

SERVICE MARKETING ISSUES: A REVIEW

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Abstract

The paper examined service marketing issues using descriptive research method. Some literatures on service marketing were reviewed to provide insights on the subject matter. Among others, the major focus was on different definitions of services, their unique characteristics such as intangibility, inseparability, perishability, and heterogeneity which distinguish services from physical products and service marketing mix elements such as service offerings (products), price, place, promotion, people, process and other physical evidence. From the literature, conclusion was drawn that service marketing is very crucial and plays an important role in the economy. As such, marketers need to pay attention to service marketing in order to effectively communicate service offerings to potential and actual target markets.

Keywords: Service marketing, characteristics of services, service marketing mix elements.

Introduction

The increasing important role that services marketing is playing in the current world economy cannot be overemphasized. The service sector drives today's economy and consists of a variety of companies. Services have become a major force in the world economy and are provided or rendered by profit and non-profit making organisations. Therefore, services lie at the heart of economic activity in any society. For instance, infrastructural services such as transportation and communication are the essential link among all sectors of the economy, including the final consumers (Anyanwu, 2013). Thus, different services marketing strategies are adopted by service organizations, service providers and marketers to achieve their objectives.

Rendering a service is a people oriented business, so good interaction and interpersonal relationship is very important, and essential for the actual success of service delivery. Service performance is essentially intangible activity and does not result in the ownership of any physical thing but it creates satisfaction, value and provide benefits for customers. This importance, coupled with the fast pace of growth in the sector, has made it imperative that this paper be written with the intent to examine service marketing issues to provide more insights on the subject matter.

Definitions of Service

Services are defined in different ways by various authors. Most of these definitions are provided in service marketing literature. Zeithaml and Bitner (1996), in the simplest terms, described services as deeds, processes and performances. They defined service to include all economic activities whose output is not a physical product, is generally consumed at the same time it is produced, and provides added value in forms that are essentially intangible concerns of the purchaser. Kotler (1996), defined service as an activity that one party offers 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. Okpara (2002), added that a service is an intangible offer, distinct from, or dependent on another physical good, the acceptance does not result in the ownership of any physical thing.

From the above definitions, it can be concluded that services deal with intangible elements since its purchase does not result in the ownership of anything, rather, it creates a bundle of benefits and satisfaction. Therefore, service marketing is the marketing activities that involve the production, pricing, distribution and promotion of intangible products instead of tangible (physical) products.

Characteristics of Services

Bitner, Fisk and Brown (1993), suggested that the major output from the services marketing literature up to 1980 was the delineation of services characteristics. Service possess four unique characteristics, namely; intangibility, inseparability, perishability, and heterogeneity. These

characteristics distinguish service offerings from the offering of tangible products and pose certain challenges on their marketing. They are;

Intangibility

Intangibility is the dominant characteristic of service and it is described as the absence of physical features or attributes which can be seen, touched or felt. Uford (2017:98) argued that service is mainly characterised by interactions, intangibility and heterogeneity. Therefore, there is no room for any pre-purchase examination of services, unlike physical goods. For example, the quality of a haircut, hairstyle, transportation, communication, lecture, entertainment, etc. cannot be examined and compared before purchase. Therefore, the intangible characteristics of service present service providers or marketers with several problems. Zeithaml (1991) opined that the absence of physical attributes that can be examined prior to purchasing a service, makes it difficult to display and communicate services easily to customers and makes it mentally difficult for them to grasp the service performance or experience.

To overcome this challenge of intangibility of services in marketing, experts have suggested that marketers lay more emphasis on physical clues that can help buyers to mentally comprehend the service offering and equally adopt very concrete metaphors and vivid images in the branding and advertisement of services. Other suggestions include educating customers in making right choices, helping them understand what they should look out for, and also offering guarantees (Palmer, 2005; Bhandari & Sharma, 2011 and Lovelock & Wirtz, 2011)

Inseparability

Inseparability is taken to reflect the simultaneous delivery and consumption of services (Regan, 1963; Zeithaml, 1981; Bowen, 1990 and Onkvisit & Shaw, 1991). According to Gronroos (1978) and Zeithaml (1981), it is believed that the simultaneous production and consumption of services occurs in order to enable consumers to affect or shape the performance and quality of service. Generally, services cannot be separated from the seller and that is to say that some services are created and marketed simultaneously. This characteristic limits the extent of the marketing of services and also demands a direct channel (Anyanwu, 1993).

In overcoming this challenge, authors (Palmer, 2005; Bhandari & Sharma, 2011 and Lovelock & Wirtz, 2011) have suggested that marketers have the option of recruiting, training and rewarding employees to reinforce the planned service concept. It is also important that marketers look for the right customers at the right time and try to shape their behaviour prior to the service encounter..

Perishability

Perishability is the inability of a service to be stored. Generally, services cannot be stored for future use. This characteristic is of major concern to service organizations, providers and marketers because it unavoidably leads to supply and demand problems. Onkvisit and Shaw (1991) suggested that services are “time dependent” and “time important” which make them very perishable. Marketers can key into effectively competing on the speed of delivery, while minimising the burden of holding inventory or customers having to wait for extended time for the required service since it perishes with time (Lovelock & Wirtz, 2011).

Heterogeneity

This characteristic of service implies that service varies in relation to the suppliers and even time of production. It is highly difficult to standardize services due to the human element involved (Anyanwu, 1993). Zeithaml, Parasurawan and Berry (1985) confirmed that the heterogeneity factor reflects the potential for high variability in service delivery. This is a particular problem for services with high labour content as the service performance is delivered by different people and the performance of people can vary from day to day (Carmen & Langeard, 1991, Onkvisit & Shaw, 1991). However, putting in place effective service recovery procedures, automating customer-provider interactions and performing work while customers are absent are other measures of checking the heterogeneity problem (Lovelock & Wirtz, 2011).

Service Marketing Mix

The service marketing mix is also known as extended marketing mix elements. The elements of the traditional marketing mix are the 4Ps of marketing - product, price, place and promotion. However, in the marketing of services, the traditional marketing mix elements have been found to be limited. The limitation of the traditional marketing mix elements has led to the development of additional elements which service marketers can utilize to communicate with and satisfy the target customers. This has resulted in the adoption of seven elements known as service marketing mix elements namely, service offering (product), price, place, promotion, people, process and physical evidence. Detail discussion of the service marketing mix elements is as follows:

Service Offerings (Products)

A product is anything capable of satisfying a consumer's wants or needs (Busch & Houston, 1985) which can be tangible or intangible. A service is an intangible product. Lovelock and Wirtz (2011) defined services as economic activities offered by one party to another. The service marketers' decisions concerning service offerings are very different from those related to physical products. Unlike a physical product, a service is intangible in nature and cannot be assessed by touch, feel and other qualities which are usually present in a physical product. Because of the intangibility nature of service, it is appropriate that the service offerings be designed with care to increase customer satisfaction, benefit and value.

Price

Setting and adjusting prices for services is more difficult than it is for physical goods. This is especially so, given the fact that even after the transaction, the customer has no title to, or ownership of anything tangible (Okpara, 2002). The pricing method for services is difficult to adhere to unlike products which the final price depends on the total cost of production and mark-up. In service, price cannot measure the cost of the services offered easily. Therefore, price setting plays a crucial role to service providers, organizations and marketers to achieve their business objectives.

Place

Place in service marketing refers to the availability of service offerings to customers. It is making service available to customers, where and when they want them. Place in services marketing determines where the service offerings could be located or available. Place in service marketing is very crucial because the places chosen to carry out service business can make or mar the growth or success of the organization.

Promotion

Promotion has become a very important element in service marketing. The service industry usually has stiff competition among different brands and service businesses would need a lot of promotions to pass the right message to potential customers. The promotion mix for traditional marketing mix are advertising, personal selling, sales promotion and publicity/public relations. However, with the promotion of services, it is necessary to emphasize the tangible elements of services such as brand name, corporate image, customer satisfaction, service delivery, etc. Therefore, promotion is necessary for survival in the service sector because of high competition.

People

People as an element of the service marketing include all the human actors - the firm's employees (internal customers), the buyers (external customers), and other customers who play a part in service delivery and accordingly influence the buyers' perception of the service in the service environment (Zeithaml & Bitner, 1996). In service marketing, people can make or break an organization. Thus, many companies nowadays are involved in specially getting their staff trained in interpersonal skills and customer service with a focus towards customer satisfaction.

Process

Process is the actual procedures, mechanisms and flow of activities by which services are delivered (Zeithaml & Bitner, 1996). In a competitive business environment, services companies are always in the race to deliver quickly, efficiently and at the highest quality of the service to their customers to ensure repeat patronage. From the foregoing, how efficiently the services are delivered to the

customers is an important aspect of service marketing blueprint and there is a need to emphasize on setting up a process in place that is quick, reliable and easy because the success of any service business depends largely on the process.

Physical Evidence

According to Zeithaml and Bitner (1996), physical evidence is the environment in which the service providers deliver the service and the customers and organization interact as well as any tangible component that facilitates performance or communication of the service. Services are intangible in nature and customers are looking for tangible evidence to judge service quality. For example, in a restaurant, a nice ambience, good sitting arrangement, good food, good lighting, friendly and well-dressed service staff, etc. are all parts of the physical evidence of the service business and they are important elements of the service marketing. Several times, physical evidence is used as differentiator in service business because of the competitive nature of the service industry.

Conclusion

Service marketing plays an important and dominant role in the economy. Service has become an integral part of the world economy. From the various definitions of services examined, it implies that service is purely intangible in nature and does not result in ownership of any physical thing and cannot be measured unlike physical product. Unique characteristics of services namely intangibility, inseparability, perishability, and heterogeneity create numerous challenges to service providers and marketers to attract new customers and to retain existing customers. The adoption of seven elements of service marketing mix-service offerings(product), price, place, promotion, people, process and physical evidence are important and crucial to the service marketing management.

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