Services as a Special Area of Product Development

Lectures in Marketing
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Characteristics of Services

- Intangibility: Can’t be seen, tasted, felt, heard, or smelled before purchase.
- Inseparability: Can’t be separated from service providers.
- Variability: Quality depends on who provides them and when, where and how.
- Perishability: Can’t be stored for later sale or use.

Service Characteristics & Strategies: Intangibility

- Cannot see or feel
- Cannot smell, hear, or taste
- Stress symbolic clues (Mr. Goodwrench)
- Associate tangible symbol with service
- Tangible cues like membership cards

"You’re in good hands with Allstate."
Service Characteristics & Strategies: Perishability

- Cannot be stored
- Lost sale = lost income
- Demand management
  - Forecasting
  - Supply management
- Pricing adjustments

Service Characteristics & Strategies: Inseparability

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<thead>
<tr>
<th>Time</th>
<th>Tangible products</th>
<th>Intangible products</th>
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<tr>
<td>Production</td>
<td>Sale</td>
<td>Consumption</td>
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<td>Sale</td>
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- Production orientation
- Personnel management

Service Characteristics & Strategies: Variability

- Provided by people
- Inherent variance
- Standardization
  - Personnel selection
  - Training
  - Automation
- Customization
Gap Analysis

Gap 1
- Word-of-mouth communications
- Personal needs
- Past experience

Gap 2
- Management perceptions of consumer expectations

Gap 3
- Service delivery (including pre- and post-contacts)

Gap 4
- Translation of perceptions to service-quality specifications

Gap 5
- Expected service
- Perceived service

External Marketing
Internal Marketing
Interactive Marketing

Employee of the Month