

MBA- III semester, Specialisation- Marketing Management, Paper - Service Marketing, Paper code- MC 02, UNIT-II, TOPIC- THE SERVICE PRODUCT STRATEGY

THE SERVICE PRODUCT STRATEGY

Product, in the marketing context is anything which is offered to the market for exchange or consumption. In goods marketing we always say that there is a tangible component to which some intangibles like style, aftersales service, credit, etc., are integrated. In the case of services, on the contrary, the tangible component is nil or minimal. Conventionally, we describe a product as an object, which is developed, produced, delivered and consumed. However, in services there is no or a little tangible element. Therefore, the services are considered to be as benefits which are offered to the target market. There are two important things to note. First, a service is a bundle of features and benefits and secondly, these benefits and features have relevance for a specific target market. Therefore, while developing a service product it is important that the package of benefits in the service offer must have a customer's perspective.

DEVELOPING NEW SERVICE OFFERINGS STRATEGY

In order to develop a service product, as a manager you will have to follow the following stages:

- i) the customer benefit strategy;
- ii) the service strategy
- iii) the service offer strategy
- iv) service forms, and
- v) the service delivery system strategy

i) Customer Benefit strategy: The service product which you offer in the market place must have its origin in the benefits which the customers are seeking. But the problem is that customers themselves may not have a clear idea of what they are seeking or they may find it difficult to express or it may be a combination of several benefits and not a single one. Over a period of time, the benefits sought may also change. This change in customers may come about by a satisfactory or unhappy experience in utilising the service, through increased sophistication in service use and consumption, and changing expectations. All these make the issue of marketing a service product very complex.

ii) Service strategy: Using the customer benefits as the starting point, the service concept defines the specific benefits which the service offers. At the generic level the service concept refers to the basic service which is being offered. A centre for the performing arts may offer entertainment and recreation. But within this broad framework, there can be specific choice paths for satisfying the entertainment objective, such as, drama, musical concerts, mime, poetry recitation, dance etc. Defining the service concept helps answer the fundamental question, 'What business are we

in?

iii) Service Offer strategy: Having defined the business in which you are operating, the next step is to give a specific shape and form to the basic service concept. To refer to the example of the centre for the performing arts, the service concept is to provide entertainment. The service offer is concerned with the specific elements that will be used to provide entertainment: drama, music, mime, poetry recitation, and dance. In the category of musical concerts the choice may be vocal or instrumental, with vocal whether light or classical, Hindustani or Western. While these represent the intangible items of the service offer, the physical infrastructure of the centre, in terms of its seating capacity, comfortable seats, quality and acoustics, provision of air-conditioning, snack bar and toilets are the tangible items. The tangible aspects can be controlled by offering the best possible benefit, but the quality and performance of the actors, singers, musicians cannot be controlled. Theoretically, a manager must control both the tangible and intangible components. But in practice, he can control only the tangible components and lay down norms for the intangible components (e.g. maximum duration of recital, brief introduction before each dance item, etc.)

iv) Service Forms: In what form should the services be made available to the customers is another area of decision-making. Should all the shows of the centre be available in a package deal against a yearly membership fee or seasonal ticket? Should there be daily tickets with the consumer having the freedom to watch any one or more performances being staged on that particular day? Or should each performance have a separate entrance ticket, with a higher priced ticket for a well-known performance? Service form refers to the various options relating to each service element. The manner in which they are combined gives shape to the service form.

v) Service Delivery System strategy: When you go to your bank to withdraw money from your account, you either use a cheque or a withdrawal slip in which you fill all the particulars and hand it over to the clerk, who after verifying the details, gives you money. The cheque or withdrawal slip and the clerk constitute the delivery system. In a restaurant, the waiters are the elements of the delivery system. The two main elements in a delivery system are the people and the physical evidence. The competence and public relations ability of a lawyer represents the 'people' component, while his office building, office door, letterhead, etc. are all elements of the 'physical evidence'. The physical evidence components have also been called 'facilitating goods' and 'supporting goods'. These are the tangible elements of the service and they exert an important influence on the quality of the service as perceived by the consumers.

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