	Beauty Parlors
	Health Clubs
	Domestic Help
	Drycleaning
	Matrimonial Service

*Source:* Adapted from Donald Cowell, 'The Marketing of Services', Heinemann, London.

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."<sup>3</sup> 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.

A restaurant provides satisfaction to its customers on the basis of type and quality of its food, its decor and environment and the behaviour of its staff and its location in a busy commercial-cum office complex. For instance, 'Class Touch' was started as a restaurant serving exclusive Western and Chinese cuisine with an expensive decor, a live band, beautifully liveried waiters and a high-price menu. The venture was a flop right from the start. On the advice of its marketing consultant, the restaurant changed over from serving elaborate, expensive meals to a 'fast-food' outlet providing quick, reasonably priced meals

for consumption both within and outside the restaurant. Today this restaurant is a big success. It was the correct identification of the want-satisfaction which helped the restaurant become successful. Located in a predominantly office complex, the owners realised that in lunch-break, people do not visit a restaurant for relaxation or status satisfaction. They have limited time at their disposal and want a quick clean meal at a reasonable price, with minimum frills and fancy. In this case, the restaurant was satisfying the basic hunger need, but was catering to a very specific class of customer (office-goers) with a special kind of constraint (that of time and money).

To be successful, you have to firstly, identify the basic need which is being fulfilled by your service, and secondly, find ways and means to differentiate it from that of the competitors so that you can increase your number of customers and also command their loyalty. In our earlier example of the restaurant it was only after the basic need had been correctly identified that the restaurant could adopt an appropriate marketing strategy and turn the corner. Thus, as a marketing manager involved in the marketing of services your first concern should be the identification of the customers' needs. A clue to this can be provided by looking into the reason for the phenomenal growth of the service sector in recent times.

### Activity 2

Study an organisation engaged in Marketing of Education and Training Services to describe:

- i) The need or want that these services satisfy.
- ii) The nature of services which these organisations are providing.
- iii) How the services of these organisations are differentiated from those of their competitors?

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## 1.3 REASONS FOR GROWTH OF THE SERVICE SECTOR

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Manufacturing industries grew because they produced tangible goods which satisfied people'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-culture changes that have accompanied it. Table 1.2 presents the reasons for growth of service industries.

Sometimes, the growth of a specific service industry is the result of a combination of several reasons. Increasing affluence coupled with the desire to utilise 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.

**Table 1.2: Reasons for Growth of Service Industries**

Reasons	Types of services required
1 Increasing affluence	Greater demand for services (activities which consumers used to perform themselves) such as interior decoration, laundry, care of household products such as carpets, care of garden etc.
2 More leisure time	Greater demand for recreation and entertainment facilities, travel resorts, adult education and self-improvement courses.
3 Higher percentage of women in labour force	Greater demand for crèches, baby sitting, household domestic help
4 Greater life expectancy	Greater demand for nursing homes and health care services
5 Greater Complexity of products	Greater demand for skilled specialists to provide maintenance for complex products such as air-conditioners, cars, home computers.
6 Increasing complexity of life	Greater demand for specialists in income-tax, labour laws, legal affairs, marriage counseling, employment services.
7 Greater concern about ecology and resource scarcity	Greater demand for purchased or leased services, car rental, travel, resort to time sharing rather than ownership basis.
8 Increasing number of new products	The computer-sparked development of such service industries as programming, repair and time sharing.

Source: Schoell, K.F. and J.T. Ivy, 1981 "Marketing : Contemporary Concepts and Practices," Allyn and Bacon; Boston.

## 1.4 CHARACTERISTICS OF SERVICES

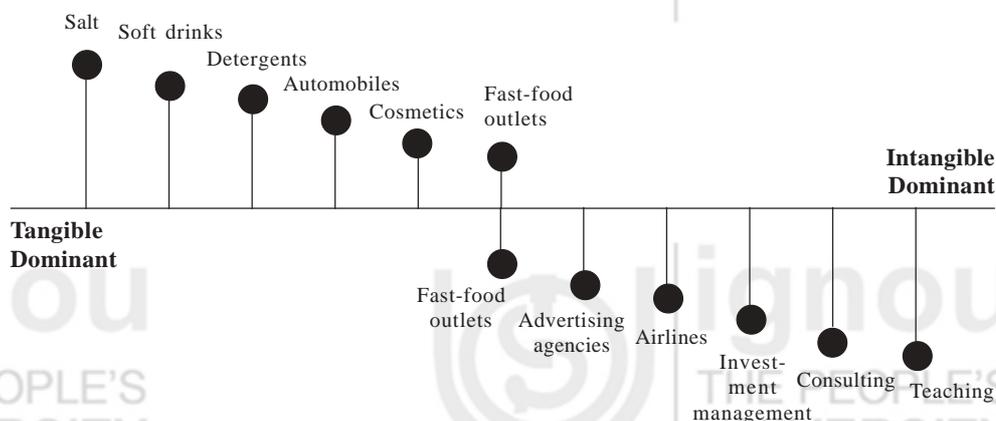
Services have a number of unique characteristics that make them so different from products. Some of the most commonly accepted characteristics are:

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

## Intangibility

When you buy a cake of soap, you can see, feel, touch, smell and use it 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 an aeroplane, the benefit which you are deriving is a service (transaction) but it has some tangible aspects such as the particular plane in which you fly (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 hardly any tangible aspect. Figure 1.1 presents the tangible-intangible dominant aspect on a goods-service continuum. This continuum highlights the fact that most services are in reality a combination of products and services having both tangible and intangible aspects. There are only a few truly pure tangible products or pure intangible services.

Figure 1.1: Goods Services Continuum



Source: G. Lynn Shostack, "Breaking Free From Product Marketing," *Journal of Marketing* 41 (April 1977): 73-80. American Marketing Association.

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<sup>4</sup>. 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
- Middlemen roles are different
- 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.

## Inseparability

In most cases a service cannot be separated from the person or firm providing it. A 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.

### **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 cashed 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 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.

### **Perishability**

Services cannot be stored and are perishable. A car mechanic who has no cars to repair today, spare berths on a train, or unsold seats in a cinema hall represent a 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 the 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.

### **Ownership**

When you buy a product you become its owner-be it a pencil, book, shirt, refrigerator or car. In the case of a 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 theater; 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 product's poor sales performance, etc. In case of a 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 because they provide certain intangible benefits and satisfactions. Detergent powder provides the primary benefit of cleanliness, air-conditioners provide 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 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.

Table 1.3 describes the implications of characteristics of services and how the marketing strategy can be focused to overcome these constraints. Besides the constraints highlighted in Table 1.3, are some other factors which have inhibited the active marketing of services. Professionals such as doctors and lawyers have traditionally been opposed to the idea of marketing, rather they have relied on the word of mouth of satisfied customers for increasing their clientele.

**Table: 1.3: Implication of service characteristics and ways of overcoming them**

Service characteristics	Implications	Means of overcoming characteristics
1 Intangibility	Sampling difficult. Difficult to judge quality and value in advance. Not possible to patent or have copyright. Relatively difficult to promote.	Focus on benefits. Use brand names. Personalise service. Develop reputation. Increase tangibility (e.g. its physical representation)
2 Inseparability	Requires presence of performer/producer. Direct sale. Limited scale of operations. Geographically limited market	Learn to work in larger groups. Work faster. Train more service performers
3 Heterogeneity	Difficult to standardise quality.	Careful selection and training of personnel. Define behaviour norms. Reduce role of human element. Mechanise and automate maximum possible operations.
4 Perishability	Cannot be stored. Problem of demand fluctuation	Better match between supply and demand by price reduction in low demand season
5 Ownership	Customer has access to but not ownership of facility or activity.	Stress advantages of non-ownership such as easier payment scheme.

Source: Cowell, Donald, 'The Marketing of Services'. Heinemann, London.

The small size of many service organisations such as beauty parlours, repair shops, barber shops etc. also limits the use of marketing techniques which can be successfully used in larger organisations and then there is the case of service organisations such as schools, hospitals and, universities which enjoy more demand than they can cope with. These institutions have, therefore, never felt the need for actively marketing their services.

### Activity 3

Looking at inseparability of the service and its producer as a major characteristic that distinguishes products and services, you can imagine the implications for marketing the services of consultants, musicians, stage performers and advertising creatives. Talk to some of these people or organisations to find out in what ways have they tried to overcome the marketing implications of inseparability.

## 1.5 SERVICES CLASSIFIED

A larger number of classification schemes for services have been developed to provide strategic insights in managing them. Utilizing different bases, these schemes allow us to understand the nature of the service act, the relationship between service organisation and its customers, the nature of service demand and the attributes of a service product. Let us discuss the schemes briefly.

### 1. The Nature of the Service Act

Using two dimension of tangibility of the service act and to whom services are directed at. Lovelock<sup>5</sup> has classified services according to whether services are directed at people or possessions, at minds, physical possessions or assets. Table 1.4 will help you understand this classification scheme.

Table 1.4

Nature of the Service Act	Services Directed At	
	People	Possession
<b>Tangible Action</b>	<b>Services directed at peoples bodies</b>  Healthcare, Salons, Restaurants, Transportation	<b>Directed at goods, Physical possessions</b>  Transportation Laundry/Dry cleaning Lawn care
<b>Intangible Action</b>	<b>Services directed at peoples minds.</b>  Education Broadcasting Information Museums	<b>Services directed at intangible assets</b>  Banking Legal Services Insurance Accounting

### 2. Relationship between Service Organisation and Customers

In the service sector both institutional and individual customers may enter into continuing relationships with service providers and opt for receiving services continually. Services can therefore be classified on the basis of whether the nature of the relationship is continuous or intermittent and whether a consumer needs to get into a membership relationship with the service organisation to access and utilise the service.

Table 1.5: Services and Customer Relationships

Nature of Delivery	Type of Relationship	
	Membership	Non Membership
Continuous	Insurance Education Banking	Police protection Public highway
Discrete	Theatre seat subscription commuter tickets	Car rental Pay telephone Restaurant

### 3. How the Service is delivered

Lovelock has used two issues of number of delivery sites (whether single or multiple) and the method of delivery to classify services in a  $2 \times 3$  matrix. Then implications here are that the convenience of receiving the service is the lowest when the customer has to come to the service and must use a single or specific outlets. As his options multiply, the degree of convenience can go on rising, from being able to choose desirable sites, to getting access at convenient locations. (Table 1.6.)

Table 1.6

Service Delivery Modes		
Nature of Interaction between Customer and Organisation	Availability of outlets	
	Single site	Multiple site
Customer goes to service organisation	Theatre	Bus Service Fast Food Chain
Service organisation comes to the customer	Lawn care Pest control	Mail delivery Emergency auto repair
Customer and organisation transact business at arms length	Credit cards Local TV station	Telephone company Broadcasting

### 4. Proportion of Tangibility and Intangibility

Using the characteristic of intangibility of services, Shostack<sup>6</sup> proposed that all goods and services can be placed on a tangibility intangibility continuum, with services clustering towards low to high intangibility. Accordingly, services can be classified as those with a low intangibility content (a fast food restaurant) and a pure service, having very high intangibility content (Education, consultancy, Medical advice).

### 5. Service Inputs

Services based on this criterion have been classified as primarily equipment based or primarily people based service depending upon which input is primary applied to get service outputs. The equipment based services can be further classified according to whether they are fully automated, or consist of equipment monitored by unskilled persons (lift operators, delivery van personnel) or need the presence of skilled personnel to man the equipment (quality control, diagnostics services).

### 6. Contact between the Consumer and the Service Provider

Services also differ in the extent of contact that needs to be maintained between the User and Provider, the marketing implication in this case being the necessity of physical presence of the provider as well as need to manage desired quality of personnel in case of high contact services. On this basis all services can be classified as high contact or low contact services, depending upon the time a user needs to spend with the service organization/provider in order to utilize/acquire the service. Examples of low contact services are telecommunications, drycleaning and broadcasting while high contact services are education, hospitality, theatre performance.

### 7. Profit and Public vs Private Services

Service can also be classified on the basis of whether they are primarily directed at public at large or primarily at individuals<sup>7</sup>. The public services include utilities and infrastructural services like transport and communication. They also include services provided by the state for public welfare like hospitals, educational and vocational institution, parks and museums etc. The private services on the other hand include the whole gamut of service designed

for and consumed by customers as individuals for e.g., restaurants, beauty care and medical advice. The implications underlined by this classification manifest themselves in issues regarding planning and design of service for public vs. private consumption. Involved here are issues of process, volume and distribution of services when they are designed as public services. Services have also been classified by Kotler<sup>8</sup> as services designed for profit and non profit services, depending upon the marketing objectives to be pursued in the exchange of services.

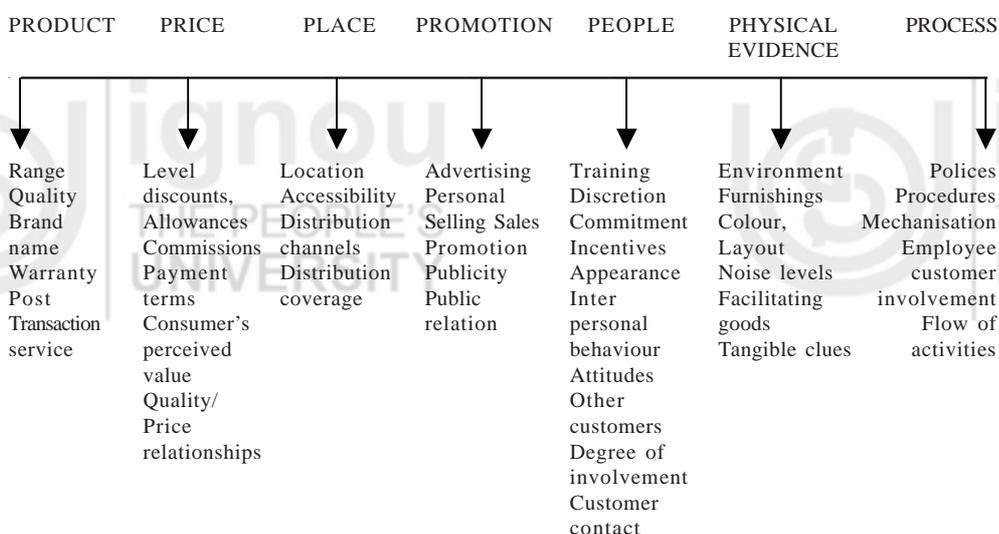
## 1.6 THE SERVICES MARKETING MIX

The unique characteristics of services make the traditional 4 P marketing mix seem inadequate. Careful management of these 4 Ps – Product, Price, Place and Promotion though essential, are not sufficient for successful marketing of services. Further the strategies for the four Ps require some modification while applying to services.

Since services are produced and consumed simultaneously, the contact personnel or the service delivery personnel become extremely important. It is during these encounter of service providers and customers i.e. the process – on which a lot depends with regards to the final outcome as well as the overall perception of the service by the customer. The actual physical surroundings during these encounters have also a substantial bearing on the service delivery. All these facts lead to the development of an expanded marketing mix with three new P's added to the traditional mix. These are:

- **People** All human actors who play a part in service delivery and thus influence the buyer's perceptions; namely, the firm's personnel, the customer, and other customers in the service environment
- **Physical evidence** The environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service.

Figure 1.2: The Marketing Mix for Services



Source: Booms, B.H. and Bitner, M.J, *Marketing Strategies and Organisation Structure for Services Firms*, in Donnelly J and George W.R. (eds), *Marketing of Services*, AMA, 1981

□ Process

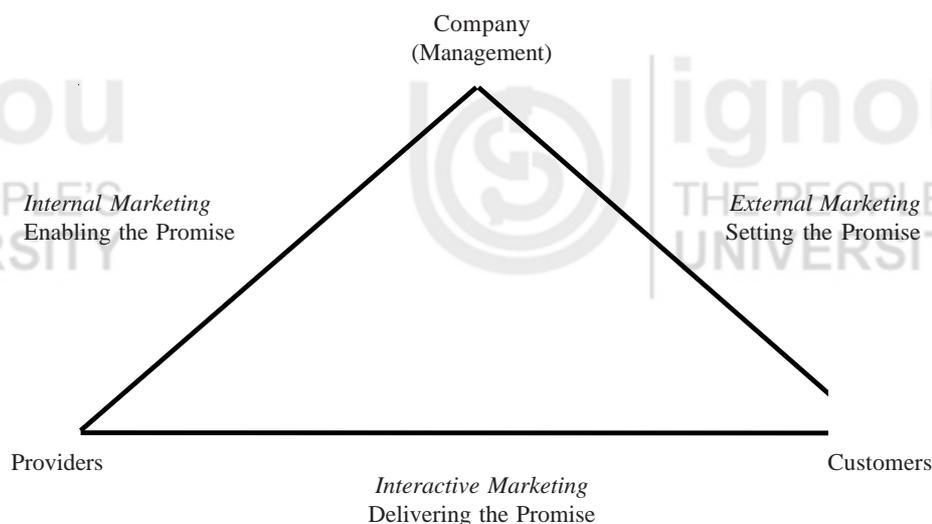
The actual procedures, mechanisms and flow of activities by which the service is delivered - the service delivery and operating system

Because of the simultaneous production/delivery and consumption of services, the nature of marketing departments and marketing functions become quite different as compared to goods. The marketing function all activities which influence the preferences of the consumers towards the offerings—is mainly handled by marketing departments in case of goods. Here as far as consumers are concerned, marketing departments (the organizational entity which is responsible for some, but not necessarily all marketing activities performed by the firm) can plan and implement most of the marketing activities i.e. the marketing department is able to control almost the total marketing function. In the service sector the situation is entirely different.

A traditional marketing department in services can only control a minor part of the marketing function. Usually, it doesn't have the necessary authority to manage the buyer/seller interaction. The marketing department, therefore, cannot plan and implement activities pertaining to interactive marketing function.

Therefore the marketing function, which is a key function in service sector require a special treatment. The total marketing in services include three different types of marketing as shown in Figure 1.3.

**Figure 1.3: The Services Marketing Triangle**



As can be seen from the triangle, the traditional marketing mix and marketing departments basically address to 'External Marketing' only. However, all three sides are critical to successful services marketing and the triangle can't be supported in the absence of any one of the sides.

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## 1.7 SUMMARY

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The term service is rather general in concept and includes a wide variety of services. Services are essentially performance. The service sector has grown substantially in all the developed economies as well as in India. The reasons for growth in service industries include increasing affluence, more leisure time, greater life expectancy, increasing complexity of life etc. Marketing of services need a different treatment because of the unique characteristics of services that distinguish them from tangible goods. These characteristics are intangibility,

inseparability, heterogeneity, perishability and ownership. The unit discussed their marketing implications and means of overcoming them. A number of classification schemes for services have been identified and discussed to provide strategic insights in managing them. The unit ends with the identification of the service marketing mix which includes product, price, place, promotion, people, process and physical evidence.

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## 1.8 SELF-ASSESSMENT QUESTIONS

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- 1) What do you understand by the term 'service'? Describe the reasons behind the rapid growth of service sector.
- 2) How do services differ from products? What are the marketing implications of service characteristics?
- 3) Explain the different classification schemes for services giving suitable examples.
- 4) Briefly discuss the services marketing mix and the services marketing triangle.
- 5) Attempt the following objective type questions:
  - Q.1: In the pre-industrialised era which activity/activities are/were the mainstay of the economy?
    1. Primary and Secondary
    2. Primary, Secondary and Tertiary
    3. Secondary and Tertiary
    4. Primary only
  - Q.2: The first service economy of the world was/were:
    1. Those countries which participated in the World War-II
    2. USA
    3. USA and Japan
    4. Russia, Japan and United States
  - Q.3: Marketing implications of the service characteristic "Intangibility" are all of the following, except:
    1. Sampling difficult
    2. Difficult to judge quality and value in advance
    3. Relatively easy to promote
    4. Not possible to patent or to have copyright
  - Q.4: Marketing implications of the service characteristic "Inseparability" are all of the following, except:
    1. Limited scale of operations
    2. Geographically distributed market
    3. Requires presence of performer
    4. Direct sale
  - Q.5: The marketing solution to the problems posed by service characteristic "Intangibility" are all of the following, except:
    1. Use of brand name
    2. Increase the tangibility
    3. Increase the production of service
    4. Create "word-of-mouth"

- Q.6: The marketing solution to the problems posed by service characteristic “Inseparability” are all the following, except:
1. Develop reputation
  2. Work faster
  3. Train more service performances
  4. Learn to work in large groups
- Q.7: The marketing solution to the problems posed by service characteristic “Perishability” are all of the following, except:
1. Increase tangibility
  2. Match demand to supply
  3. Differential pricing to create demand during low demand periods
  4. None of the above
- Q.8: Which one out of the following is not the example of the services organisations where service provided is a tangible action directed at the customer’s bodies:
1. Hospital
  2. Beauty Parlors
  3. Information
  4. Transportation
- Q.9: From the point of view of service delivery and type of relationship, banking services are examples of:
1. Discrete delivery and membership
  2. Non continuous and non-membership
  3. Continuous and non-membership
  4. Continuous and membership
- Q.10: From the point of view of the service delivery and type of relationship fast food outlets are the examples of:
1. Discrete delivery and membership
  2. Non continuous and non-membership
  3. Continuous and non-membership
  4. Continuous and membership
- Q.11: Out of the following, which one is the example of a service delivery mode in which the service organisation goes to the customer:
1. Theatre
  2. Mail Delivery
  3. Education
  4. Health Service

**Answers:**

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|------|------|------|-------|-------|------|
| 1. 4 | 2. 2 | 3. 3 | 4. 2  | 5. 3  | 6. 1 |
| 7. 1 | 8. 3 | 9. 4 | 10. 2 | 11. 2 |      |

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