



TenStep Supplemental Paper

10 April 2004

Now You See it, Now You Don't!

In recent years, services have received increasing attention. The fundamental question that arises is - Why is such importance attached to services? In an overcrowded marketplace, it becomes very difficult to differentiate products. Therefore, it becomes essential to position brands on the basis of the services they provide. For instance, in the insurance industry, the policies of one company are no different from those of another. Therefore, it becomes imperative to sell on the basis of services provided. A simple product like table salt has gained the status of being a service rather than just a taste enhancer. It is being sold on the idea of protecting health.

Characteristics of Services

In order to define the service business, a marketer would have to analyze the effect of services on marketing strategies. A number of characteristics differentiate services from physical goods, subsequently affecting their positioning strategies.

- 1. Intangibility.** An important characteristic of a service offered to the market is its intangibility. It is marked by the absence of physical properties, shapes or face. Even where services have a physical face, the core benefit still remains intangible. Give the brand a face to increase the tangibles.
- 2. Inseparability.** This requires the presence of a producer during the sale. Services are created and dispensed simultaneously. For example, a dentist both creates and sells services, but the customer has to be present at the same time for the service to be created and delivered.
- 3. Heterogeneity.** Because of the nature of services, it becomes difficult to assure quality. For this, the marketer would have to ensure that standards are monitored across operations and emphasize features. For instance, in the hotel industry, standards could be set on how food should be served. This would be measured across all hotels.
- 4. Perishability.** This characteristic leads to problems of demand fluctuations, especially because the product cannot be stored. Therefore, the marketer has to match supply and demand effectively (e.g reduce prices during off-season).

Now there are even more service categories – Search and Credence services.

Search services are more tangible and therefore, more assessable by their buyer (clothing, jewelry, furniture, and child care). Credence services tilt significantly toward intangibility (legal and dental services, medical diagnosis). The buyers of credence services require assistance in assessing their value even after the services have been consumed. Naturally, the potential for value delivery and profit is more in credence services than in the marketing of search services. The challenge is to convert the services into customer value by making them more tangible.

Summary



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As the tangibility of services increase, so do the consumers' expectations of quality, especially when it comes to reliability, assurance, responsiveness and empathy. The challenge here is to manage customers' service quality expectations efficiently by erasing the perceived risk through various tools. By taking such a customer-focused approach, the "missing product" of service industries can be replaced by something tangible and quantifiable.