

Chapter 12: Services and Non-profit Organization Marketing

Importance of services to the economy

- **Service** – the result of applying human or mechanical efforts to people or objects
 - 70% of the Australian GDP is comprised of services
 - 4/5 Australians are employed in this sector
 - In 2015-16, Australia's largest services exports were:
 - Travel Related services
 - Professional services
 - Financial services

Differences between services and goods

- How services differ from goods
 - Services have 4 unique characteristics that distinguish them from goods. Services are intangible, inseparable, heterogeneous, and perishable.

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| Intangible | The inability of services to be touched, seen, tasted, heard, or felt in the same manner that goods can be sensed <ul style="list-style-type: none">• Having no physical object makes it hard to communicate benefits• E.g. Dentist/Doctor – getting teeth cleaned is a service that you cannot touch• E.g. Massage |
| Inseparable | Production and consumption are simultaneous, meaning the consumer takes part in production <ul style="list-style-type: none">• E.g. Dentist/Doctor – receiving cleaning of teeth from dentist; consumer is sitting down consuming this service• E.g. Haircut |
| Heterogeneous | Services depend on their employees for quality, which makes consistency difficult to achieve <ul style="list-style-type: none">• E.g. Dentist/Doctor: good (bad) days at the dentist/doctors |
| Perishable | Services cannot be saved, and it is challenging to synchronize supply and demand <ul style="list-style-type: none">• E.g. Dentist/Doctor: if you miss an appointment, you cannot save this service to be done later; need to book again• E.g. Airplane seats: cannot save empty seats during non-peak season and use it during peak season |

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- Assessing service quality (HOW do you assess the quality of service)
 1. **Search quality** – (more often applied to goods) assessed before purchase
 - E.g. finding a picture of a hotel on their website; ratings; reviews
 2. **Experience quality** – assessed after purchase
 - E.g. how a bed feels when staying at the hotel; assess the experience at the hotel after stay
 3. **Credence quality** – assessed only with appropriate knowledge
 - E.g. car servicing: you don't know about cars so you don't know how to assess the quality (i.e. mechanics)
 - E.g. how well a heart operation went

Components of service quality and the gap model of service quality

- Assessing service quality (WHAT do you assess about the quality of service)
 1. **Reliability** – the ability to perform the service right the first time
 - The service is consistent (i.e. one day good, other day should be good as well)
 - E.g. Restaurant: you order a meal, you get the meal exactly how you wanted the first time round; you don't have to go back, send it back, and put in another order
 2. **Responsiveness** – the ability to provide prompt service
 - E.g. Restaurant: when you arrive, you are seated immediately; you have a waiter come over, give menu, drinks and you're not just left there dehydrating; basically, how quick you get served
 3. **Assurance** – the knowledge and courtesy of employees
 - E.g. Restaurant: if you have a dietary requirement or you have a question about the menu or what is in a dish, it's the ability of the waiter to answer your query straight away; if they can answer you immediately, it means they can demonstrate assurance because they are demonstrating knowledge
 - E.g. Bunnings: when you go in and you ask them where something is, they will know where to find it and what aisle it's in and sometimes will take you there personally; they have knowledge
 4. **Empathy** – caring, individualized attention to customers
 - Manners, restaurant treating you nicely
 - E.g. Restaurant: if you have a special occasion at the table, they will go out of their way to arrange something special for you, like a birthday surprise at the end of the dinner, a birthday cake; this shows that they pay attention and care about customers
 5. **Tangibles** – the physical evidence of the service
 - E.g. Restaurant: how it looks, how clean it is, how the people are dressed
 - E.g. Hotel: how the hotel looks like, chandelier, how employees dress

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