

# NATURE OF SERVICE AND CONCEPT OF SERVICES MARKETING

1. Marketing services
2. Service and its meaning
3. Features of services
4. Classification of services
5. Marketing mix of services



*"Today it is no longer enough to satisfy the customer's needs."*

# 1. MARKETING OF SERVICES

*Marketing is a social and managerial process by which individuals and groups obtain what they need and want through the creation, supply and exchange of products and values with others. ( Kotler)*

**B2C X B2B X B2G X B2E!?**



# SERVICES MARKETING

*A **service** is any activity or benefit that one party can offer to another party that is fundamentally intangible and does not result in ownership. The production of a service may or may not be associated with a tangible product.*



# ACTUAL TRENDS IN SERVICES

- ▶ high activity in the area of customer retention,
- ▶ targeted marketing approach,
- ▶ emphasis on the physical evidence - humanization of space,
- ▶ multichannel communication and distribution,
- ▶ orientation towards long-term and mutually beneficial relationships (CRM),
- ▶ use of customer databases → customization,
- ▶ CSR activities,
- ▶ use of IT (automation of business processes - robotization),  
use of chatbots → impact on employment,
- ▶ the use of virtual reality in the sales process,
- ▶ "phygital marketing" in the sales environment of services,
- ▶ the important role of the mobile phone and social networks,
- ▶ marketing research of customer experience,

# ACTUAL TRENDS IN SERVICES

- ▶ customer = emotionalization, experience orientation, time phenomenon, personalization,
- ▶ customer = self-service,
- ▶ disintermediation = exclusion of intermediaries, direct connection between the customer and the service provider,
- ▶ sharing economy, GIG economy (bikes, cars, offices, experts, books, apartments, ...),
- ▶ the influence of macroeconomic factors (e.g. the global financial crisis in 2008-2009, the occurrence of COVID-19, war conflicts, legislative regulations, energy growth, the demographic composition of the population, the number and professional qualifications of employees, changes in consumer behavior, etc.).

# THE GIG ECONOMY

- ▶ An economy related to digital platforms, allowing freelancers to connect with companies, or even households, for the purpose of providing their services or sharing things (car, apartment, ...) for a short period of time.
- ▶ The gig economy is expected to grow by 123% by 2025. The USA is said to be a founder of the gig economy. High level of use also in France, UK.

# 4 BASIC SECTORS OF THE GIG ECONOMY

- ▶ **Transport-based services** - Uber,... Car rental and driver's ability to drive.
- ▶ **Asset-based services** - Airbnb, ... One party offers the other an asset (house, apartment, boat, money, ..).
- ▶ **Professional services** - Upwork, ... Connecting professionals for the purpose of business (scientists, craftsmen, photographers, ...).
- ▶ **Handmade goods and temporary help** - Care.com, dog walking, babysitting, cleaning, ....

# THE GIG ECONOMY



## Working in the gig economy

What are the advantages and disadvantages?

### Pros:

- **Freedom** - You are your own boss
- **Flexibility** - You decide when and where you want to work
- **Client choice** - you get to pick who you want to work with
- **No commute** - thanks to the internet you can work from home
- Pursuing your **passion**
- **Casual** work attire
- No office **politics**
- **Exposure** to different projects and clients all over the world



Flexibility

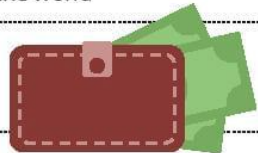


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### Cons:

- No fixed **monthly income**
- Less chance for **career growth**
- **Isolation** - there's nobody to give you feedback on your ideas or talk to
- **Hustling** for new gigs
- No company **health benefits** or paid time off
- No **maternity leave**
- **Juggling** all your clients





## 2. SERVICE AND ITS MEANING

- ▶ The service sector is extremely vast.
- ▶ Most services are provided by the state in almost all countries.
- ▶ Non-profit organizations also operate in the service sector.
- ▶ The business sector provides services for

# SERVICE AND ITS MEANING

- ▶ The increasing role of services in society is reflected in the increase in the share of employment in services and in the growth of the share of services in GDP.
- ▶ **More than 60% of Czechs are employed in services, more than 70% in developed countries.**
- ▶ The share of services in GDP in the Czech Republic is about 60%. The European Union has on average more than 70% of its GDP in services, the United States 80%, Hong Kong 90%.

# EVERY SERVICE CAN BE GREAT!

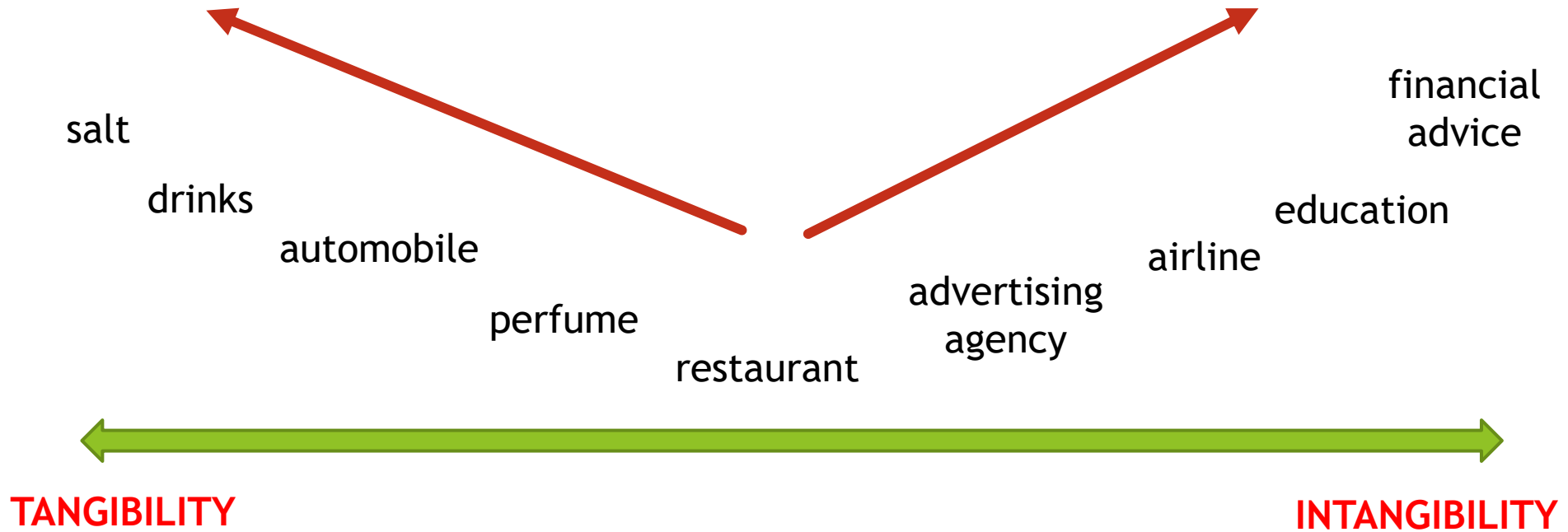
## BUS TRANSPORT PRAGUE - BRNO

- ▶ **2002:** to buy a ticket was only possible at a kiosk at the station or from the driver - the service was outdated and often poorly maintained - the service was strictly limited to moving people to the destination - the service offered nothing extra - **transactional marketing!**
- ▶ **2023:** to buy a ticket is possible in many ways - the staff takes care of passenger comfort - new buses in perfect condition - there are many additional services on a board - it's not just about moving passengers - it's about a good customer feeling - **relational marketing!**



### 3. FEATURES OF THE SERVICE

<ul style="list-style-type: none"><li>✓ <b>Intangibility</b></li><li>✓ Inseparability (technological distribution, customer as co-producer)</li><li>✓ Heterogeneity</li><li>✓ Perishability (impermanence)</li><li>✓ Impossibility of ownership</li></ul>	<b>SERVICE</b>
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# RATE OF MATERIALIZATION OF SERVICES

## 4. CLASSIFICATION OF SERVICES

- ▶ Sector classification (tertiary, quaternary, quinary services).
- ▶ Market and non-market services.
- ▶ Services for consumers and organizations.
- ▶ Meaning of importance to the buyer.
- ▶ Buyer engagement rate.
- ▶ Frequency of service provision (one-off, regular).
- ▶ „Human-based x non-human-based“ service provider.
- ▶ ...

# 5. MARKETING MIX OF SERVICES

Product	<b>"4P" Marketing Mix</b>	<b>"7P" Marketing Mix</b>
Price		
Place		
Promotion (marketing communication)		
People		
Physical evidence		
Process		

# MARKETING MIX 4P? X 4C?

<b>4P</b> producer marketing mix	<b>4C</b> customer marketing mix
<b>Seller</b> ⇨ <b>customer</b>	<b>Customer</b> ⇨ <b>seller</b>
PRODUCT	CUSTOMER VALUE
PRICE	COSTS TO THE CUSTOMER
PLACE	CONVENIENCE
PROMOTION	COMMUNICATION