

## Lecture 5: Service Marketing Mix – Product

### 1. Service Product Definition

A product is anything offered in the market for consumption or use to satisfy a need or desire. In the service context, the service itself is considered the product—the essential output produced by an organization, whether tangible goods or services.

### 2. Levels of Service Product

1. **Core Product:** Represents the fundamental benefit or value the customer seeks or expects from the service.
2. **Actual or Expected Product:** Includes the core product plus additional features or attributes that give the product a distinct identity. Product planners focus on enhancing core benefits through design, quality level, and other tangible and intangible features.
3. **Augmented Product:** Combines the actual product with all accompanying tangible and intangible elements that support it. For example, buying a car includes not just the vehicle but complementary services like warranties, maintenance, and repair services.

### 3. Service Product Mix

Due to intense competition, service organizations cannot rely on a single service offering. A diversified and evolving **service product mix** aligns with current and potential customer expectations. It can include a single product (simple mix) or multiple product lines (product assortment). The service product mix has four main dimensions:

1. **Width (Breadth):** Number of main service lines offered. Example: A bank's offerings may include deposits, transfers, personal loans, housing loans, etc.
2. **Depth:** Variations within each service line. Example: Housing loans may have different interest rates and terms.
3. **Length:** Total number of service items across all service lines (Width + Depth).
4. **Consistency:** Degree of integration and coherence among service lines.

### 4. Factors Affecting Service Product

- **Internal Factors:** Organizational capabilities, number of service lines, delivery methods, organizational culture and structure.
- **External Factors:** Environmental conditions beyond the organization's control, including competitors, customers, socio-cultural, demographic, economic, technological, political, and natural factors.

## Lecture 6: Service Marketing Mix – Price

### 1. Price Concept

Price represents the monetary value of a good or service. Pricing services requires creativity due to their perishability, variable demand, and the importance of pricing as a strategic decision that influences profitability, growth potential, and customer perception of quality.

### 2. Pricing Objectives

- Market survival (adjusting prices during low demand).
- Profit maximization (analyzing demand and costs to select optimal pricing).

- Market share growth (using pricing strategies to gain competitive advantage).
- Quality leadership (offering high-quality services at premium prices).

### 3. Pricing Methods

1. **Cost-based Pricing:** Calculating total cost plus a profit margin. Methods include markup pricing, cost-plus, and break-even analysis.
2. **Customer-based Pricing:** Pricing according to the perceived value to the customer, requiring research into consumer perceptions and willingness to pay.
3. **Competition-based Pricing:** Pricing relative to competitors, focusing on market positioning rather than cost or demand.

### 4. Factors Affecting Pricing

- **Internal Factors:** Organizational goals, cost structure, marketing mix.
- **External Factors:** Market demand, purchasing power, competition, reference prices, intermediaries, and economic and legal conditions.

## Lecture 7: Service Marketing Mix – Place (Distribution)

### 1. Concept of Service Distribution

Service distribution encompasses all activities undertaken by an organization to deliver the service benefits to the customer at the right place and time.

### 2. Distribution Objectives

- Ensure smooth flow of services to customers.
- Facilitate exchanges that benefit both the organization and the customer.
- Reduce marketing costs.
- Maintain information flow and customer relationships.
- Protect and increase market share.
- Promote services and stimulate demand.

### 3. Distribution Strategies

1. **Direct Distribution:** Organization provides services directly via branches, sales representatives, or digital platforms. Can be intensive, selective, or exclusive.
2. **Indirect Distribution:** Services are delivered via intermediaries to enhance quality, reduce costs, and increase productivity (e.g., travel agents for airlines, tour operators for hotels).

### 4. Criteria for Channel Selection

Factors include customer accessibility, service characteristics, marketing objectives, available resources, intermediaries' expertise, and expansion goals.

## **Lecture 8: Service Marketing Mix – Promotion (Marketing Communication)**

### **1. Concept**

Marketing communication is a dynamic, interactive process where the organization engages with customers to inform, persuade, and build long-term relationships.

### **2. Objectives of Service Communication**

- Inform customers about services and benefits.
- Increase awareness and interest.
- Influence customer behavior positively.
- Stimulate demand and facilitate purchase decisions.
- Enhance customer satisfaction, loyalty, and organizational reputation.
- Differentiate services from competitors and reduce perceived risks.

### **3. Communication Tools**

1. **Advertising:** Non-personal communication via mass media to inform and persuade.
2. **Personal Selling:** Direct interaction between salesperson and customer to facilitate purchase.
3. **Public Relations:** Planned activities to build trust and improve relationships.
4. **Sales Promotion:** Short-term techniques to boost immediate demand.
5. **Direct Marketing:** Interactive, measurable communication targeting individual customers.
6. **Word-of-Mouth (WOMM):** Unpaid personal recommendations that influence others' perceptions.

## **Lecture 9: Service Marketing Mix – People, Process, Physical Evidence**

### **1. Service Process**

The process includes all stages of service delivery, visible and invisible to the customer. Critical factors:

- Procedures and policies.
- Workflow and automation.
- Employee discretion and customer participation.
- Simplicity, efficiency, and fairness.

### **2. Physical Evidence**

Tangible aspects supporting service delivery, including:

- **Core physical evidence:** Non-transferable elements critical for service production (e.g., cars, interior design).
- **Peripheral physical evidence:** Tangible items the customer can take away (e.g., tickets, brochures).

### **3. People (Employees and Customers)**

- Employees play dual roles: service delivery and sales. Their behavior affects customer satisfaction and loyalty.
- Interactions among customers also influence perceptions of service quality.
- Both employees and customers serve as channels for promotion through personal interactions and word-of-mouth