



# **SNS COLLEGE OF ENGINEERING**

**Kurumbapalayam (Po), Coimbatore - 641 107**

**An Autonomous Institution**

**Accredited by NBA - AICTE and Accredited by NAAC - UGC with 'A' Grade**

**Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**



## **DEPARTMENT OF MANAGEMENT STUDIES**

**COURSE NAME : 19BA403 - SERVICE MARKETING**

**II YEAR /IV SEMESTER**

**Unit 1 - SERVICE MARKETING**

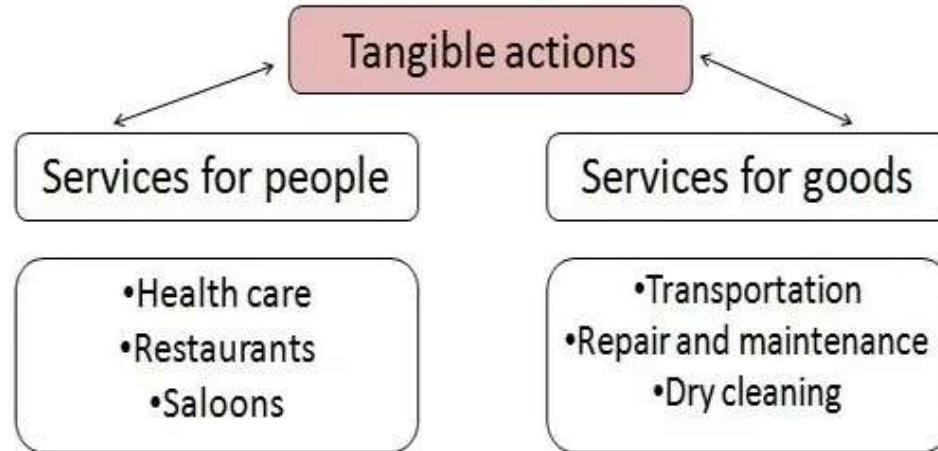
**Topic 2: SM - Classification-service Market Potential-marketing Mix For**

**Services-service Quality**



# CLASSIFICATION OF SERVICE

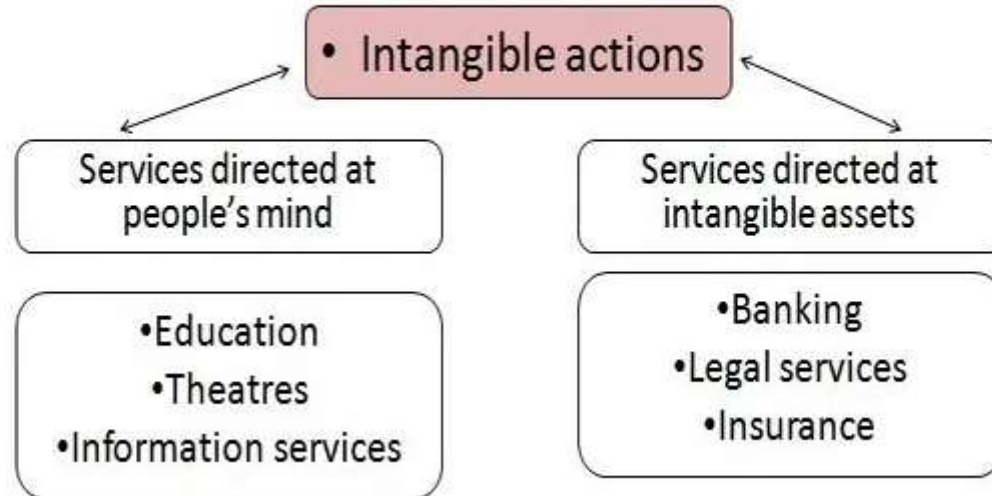
## 1. Classification of service based on Tangible Action





# CLASSIFICATION OF SERVICE

## 2. Classification of services based on Intangibility





# MARKET POTENTIAL

It is the total demand for a product in a given business environment.



# MARKET POTENTIAL

Let us go through the 5 elements to determine market potential.





# MARKET POTENTIAL

## Market Size:-

- The first and most important factor to consider while determining market potential is the market size of your product.
- Market size is the total market sales potential of all companies put together.
- So if i planned on launching a new soap or Shampoo, then all the different companies such as HUL and P&G are my competitors.
- And the combined sales of soaps, including branded and non branded products is my complete market size.



# MARKET POTENTIAL

## Market growth rate:-

- The PC market as compared to the laptop market or the smartphone market is declining.
- So if you are a company which makes PC's, then you have to be aware that you are entering an declining market.
- Instead, if you have the potential, why not enter the Laptop market or the Smartphone market.



# MARKET POTENTIAL

## **Profitability:-**

- Determining and forecasting your profitability is important to understand the market potential.
- If the business is going to give low profitability, then the volumes need to be high (ex – fmcg products) or if the business is going to give low volumes, then the profit needs to be higher (ex – industrial goods).





# MARKET POTENTIAL

## Competition:-

- You need to know and understand the competition in an industry to determine the market potential for the product you are going to launch.
- If the industry has high competition, the entry barriers are going to be high and at the same time, establishing yourself will require deep pockets.



# MARKET POTENTIAL

## Competition:-

- You might have to lower the price of your products even though you are giving higher value. This requires that you have enough money to take hits till the time competition leaves the market
- Ex – JIO Entry



# MARKET POTENTIAL

Product and consumer type:-

- Is your product a repeat buying product or one time sale only? In the above examples, Soap and shampoo is a repeat buying product.
- But once you buy a refrigerator, you will need another one after 10 years.



# MARKET POTENTIAL

Product and consumer type:-

- So in your whole lifetime, you will buy 8-10 refrigerators at the max. But in a year, you are likely to buy 40-50 soaps individually.
- That's 300-400 soaps per individual in their livelihood. Multiply that by a billion and you can understand the market potential of the soap industry.



# THE SERVICES MARKETING MIX

- The essential elements of product, promotion, price and place remain but three additional elements – people, physical evidence and process are included to the 7Ps mix



# THE SERVICES MARKETING MIX

## **Product**

there is scope for customizing the offering as per customer requirements.

## **Pricing**

Pricing of services is tougher than pricing of goods. While the latter can be priced easily by taking into account the raw material costs, in the case of services there are attendant costs—such as labor and overhead costs—that also need to be factored in.

A restaurant not only has to charge for the cost of the food served but also has to calculate a price for the ambiance provided.



# THE SERVICES MARKETING MIX

## Place

- Service providers have to give special thought as to where the service is provided.
- A fine dining restaurant is better located in a busy, upscale market as opposed to the outskirts of a city. A holiday resort is better situated in the countryside away from the rush and noise of a city.

## Promotion

- Since a service offering can be easily replicated, promotion becomes crucial in differentiating a service offering in the mind of the consumer



# THE SERVICES MARKETING MIX

## People

- People are a defining factor in a service delivery process, since a service is inseparable from the person providing it.
- A restaurant is known as much for its food as for the service provided by its staff.
- The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organizations today





# THE SERVICES MARKETING MIX

## Process

- The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers.
- Most companies have a service blue print which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.



# THE SERVICES MARKETING MIX

## Physical Evidence

- Since services are intangible in nature, most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience.
- Many hair salons have well designed waiting areas, often with magazines and plush sofas for patrons to read and relax while they await their turn



**RECAP**

**QUESTIONS???**

**THANK YOU**