

Kotler
Keller

13
Designing and
Managing Services



Chapter Questions

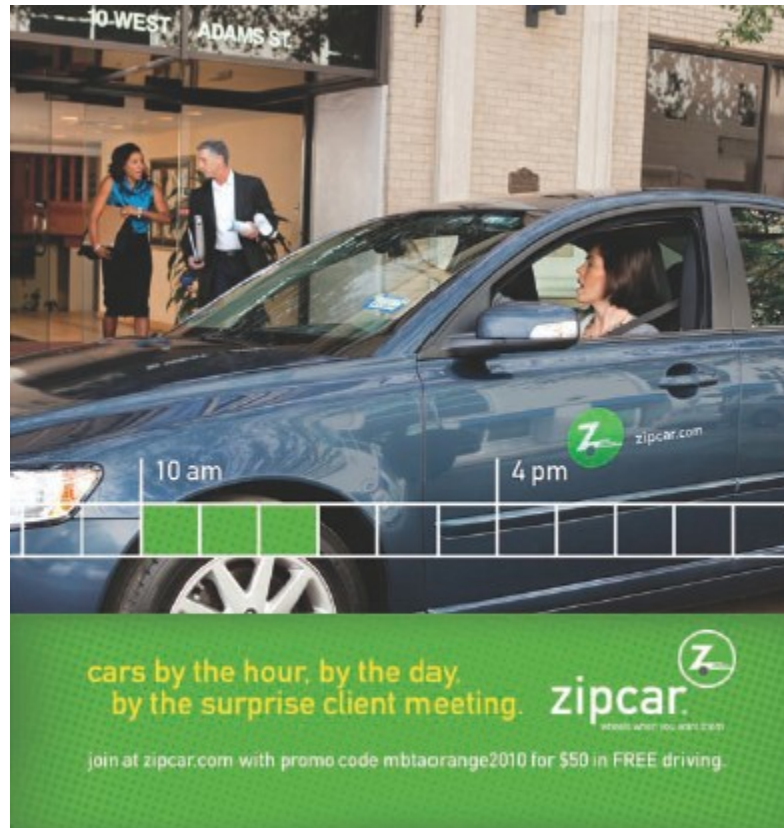
- How do we define and classify services and how do they differ from goods?
- What are the new services realities?
- How can we achieve excellence in services marketing?
- How can we improve service quality?
- How can goods marketers improve customer support services?



What is a Service?

A **service** is any act of performance that one party can offer 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.

Services are Everywhere





Categories of Service Mix

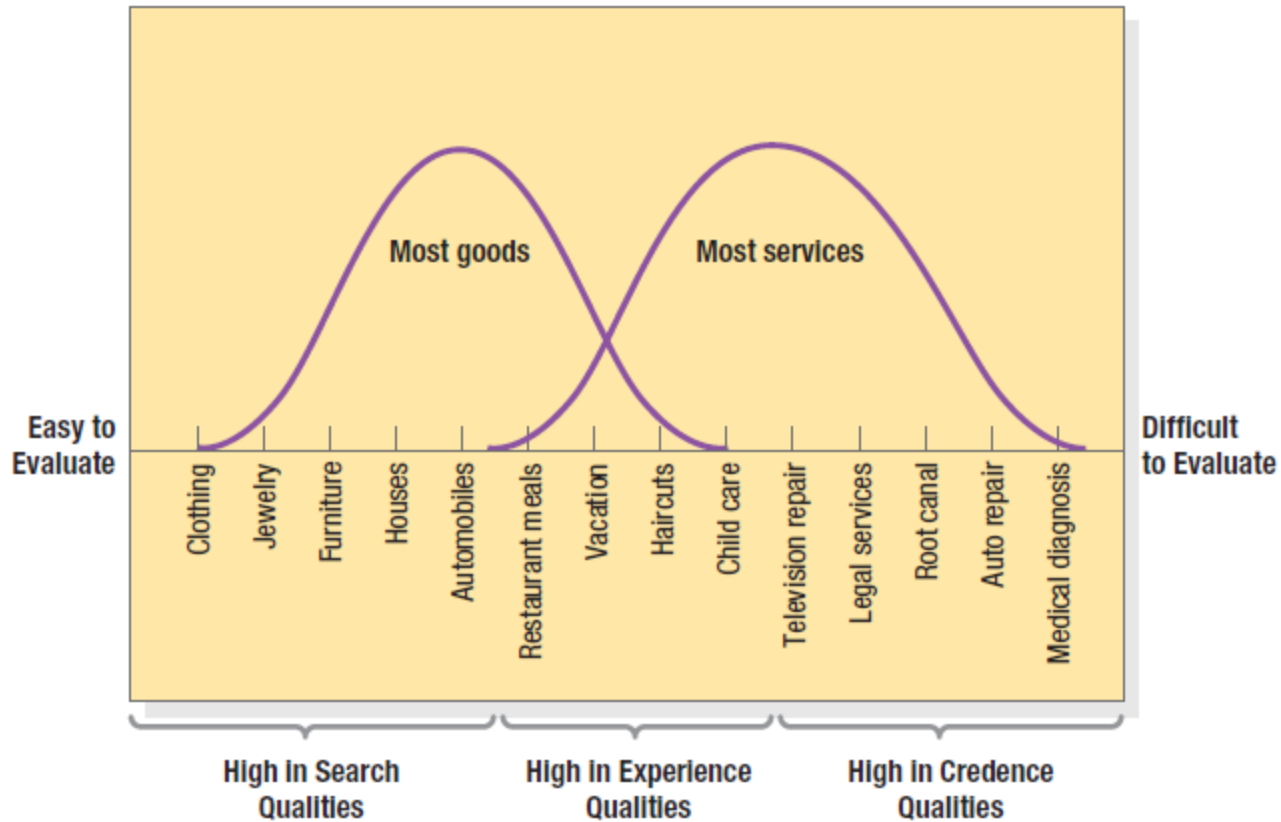
- Pure tangible good
- Good with accompanying services
- Hybrid
- Service with accompany goods
- Pure service



Service Distinctions

- Equipment-based or people-based
- Service processes
- Client's presence required or not
- Personal needs or business needs
- Objectives and ownership

Figure 13.1 Continuum of Evaluation for Different Types of Products



Distinctive Characteristics of Services

Intangibility

Inseparability

Variability

Perishability



Physical Evidence and Presentation

- Place
- People
- Equipment
- Communication material
- Symbols
- Price



Table 13.1 Dimensions of Brand Experience

Sensory

- This brand makes a strong impression on my visual sense or other senses.
 - I find this brand interesting in a sensory way.
 - This brand does not appeal to my senses.
-

Affective

- This brand induces feelings and sentiments.
 - I do not have strong emotions for this brand.
 - This brand is an emotional brand.
-

Behavioral


- I engage in physical actions and behaviors when I use this brand.
 - This brand results in bodily experiences.
 - This brand is not action-oriented.
-


Intellectual

- I engage in a lot of thinking when I encounter this brand.
- This brand does not make me think.
- This brand stimulates my curiosity and problem solving.

Inseparability

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-Salomon Mizrahi, First Horizon National Corporation



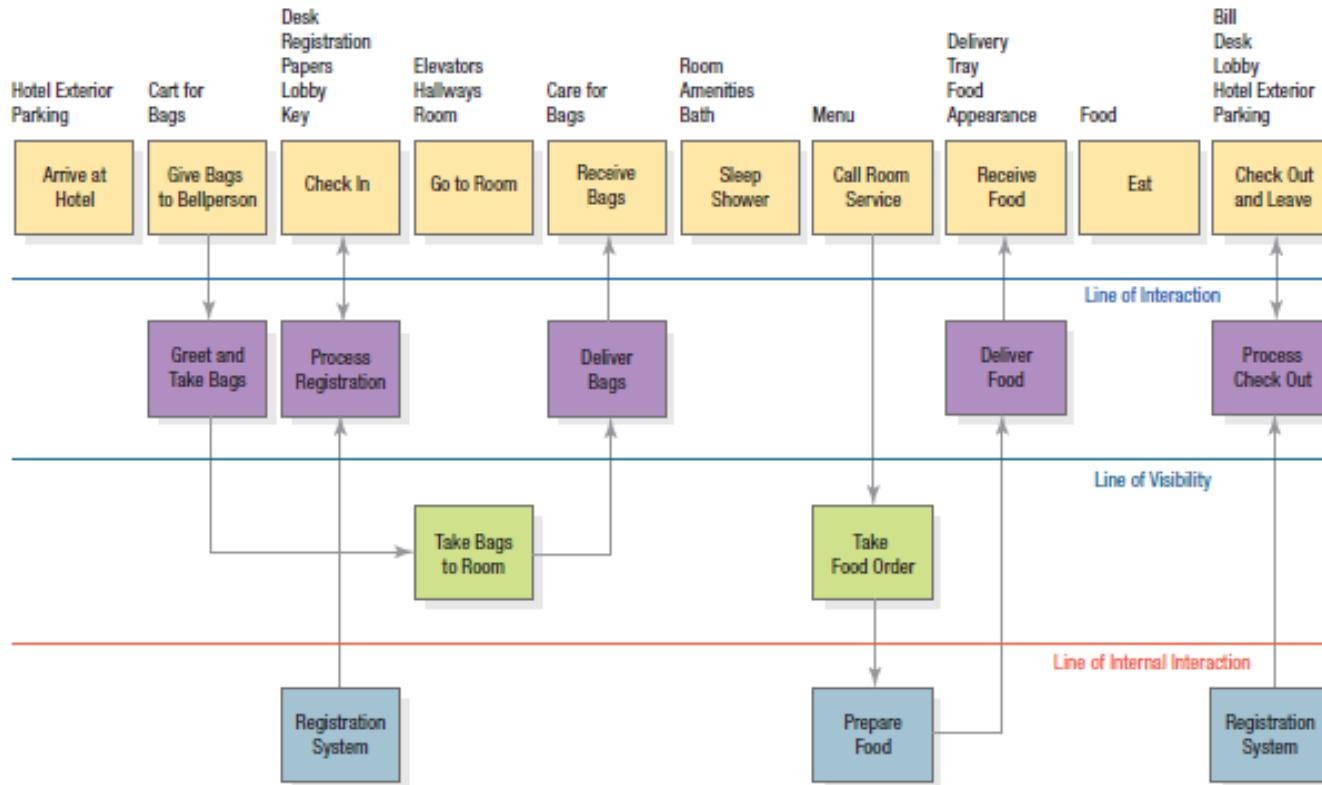
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Variability



Increasing Quality Control



Perishability

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10 am 4 pm

cars by the hour, by the day,
by the surprise client meeting. zipcar.
wheels when you want them.

join at zipcar.com with promo code mbtaorange2010 for \$50 in FREE driving.

The image shows a blue Zipcar parked in front of a building entrance. A woman is driving the car. A calendar overlay is positioned below the car, with the first three days of the month highlighted in green, corresponding to the '10 am' and '4 pm' time slots. The Zipcar logo and website are visible on the car's side.



Matching Demand and Supply

Demand side

- Differential pricing
- Nonpeak demand
- Complementary services
- Reservation systems

Supply side

- Part-time employees
- Peak-time efficiency
- Increased consumer participation
- Shared services
- Facilities for future expansion

New Service Realities



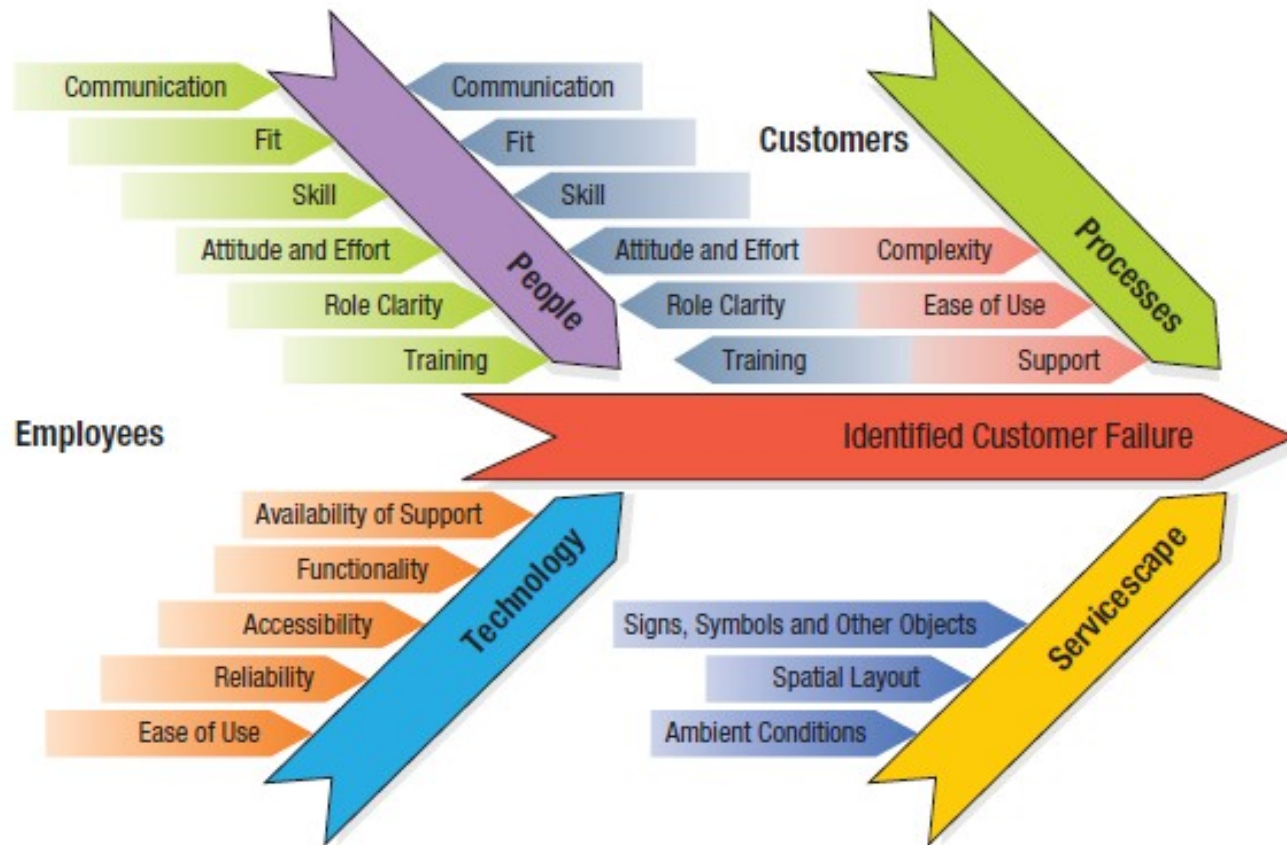
JETBLUE AND YOU SITTING IN A TREE

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JetBlue received the highest numerical score among the low-cost carriers in the proprietary J.D. Power and Associates 2006-2010 North America Airline Satisfaction Study™. Study based on responses from 12,375 passengers who flew on a major North American airline between April 2009 and April 2010. Proprietary study results are based on opinions and perceptions of consumers surveyed from May 2009 to April 2010. Your experiences may vary. jdpower.com

Figure 13.3 Root Causes of Customer Failure

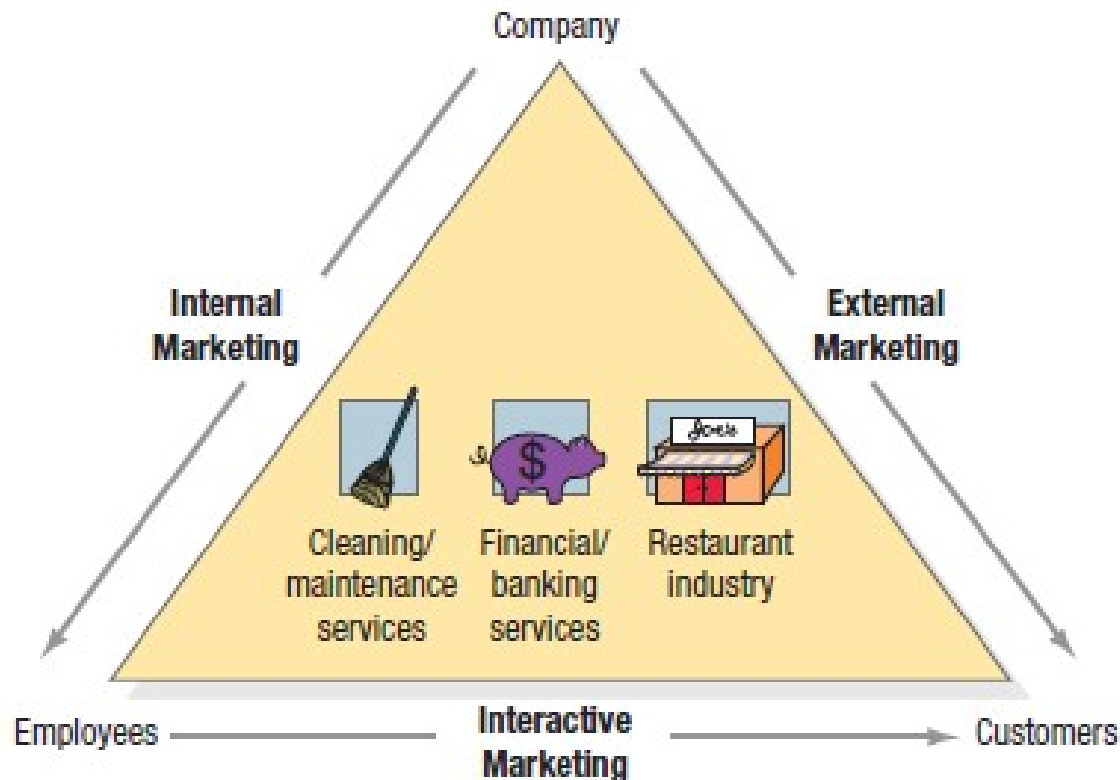




Solutions to Customer Failures

- Redesign processes and redefine customer roles to simplify service encounters
- Incorporate the right technology to aid employees and customers
- Create high-performance customers by enhancing their role clarity, motivation, and ability
- Encourage customer citizenship where customers help customers

Figure 13.4 Types of Marketing in Service Industries





Best Practices

- Strategic Concept
- Top-Management Commitment
- High Standards
- Self-Service Technologies
- Monitoring Systems
- Satisfying Customer Complaints
- Satisfying Employees

Figure 13.5 Importance-Performance Analysis

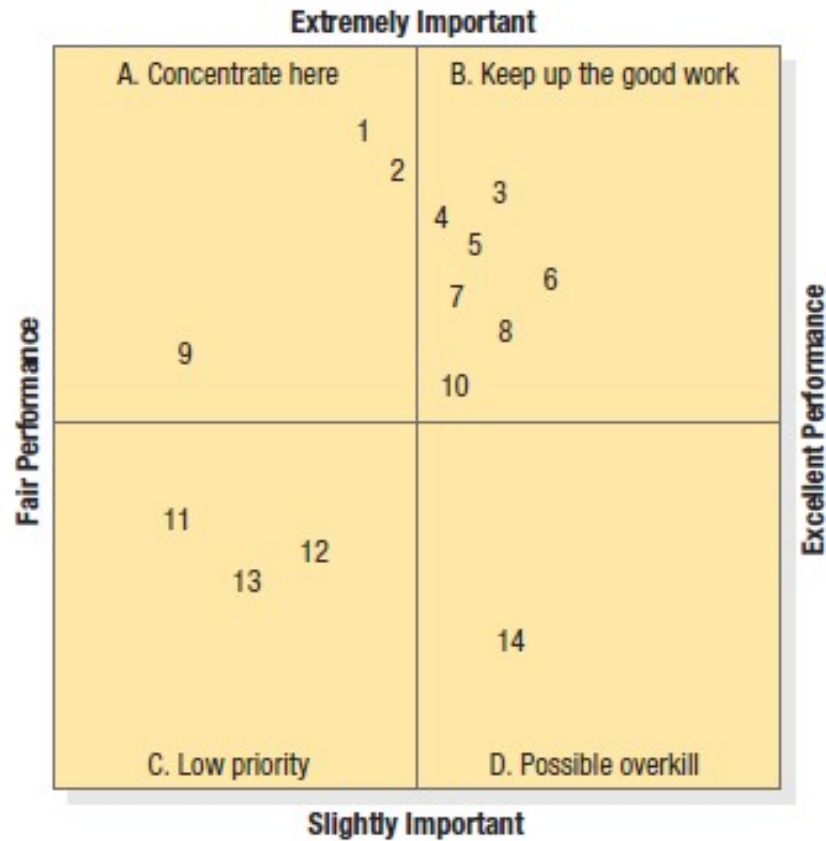




Table 13.3 Factors Leading to Customer Switching Behavior

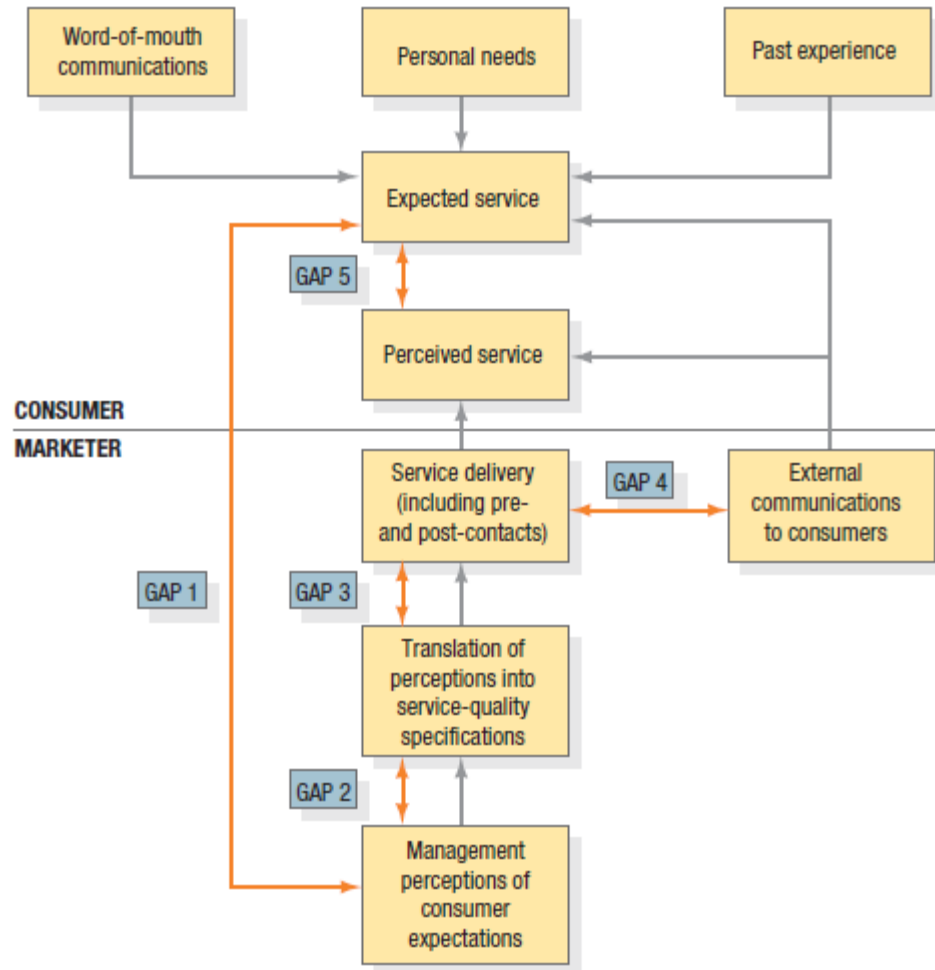
- Pricing
- Inconvenience
- Core Service Failure
- Service Encounter Failures
- Response to Service Failure
- Competition
- Ethical Problems
- Involuntary Switching



Improving Service Quality

- Listening
- Reliability
- Basic service
- Service design
- Recovery
- Surprising customers
- Fair play
- Teamwork
- Employee research
- Servant leadership

Figure 13.6 Service-Quality Model





Determinants of Service Quality

- Reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles



Customer Worries

Failure frequency

Downtime

Out-of-Pocket Costs



For Review

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