

# Module 4: Marketing of Services

## 18 Product vs. Services

In marketing literature, the distinction between physical products and intangible services is fundamental. A product is a tangible object, a device, or a thing that can be owned and stored. In contrast, a service is an act, performance, or experience that one party offers to another that is essentially intangible and does not result in the ownership of anything physical.

### The HIPI Framework (Characteristics of Services)

- **Heterogeneity (Variability):** Services are highly variable because they depend on who provides them, when, and where. Unlike mass-produced goods that are standardized on a production line, service quality depends on the human factor, making it harder to ensure 100% consistency.
- **Intangibility:** Services cannot be seen, tasted, felt, or heard before they are purchased. To reduce uncertainty, buyers look for "signals" or physical evidence of service quality, such as office decor, staff appearance, and equipment.
- **Perishability:** Services cannot be stored for later sale or use. If a flight takes off with 10 empty seats, the revenue for those seats is lost forever. This makes demand forecasting and capacity management critical in service marketing.
- **Inseparability:** Unlike goods which are produced, stored, sold, and then consumed, services are typically produced and consumed simultaneously. The provider and the client must often both be present for the service to occur.

### Structural Comparison Table

Basis	Physical Products	Services
Nature	Tangible, material object.	Intangible act or performance.
Ownership	Transferred to the buyer.	No transfer of ownership occurs.

Basis	Physical Products	Services
Returnability	Defective goods can be returned.	Once performed, it cannot be returned.
Timing	Production and consumption are separate.	Production and consumption occur together.
Inventory	Can be kept in stock for future use.	Highly perishable; cannot be stored.

## 19 Marketing strategies for services- 7P's

Because services possess unique characteristics like intangibility and perishability, the traditional 4P marketing mix (Product, Price, Place, Promotion) is insufficient. Service marketers utilize an expanded 7P framework to manage the customer experience effectively.

1. **Product (Service Offering):** In services, the product is the core benefit plus peripheral services. Marketers must define the service level, features, and brand name. For a hotel, the product isn't just a bed; it's the check-in ease, the room quality, and the amenities provided.
2. **Price:** Pricing services is complex because there are no raw material costs in the traditional sense. It involves value-based pricing, time-based pricing, and demand-based adjustments. Perceived quality is often heavily linked to the price point in the customer's mind.
3. **Place:** Refers to the accessibility of the service. Services can be delivered through physical locations (branches, shops) or electronic channels (apps, websites). The choice of location and distribution strategy must maximize convenience for the target segment.
4. **Promotion:** Since services are intangible, promotion focuses on building trust and demonstrating expertise. It relies heavily on testimonials, clear communication of benefits, and creating a strong brand image to "tangibilize" the service.
5. **People:** Front-line staff who represent the brand. In a service environment, the "People" are the service. Their training, interpersonal skills, appearance, and attitude directly dictate the customer's perception of service quality.
6. **Process:** The structural flow of activities and mechanisms by which the service is delivered. An efficient process reduces wait times and errors, leading to higher customer satisfaction. For example, a bank's "process" includes everything from entering the branch to completing a transaction.

7. **Physical Evidence:** The environment in which the service is delivered and any tangible cues that help customers evaluate the service. This includes the building's interior design, staff uniforms, business cards, and even the cleanliness of the facility.

## 20 Emerging trends in marketing- Digital marketing, Sustainable marketing, Affiliate marketing

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### I. Digital Marketing

Digital marketing encompasses all marketing efforts that use an electronic device or the internet. It leverages channels such as search engines (SEO/SEM), social media platforms, email, and mobile apps to connect with current and prospective customers. It allows for high precision targeting, real-time data analytics, and two-way interactive communication loops that traditional media cannot offer.

### II. Sustainable (Green) Marketing

Sustainable marketing involves developing and promoting products and services that satisfy consumer needs without compromising the environment or the ability of future generations to meet theirs. It focuses on the "Triple Bottom Line": People, Planet, and Profit. Modern brands use ethical sourcing, eco-friendly packaging, and carbon-neutral logistics as core competitive differentiators to win over "conscious consumers."

### III. Affiliate Marketing

A performance-based marketing strategy where a business rewards one or more affiliates for each visitor or customer brought by the affiliate's own marketing efforts. It relies on a revenue-sharing model. For example, an influencer (affiliate) promotes a product through a unique tracking link; if a purchase is made, the affiliate earns a commission from the merchant. It is a highly cost-effective way to scale reach.

## 21 Integrated marketing communication

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Integrated Marketing Communication (IMC) is a strategic business process used to plan, develop, execute, and evaluate coordinated brand communication programs. The core philosophy of IMC is that all forms of communication and messages are carefully linked together so they work in harmony rather than in isolation.

**The Objective:** To ensure that the brand's voice and message are consistent across all touchpoints, whether it is a TV advertisement, a social media post, a PR event, or a direct email. This consistency builds brand recall and reduces consumer confusion.

## Components of the IMC Mix

- **Advertising:** Large-scale reach to build brand awareness.
- **Sales Promotion:** Short-term incentives to drive immediate buying action.
- **Public Relations (PR):** Managing the institutional image and building public trust.
- **Direct Marketing:** Highly targeted messages aimed at individual prospects.
- **Personal Selling:** Interactive, face-to-face dialogue to build deep relationships.

## 22 AI marketing- Concept, developing and AI marketing strategy

### The Concept of AI Marketing

AI Marketing is a method of leveraging technology and Artificial Intelligence to improve the customer journey and marketing ROI. It involves using machine learning, natural language processing (NLP), and big data analytics to make automated decisions based on real-time consumer data. AI can handle massive datasets that are impossible for humans to process manually, uncovering hidden patterns in buyer behavior.

### Developing an AI Marketing Strategy

To integrate AI effectively, organizations follow a structured deployment path:

- **Data Sourcing and Infrastructure:** Gathering high-quality, clean data from CRM systems, website telemetry, and social media to "train" the AI models.
- **Identifying Use Cases:** Determining specific problems AI should solve, such as reducing customer churn, optimizing ad spend, or personalizing email subject lines.
- **Tool Selection:** Choosing between off-the-shelf AI marketing platforms or building custom algorithms for specific needs.

## Core Elements of an AI Strategy

- **Predictive Analytics:** Using historical data to forecast future trends and individual purchase likelihood.
- **Hyper-Personalization:** Delivering unique content or product recommendations to millions of individual users simultaneously (e.g., the Amazon recommendation engine).
- **Chatbots & Virtual Assistants:** Providing 24/7 automated customer support and lead qualification through human-like conversation.

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