



SERVICES MARKETING

Text and Cases

Prof. (Dr.) S.L. Gupta • Dr. Ritika S. Israney



Sultan Chand & Sons

Services Marketing

Dedicated to
my Father (late Shri Balu Ram Gupta)
and Mother (late Shrimati Radha Gupta)

Dr. S.L. Gupta

Dedicated to
Dadu, whose wisdom lights my path from his heavenly abode;
To my loving parents,
the most supportive and kind in-laws and
my life partner Kunal whose unwavering love and constant presence helps
me finding my north star.

Dr. Ritika S. Israney

SERVICES MARKETING

Text and Cases

Dr. S.L. Gupta

Professor

Birla Institute of Technology (Deemed University)
Mesra, Ranchi, Noida Campus

Dr. Ritika S. Israney

Assistant Professor

Department of Commerce and Management
Bharatiya Vidya Bhavan College (*an Institute of Eminence*)
Guru Gobind Singh Indraprastha University, Delhi



Sultan Chand & Sons®

Educational Publishers

New Delhi

SULTAN CHAND & SONS®

Educational Publishers

23, Daryaganj, New Delhi-110002

Phones : 011-23281876, 23266105, 41625022 (Showroom & Shop)

011-23247051, 40234454 (Office)

E-mail : sultanchand74@yahoo.com; info@sultanchandandsons.com

Fax : 011-23266357; Website : www.sultanchandandsons.com

First Edition: 2025

ISBN: 978-93-49290-77-8 (TC-1332)

Price: ₹ 425.00

EVERY GENUINE COPY OF THIS BOOK HAS A HOLOGRAM



In our endeavour to protect you against counterfeit/fake books, we have pasted a copper hologram over the cover of this book. The hologram displays the full visual image, unique 3D multi-level, multi-colour effects of our logo from different angles when tilted or properly illuminated under a single light source, such as 3D depth effect, kinetic effect, pearl effect, gradient effect, trailing effect, emboss effect, glitter effect, randomly sparking tiny dots, micro text, laser numbering, etc.

A fake hologram does not display all these effects.

Always ask the bookseller to put his stamp on the first page of this book.

All Rights Reserved: No part of this book, including its style and presentation, can be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording or otherwise without the prior written consent of the publishers. Exclusive publication, promotion and distribution rights reserved with the Publishers.

Warning: An unauthorised act done in relation to a copyright work may result in both civil claim for damages and criminal prosecution.

Special Note: Photocopy or Xeroxing of educational books without the written permission of publishers is illegal and against Copyright Act. Buying and Selling of pirated books is a criminal offence. Publication of a key to this book is strictly prohibited.

General: While every effort has been made to present authentic information and avoid errors, the author and the publishers are not responsible for the consequences of any action taken on the basis of this book.

Limits of Liability/Disclaimer of Warranty: The publisher and the author make no representation or warranties with respect to the accuracy or completeness of the contents of this work and specifically disclaim all warranties, including without limitation warranties of fitness for a particular purpose. No warranty may be created or extended by sales or promotional materials. The advice and strategies contained therein may not be suitable for every situation. This work is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If professional assistance is required, the services of a competent professional person should be sought. Neither the publishers nor the author shall be liable for damages arising herefrom.

Disclaimer: The publishers have taken all care to ensure highest standard of quality as regards typesetting, proofreading, accuracy of textual material, printing and binding. However, they accept no responsibility for any loss occasioned as a result of any misprint or mistake found in this publication.

Author's Acknowledgement: The writing of a Textbook always involves creation of a huge debt towards innumerable authors and publications. We owe our gratitude to all of them. We acknowledge our indebtedness in extensive footnotes throughout the book. If, for any reason, any acknowledgement has been left out we beg to be excused. We assure to carry out correction in the subsequent edition, as and when it is known.

P

PREFACE

Dear Readers,

We are delighted to welcome you to the exciting realm of services marketing through this book, *Services Marketing: Text and Cases*. Crafted with you at its heart, this book seeks to blend theoretical foundations with practical insights, equipping you with the knowledge and skills to thrive academically and professionally.

The landscape of marketing has transformed dramatically in recent years, with economies increasingly driven by services. The unique characteristics of services—intangibility, variability, inseparability and perishability—present distinct challenges and opportunities that require a specialised approach. Our goal is to bridge the divide between theory and practice, offering a comprehensive perspective on this vibrant field.

Designed for a diverse audience, whether you are a business management student, an aspiring entrepreneur, or a professional eager to deepen your expertise, this book integrates real-world case studies, examples and interactive exercises. As you progress through the chapters, you will explore critical topics such as service quality gaps, customer relationship management, service blueprinting, customer delight: useful tips and the role of technology in enhancing service delivery. Each chapter is thoughtfully curated to solidify your understanding of core principles while sparking innovative ideas.

As authors, we hope this book serves not merely as a textbook but as a trusted companion on your learning journey. Marketing, at its core, is about creating value, fostering trust and nurturing lasting relationships—nowhere is this more evident than in the service industry, where the human element is paramount.

To make the most of this book, we encourage you to:

1. *Engage Actively*: Dive into the case studies and tackle the problems presented to sharpen your analytical and decision-making abilities.
2. *Stay Curious*: Supplement your reading with external resources like articles, videos and real-world examples to enrich your perspective.
3. *Collaborate*: Share ideas and discuss concepts with peers to gain diverse insights.
4. *Think Beyond the Classroom*: Apply what you learn to real-life scenarios, from observing customer service at a local café to analysing the strategies of global brands.

The world of services marketing is dynamic and ever-changing. Embrace adaptability, remain open to new ideas and commit to lifelong learning. Your journey with this book is just the beginning.

We are eager to hear about your experiences and insights as you engage with this textbook. Your feedback is invaluable to us, both as authors and as fellow learners. Please feel free to share your thoughts through academic platforms or forums.

With warm regards and best wishes, we place this book in your hands, hoping it inspires you to excel in the fascinating world of services marketing and beyond.

Dr. S.L. Gupta

Professor

Birla Institute of Technology (Deemed University)

Mesra, Ranchi, Noida Campus

Dr. Ritika S. Israney

Assistant Professor

Department of Commerce and Management

Bharatiya Vidya Bhavan College (*an Institute of Eminence*)

Guru Gobind Singh Indraprastha University, Delhi

A

ACKNOWLEDGEMENTS

“We all should know that diversity makes for a rich tapestry, and we must understand that all the threads of the tapestry are equal in value.”

Maya Angelou

In the same way, each person involved in this project played an equally valuable role in shaping this work, and for that, we are forever grateful.

We would like to express our deepest gratitude to all those who have supported and guided us throughout the journey of writing *Services Marketing: Text and Cases*. This book would not have been possible without the unwavering encouragement and insightful contributions of many individuals.

Our sincere and foremost appreciation to the esteemed publishing team at Sultan Chand and Sons, particularly Dr. Shubhra for her invaluable support and expertise and a special acknowledgement to Sh. Gangadhar Chaudhary, whose immense support and belief in this project were crucial. Their professionalism, guidance and commitment made the process seamless and enriching. Thanks to Mr. Ajay, the typesetter, for his attention to detail in ensuring the book’s presentation was well-executed and polished.

We also extend our sincere appreciation to the students whose thirst for knowledge and dedication to their educational journey constantly inspire us to do our best work. To the faculty members, your invaluable support and guidance have made this book a meaningful resource for students, making it both worthwhile and worthy of recommendation.

We are grateful to the authors and researchers whose previous work provided invaluable insights that greatly enhanced the depth and relevance of this book. Your contributions paved the way for a more efficient and informed writing process, and for that, we are deeply thankful.

A heartfelt gratitude is owed to our family—Dr. Seema Gupta, Utkarsh Gupta, Aarushi, Santosh Upadhyay, Mr. Sanjay Sharma, Mrs. Sangeeta Sharma, Mrs. Reshma Israney, Mr. Sunil Israney and Mr. Kunal Israney—whose patience, understanding and continuous support helped us through many late nights and challenges while writing this book. Your love and encouragement were the steady foundation that kept us going. We also extend our warm thanks to all our teachers, colleagues and students, whose presence and support enriched this journey.

Your contributions will forever be appreciated.

Dr. S.L. Gupta
Dr. Ritika S. Israney

S

SNAPSHOT OF THE BOOK

Chapter No.	Chapter Title	Pages	Figures	Tables	Case Studies	Trivia/ Do you Know?	HOTS	MCQ	Project Works
1.	Understanding Concept of Services	44	22	9	2	4	10	10	3
2.	Understanding Services Marketing	38	7	4	2	–	10	10	2
3.	Marketing Mix in Services Marketing	102	47	30	2	4	10	10	7
4.	Consumer Behaviour in Services Marketing	36	8	7	2	2	10	10	3
5.	Service Quality	28	5	7	2	5	10	10	3
6.	Enhancing Service Excellence: Strategies for Services Marketing	42	8	10	2	–	10	10	3
7.	Service Marketing Triangle	18	2	3	2	1	10	10	3
8.	Relationship Marketing	14	–	6	2	1	10	10	3
9.	Customer Focus	26	9	8	2	1	10	10	5
10.	Service Applications	48	1	5	4	–	10	10	3
<i>Appendix:</i> AI-Driven Tools: Transforming Services Marketing		4	–	–	–	–	–	–	–
<i>Glossary</i>		22	–	–	–	–	–	–	–
<i>Total</i>		422	109	89	22	18	100	100	35



CONTENTS

1. Understanding Concept of Services	1-44
<i>Opening Case: Standing Out in a Crowded Marketplace:</i>	
The Evolving Landscape of Services	2
Meaning and Concept of Services	2
Definition of Services	3
Classification of Services	3
Characteristics of Services	7
Intangibility	7
Strategies for Overcoming Intangibility	7
Inseparability	7
Strategies for Managing Inseparability	8
Perishability	8
Strategies for Managing Perishability	8
Variability (Heterogeneity)	8
Strategies for Managing Variability	9
Lack of Ownership	9
Strategies for Overcoming Lack of Ownership	10
Four I's of Services – Intangibility, Inconsistency, Inseparability, Inventory	10
Intangibility	11
Inconsistency	11
Inseparability	12
Inventory	13
Growth Story of the Service Sector	14
Early Stages (Setting the Stage for the Service Sector)	15
The 20th Century (The Service Sector Takes off)	16
The 21st Century (The Service Sector Reigns Supreme)	16
Beyond 21st Century (Digital Economy-Digital Based Services)	18
Reasons for Growth in Service Sector	18
Importance of the Service Sector	24
Goods-Services Continuum	26
Major Distinctions between Goods and Services	29
Goods and Services Categorisation	30
Goods Classification	30
By Market Segment	30
By Degree of Durability	31
By Value Addition	31
By Goals of the Organisation	32

By Degree of Regulation	32
By length of Distribution Channel	33
By Degree of Customer Contract	33
Services Classification	33
By Market Segment	34
By Degree of Tangibility	34
By Skills of the Service Providers	34
By Goals of the Provider	35
By Degree of Regulation	35
By Degree of Customer Contact	36
By Degree of Labour Intensiveness	36
Classification Based on Service Operating Dimensions	37
Classification Based on Level of Tangibility	39
Classification Based on Customer-Employee Presence During the Service	39
Classification Based on Customisation/Empowerment	40
Classification Based on 'Drama' Analogy of Services	40
<i>Chapter Summary</i>	41
<i>Higher-Order Thinking Questions (HOTS)</i>	41
<i>Project Works</i>	42
<i>Multiple Choice Questions</i>	42
<i>Case Study 1.1: OYO Rooms – Standardising Services in the Hospitality Industry</i>	43
<i>Case Questions</i>	44
2. Understanding Services Marketing	45-82
<i>Opening Case: From Invisible to Invaluable:</i>	
Unveiling the Power of Services Marketing	46
Key Components of Services Marketing	47
Importance of Services Marketing	48
Services Marketing Environment:	
The PESTEL Impact	49
Political Factors	50
Economic Factors	51
Socio-Cultural Factors	52
Technological Factors	52
Environmental Factors	53
Legal Factors	54
Process of Services Marketing Management	55
1. Understanding the Market and Setting Goals	55
2. Developing a Compelling Services Offering	56
3. Crafting the 7Ps of Services Marketing	56
4. Monitoring and Evaluation	56
Quality in Services Marketing – Role of	
Employers and Customers in Service Delivery	57
1. Role of Employers in Delivering Quality Services	57
2. Role of Customers in Service Delivery	58
Challenges in Services Marketing	59
Case Analysis – Challenges in Services Marketing	60
1. Oyo	60
2. Uber and OLA	62

3. Zomato and Swiggy	64
Chapter Summary	66
Higher-Order Thinking Questions (HOTS)	66
Project Works	67
Multiple Choice Questions	67
Case Study 2.1: From Click to Crave: How Swiggy Redefined Food Delivery	68
Case Questions	82
3. Marketing Mix in Services Marketing	83-183
Opening Case: Elevating Service Excellence: Exploring the Marketing Mix in Service Industries	84
Concept of Marketing Mix	84
What is Marketing Mix?	85
Concept of Target Market, What Do Customers Buy, Value for Money	86
Target Market	86
Benefits of Targeting	87
What Do Customers Buy?	87
Value for Money	87
Six P's Add Value	88
The 7Ps of Services Marketing	89
Product	89
Service Product	89
New Service Development	91
Reasons for Development of New Services	92
Types of New Services	92
Sources of New Service Ideas	93
New Service Development Stages	94
Quality Levels	96
Product Attributed Approach	97
Customer Oriented Approach	98
Range	99
Features/ Benefits	101
Guarantees	102
Brand	104
Brand Loyalty	105
Brand Name	106
Branding of Services	106
Pricing	107
The Price Challenge	107
Art of Setting Price	110
Service Pricing	110
Reaction of Consumer to Price Change	111
Reaction of Competition to Price Change	111
Influence on Pricing in the Service Sector	112
Service Industry Pricing Strategies	113
Special Adjustments to the List or Quoted Prices	117
Discounts	117

Allowances	119
Geographical Adjustments	119
Customer's Perceived Value: Quality/Price	120
Service Industry Pricing – Applications	122
Pricing Transportation	122
Pricing Management Consultancy	123
Pricing Training	124
Hotel Pricing	125
Targeted Hotel Room Pricing	127
Pricing Small Services	128
Place (Distribution)	129
Place: Distribution of Services	129
Location	130
Accessibility	130
Channels of Distribution	131
Distribution Facilities	133
Service Inventory/Storage	134
Managing Channels	134
Major Intermediaries for Service Delivery	136
Franchising	136
Electronic Channels	137
Services Distribution through Agents and Brokers	138
Promotion	140
Importance of Doing Promotion	140
Identification of Target Market	141
Message Development for Right Communication Effect	142
Selection of Communication Mix	143
Guidelines for Service Communication	144
Communication Mix	144
Advertising	144
Personal Selling	147
Sales Promotion	148
Public Relations	151
People	153
Service Encounter	153
Employees	154
Customers	163
Communicating Culture and Values	165
Employee Research	166
Physical Evidence	168
What is Physical Evidence?	168
Process	170
Critical Moments	170
Blue Printing	171
Advantages of Blue Printing	174
Service Mapping	175
Chapter Summary	179
Higher-Order Thinking Questions (HOTS)	179

<i>Project Works</i>	180
<i>Multiple Choice Questions</i>	180
<i>Project Works</i>	180
<i>Case Study 3.1: Marketing Mix in Services Marketing – Starbucks</i>	181
<i>Case Questions</i>	182

4. Consumer Behaviour in Services Marketing 185-219

<i>Opening Case: Beyond the Six Pack:</i>	
Why Consumer Behaviour Wins in Services Marketing	186
Service Consumer	187
Service Customer	187
Consumer Decision Making Process –	
Pre-Purchase, Purchase and Post-Purchase Stage	188
Stage 1: Pre-Purchase Stage	189
Strategic Considerations for Service Marketers, in Pre-Purchase Stage	189
Stage 2: Purchase Stage	190
Strategic Considerations for Service Marketers, in Purchase Stage	191
Stage 3: Post-Purchase Stage	192
Strategic Considerations for Service Marketers, in Post-Purchase Stage	192
Concept and Meaning of Consumer Behaviour	193
Definition of Consumer Behaviour	194
Importance of Understanding Consumer Behaviour in Services Marketing	194
Theories of Consumer Behaviour in Services Marketing	195
Maslow's Theory of Motivation	196
Howard-Sheth Model	197
Servuction Model	199
Visible Elements	200
Invisible Elements	200
Expectancy-Disconfirmation Theory	200
Service Dominant Logic	201
Factors Affecting Consumer Behaviour in Services Marketing	202
Cultural Factors	204
Social Factors	204
Personal Factors	205
Service-Specific Factors	206
Situational Factors	207
Psychological Factors	207
Technological Factors	208
Segmentation, Targeting, Differentiation and Positioning (STDP) Model	212
Segmentation	212
Targeting	213
Differentiation	213

Positioning	214
Concept and Difference in Perspective,	
Risk Analysis and Consumer Decision Process	214
<i>Chapter Summary</i>	216
<i>Higher-Order Thinking Questions (HOTS)</i>	216
<i>Project Works</i>	217
<i>Multiple Choice Questions</i>	218
<i>Case Study 4.1: Personalising Fitness Services for Market Segments</i>	218
Case Questions	219
5. Service Quality	221-248
<i>Opening Case: Beyond the Basics: Mastering Service Quality for Lasting Success</i>	222
Concept and Meaning of Quality Services	222
The Dimensions of Quality Services	224
The Determinants of Quality Services	229
Factors Causing Subpar Service Quality	231
The Gronroos Model, SERVQUAL	
and Gaps Model of Service Quality	233
The Gronroos Model of Service Quality	233
The Parasuram, Zeithaml and Berry Model	
(PZB Model) of Service Quality	234
Measuring Service Quality	237
Using SERVQUAL for Measuring Service Quality	238
Servqual–Questionnaire	
Customer Satisfaction Survey	
(Typical Example of a Restaurant)	239
Techniques to Resolve Gaps	
in Service Quality Standards	242
<i>Chapter Summary</i>	244
<i>Higher-Order Thinking Questions (HOTS)</i>	244
<i>Project Works</i>	245
<i>Multiple Choice Questions</i>	246
<i>Case Study 5.1: Improving Service Quality in a Luxury Hotel Chain</i>	247
Case Questions	247
6. Enhancing Service Excellence: Strategies for Services Marketing	249-290
<i>Opening Case: Mastering Service Excellence: Addressing the Elephant in the Room</i>	250
Strategies for Services Marketing	250
Pro-Activity: A Strategic Tool	
to Out Service Competition	251
Core Product/Service Offering	251
Supplement Services	252
Why Customers Evaluate Services on Supplements?	252
Creating a Differential Advantage	
While Offering Services	252
Concept, Importance and	
Process of Service Recovery	254
Types of Service Failures	254
Causes of Service Failures	254
Importance of Service Recovery	254

Process of Service Recovery	256
Concept and Designing of Service Blueprinting	257
Key Components of a Service Blueprint	259
Concept of Using Technology	
to Market Services (TAM Model)	260
Technology Acceptance Model (TAM Model)	261
Strategies for Dealing with Intangibility:	
Tangibilising the Intangibles	264
Selling Services: Tangibilising Services Through Benefits	267
Tangibility through Positioning	268
Tangibility through Promotion	269
Positioning Intangibles (Tourism Perspective)	270
Tangibilising through Physical Evidence	271
Physical Surroundings	
Physical Evidence	270
Build Brand	271
Strategies for Dealing	
with Inventory: Perishability	273
Unique Features for Planning and Control	273
Problems While Dealing with Inventory (Perishability)	274
Variations in Demand Relative to Capacity	275
Capacity Constraints	277
Strategies for Managing Demand	278
Matching Capacity and Demand	279
Adjusting Capacity to Meet Demand	281
Strategies for Dealing with Inconsistency	283
Strategies for Dealing with Inseparability	284
<i>Chapter Summary</i>	286
<i>Higher-Order Thinking Questions (HOTS)</i>	287
<i>Project Works</i>	287
<i>Multiple Choice Questions</i>	288
<i>Case Study 6.1: Redefining Customer Experience in Retail Banking</i>	288
<i>Case Questions</i>	289
7. Service Marketing Triangle	291-307
<i>Opening Case: Mastering Customer Relationships:</i>	
The Service Marketing Triangle Explained	292
Introduction to Service Marketing Triangle	292
Service Excellence: Leveraging the Service	
Marketing Triangle for Competitive Advantage	293
Concept of External Marketing	294
Concept of Internal Marketing	296
Two Aspects of Internal Marketing	296
Defining Internal Marketing	297
Using Traditional Marketing Tools on Employees	298
Is Internal Marketing Approach Useful?	298
Internal Marketing: Value & Practice	299
Working Towards Increased Job Satisfaction of Employees	299
Interactive Marketing	299

4Cs of Customer Service Mix	300
Design and Development	301
Interactive Marketing Methods	302
<i>Chapter Summary</i>	304
<i>Higher-Order Thinking Questions (HOTS)</i>	304
<i>Project Works</i>	305
<i>Multiple Choice Questions</i>	305
<i>Case Study 7.1: Ritz-Carlton and the Service Marketing Triangle</i>	306
Case Questions	307
8. Relationship Marketing	309-321
<i>Opening Case: Building Lasting Connections:</i>	
The Role of Relationship Marketing in Services	310
Introduction to Concept of Relationship Marketing	310
Why Relationship Marketing?	311
Definition of Relationship Marketing	312
Customer Relationship	314
Contrasting Traditional and Relationship Marketing	314
Marketing Strategy Continuum	315
Application of Relationship Marketing	316
The Lost for Good Customer	316
The Always-A-Share Customer	316
The Intermediate Type	317
<i>Chapter Summary</i>	318
<i>Higher-Order Thinking Questions (HOTS)</i>	318
<i>Project Works</i>	319
<i>Multiple Choice Questions</i>	319
<i>Case Study 8.1: Starbucks and Relationship Marketing</i>	320
Case Questions	321
9. Customer Focus	323-348
<i>Opening Case: Turning Moments of Truth into Lasting Customer Satisfaction</i>	324
Customer Service: What it Means?	324
Meeting the Service Challenge	326
Creating the Right Service Philosophy	327
Determining the Cost of Poor Service	327
Defining Customer Satisfaction	328
Factors Influencing Customer Satisfaction	331
Identify your Customers	333
Creating a Good First Impression	334
Customer Delight: Useful Tips	335
Monitoring and Measuring Customer Satisfaction	336
Issues Relating to Expectations	338
Customer Loyalty	338
Ladder of Loyalty	339
Retention Rate and Average Customer Lifetime	339
Understanding the Ramifications	340
Front-Line Handling of a Complaint	340
What do Unhappy Customers Want?	343

Process of Handling Dissatisfied Customers	343
<i>Chapter Summary</i>	344
<i>Higher-Order Thinking Questions (HOTS)</i>	344
<i>Project Works</i>	345
<i>Multiple Choice Questions</i>	346
<i>Case Study 9.1: Amazon's Customer Focus Strategy</i>	346
Case Questions	348

10. Service Applications 349-396

<i>Opening Case: Beyond the Obvious:</i>	
Uncovering the Power of Services in Everyday Life	350
Application 1: Marketing Hotel Industry	350
Hotel Industry–Insights	350
Major Players in Hotel Industry	351
Segmentation of Hotels	351
Characteristics of Hotel Industry	354
Hotel – Products And Services	354
Marketing Mix-Hotel Industry	355
The Hotel Product Offering	355
Pricing in Hotel Industry	356
The Distribution in Hotel Industry	357
The Promotion in Hotel Industry	358
Application 2: Marketing IT Services	360
Marketing Mix-IT Marketing	360
Future Growth of Indian Software Industry	362
Application 3: Marketing Hire Purchase Services	362
Hire Purchase and Lease Financing-Difference	362
Hire Purchase-Procedures and Documentation	363
Marketing Strategies of Hire Purchase	364
Application 4: Marketing Insurance Services	365
Liberalisation of the Insurance Industry	366
General Insurance Corporation of India	366
GIC Service Offers	367
GIC–Important Activities	367
Life Insurance Corporation of India	368
Forms of Financing-LIC	368
LIC–Initiatives and Activities	368
Application 5: Marketing Venture Capital	369
Venture Capital-Introduction	369
Origin of Venture Capital	369
Growth of Venture Capital	369
Characteristics of Venture Capital	370
Functions of Venture Capital	370
Advantages of Venture Capital	371
Economy Oriented Advantages	371
Investor Oriented Advantages	371
Entrepreneur Oriented Advantages	371
Venture Capital Services	371
Marketing Strategies of Venture Capital	372

Application 6: Marketing of Health Services	372
Health Status-Indian Scenario	373
Health Service-An Indian Perspective	374
Marketing Health Services	374
Promoting Comprehensive Healthcare Access and Awareness	375
Application 7: Marketing of Financial Services	376
Banking Services-Introduction	376
Types of Banks	376
Bank Products and Services	377
Permitted Banking Activities	378
Bank Marketing Mix	380
Marketing of Banking Services	380
Application 8: Marketing of Education	381
Indian Education Sector-Introduction	381
Factors Responsible For Commercialisation of Education	382
Challenges and Concerns in Education Sector	382
Marketing Strategies in Education Industry	384
Application 9: Marketing Conventions/Conferences	384
Innovative Marketing To Target Convention Market	385
Criteria For The Choice of Convention	385
Role of Intermediaries in Convention Marketing	386
Marketing of Conference and Conventions Services	387
Identifying Target Audience	387
Product Strategy	388
Price Strategy	388
Place Strategy	388
Promotion Strategy	388
People Strategy	388
Physical Evidence Strategy	389
Application 10: Marketing Communication Services	389
Marketing Communication Services-Introduction	389
Opportunities for Communication Service Providers	389
Challenges for Communication Service Providers	390
Marketing Strategies for Communication Service Providers	390
<i>Chapter Summary</i>	391
<i>Higher-Order Thinking Questions (HOTS)</i>	392
<i>Project Works</i>	393
<i>Multiple Choice Questions</i>	393
<i>Case Study 10.1: Taj Hotels – Marketing Strategies in the Hotel Industry</i>	394
Case Questions	395
<i>Case Study 10.2: Infosys – IT Services Marketing</i>	395
Case Questions	395
<i>Case Study 10.3: Apollo Hospitals – Health Services Marketing</i>	396
Case Questions	396
Appendix: AI-Driven Tools: Transforming Services Marketing	397-400
Glossary	401-421

F

LIST OF FIGURES

1.1:	Cost of Inventories	14
1.2:	Growth Stages of the Service Sector	15
1.3:	Reasons for Growth of Service Sector	21
1.4:	Goods-Services Continuum	26
1.5:	Goods-Services Continuum for Exercise Equipment	27
1.6:	Issues Related to Goods-Services Continuum	28
1.7:	Type of Goods and Services	30
1.8:	Classification of Goods by Market Segment	31
1.9:	Classification of Goods by Degree of Durability	31
1.10:	Classification of Goods by Value Addition	32
1.11:	Classification of Goods by Goals of the Organisation	32
1.12:	Classification of Goods by Degree of Regulation	32
1.13:	Classification of Goods by Length of Distribution Channel	33
1.14:	Classification of Goods by Degree of Customer Contact	33
1.15:	Classification of Services by Market Segment	34
1.16:	Classification of Services by Degree of Tangibility	34
1.17:	Classification of Service by Skills of Service Provider	35
1.18:	Classification of Services by Goals of the Service Provider	35
1.19:	Classification of Services by Degree of Regulation	35
1.20:	Classification of Services by Degree of Customer Contact	36
1.21:	Classification of Services by Degree of Labour Intensiveness	36
1.22:	Scale of Marketing Entities	39
2.1:	PESTEL Impact	50
2.2:	Process of Service Marketing Management	55
2.3:	Radar Chart Comparing Swiggy and Zomato Across Key Competitive Areas	73
2.4:	The Bar Plot showing Swiggy being ahead of Uber Eats	74
2.5:	Column Chart Comparison Between Swiggy and Dunzo	74
2.6:	Data-fuelled Swiggy : Key Data-Driver Factors	77
2.7:	Pie-Chart showing the Breakdown of Swiggy's Social Media Analytics	78
3.1:	Elements of Service Mix	85
3.2:	Traditional Marketing Mix	85
3.3:	Extended Services Marketing Mix (augmented marketing mix)	86
3.4:	Effect of Price Reduction on Demand	88
3.5:	Changing Demand by Adding Value to the Offering	88

3.6:	Level of Services	90
3.7:	Service Development Process	94
3.8:	Five Stars of Quality	97
3.9:	Width and Depth of Product Line (Typical Examples)	100
3.10:	Concept of Width, Depth and Range of Service Product	101
3.11:	(a) The Guarantee – Restaurant Sun View	102
3.11:	(b) The Guarantee – Restaurant Hill View	102
3.12:	Price-Cost-Volume Relationship	108
3.13:	Graphical Representation of Fixed, Variable and Total Cost	108
3.14:	Curves showing Total Revenue, Total Cost and Break-Even Point	109
3.15:	Demand Forecasting and its Effect	109
3.16:	Setting the Price	110
3.17:	Price Elasticity of Demand	111
3.18:	Price Cutting Phenomenon	112
3.19:	Steps in Setting Price	113
3.20:	Selecting an Approximate Price Level	114
3.21:	Special Adjustments to List or Quoted Prices	117
3.22:	Spatial Position of Brand	120
3.23:	Pricing Policy Considerations	121
3.24:	Hotel Room Price – Same Room at Different Rates Different Markets	127
3.25:	Elements of Branch Location Analysis (Typical)	131
3.26:	Channels of Distribution – Destination/Tourism Supplier (Typical)	131
3.27:	Channels of Distribution for Musical Event Show (Typical)	132
3.28:	Channels of Distribution for Airlines Service	132
3.29:	Channels of Distribution for Bank Services (Typical)	132
3.30:	Major Intermediaries in Service Delivery	136
3.31:	Developing of Promotional Objectives (Typical Example of Tourism)	142
3.32(A):	Demand Shift through Better Awareness	143
3.32(B):	Demand becomes more Inelastic due to Image	143
3.33:	Advertising Media Selection	146
3.34:	The Service Management Trinity	153
3.35:	Service Profit Chain	155
3.36:	Cycle of Failure	156
3.37:	Cycle of Success	158
3.38:	Sales Training Model	160
3.39:	Tourism Offering – A Modified Framework	168
3.40:	One-Man Gent's Barber	171
3.41:	Multi-Staffed Unisex Hairdresser	172
3.42:	Blue Print of One Man Gents Barber	173
3.43:	Layers and Features of Service Map	176
3.44:	Overnight Hotel Stay	177
3.45:	Process Flow Diagram for Auto Repair Business	178
4.1:	Theories of Consumer Behaviour in Services Marketing	196
4.2:	Maslow's Need Hierarchy Theory	196
4.3:	Howard-Sheth Model of Consumer Behaviour	198
4.4:	The Servuction Model	199

4.5:	Components of Expectancy-Disconfirmation Theory	201
4.6:	Service-Dominant Logic	202
4.7:	STDP Model	212
4.8:	Concept of Perspective, Risk Analysis and Consumer Decision Process in Services Marketing	215
5.1:	Five Determinants of Service Quality	230
5.2:	Managing the Perceived Service Quality	234
5.3:	Two Service Quality Dimension	234
5.4:	Service Quality Model	235
5.5:	Seven Gaps that may lead to Customer Disappointment	236
6.1:	Proactive Service Model	253
6.2:	Service Recovery Process	256
6.3:	Lines of Interaction (Service Blueprint)	260
6.4:	TAM Model Applied to Services Marketing	264
6.5:	Tangibilisation Through Branding	267
6.6:	Implications of Cyclical Variations in Demand Relative to Capacity	276
6.7:	Industrialisation of Services	283
6.8:	Category of Customers	285
7.1:	Service Marketing Triangle	293
7.2:	Effect on Service Quality Delivery at each Functional Units (Typical)	297
9.1:	How the Three Major Factors Contribute to Market Share	327
9.2:	Factors Affecting Customer Satisfaction	329
9.3:	The Customer Care Continuum	331
9.4:	Degree of Service Level Expectations	334
9.5:	Modified Disconfirmation Model	337
9.6:	The Ladder of Loyalty	338
9.7:	The Scale of Customer Power	339
9.8:	The TARP Model for Complaint Handling	342
9.9:	Typical Complaint Process: Industrial Service	342
10.1:	Convention Conference Market Categories	385



LIST OF CASE STUDIES

1.1	OYO Rooms – Standardising Services in the Hospitality Industry	43
2.1	“From Click to Crave: How Swiggy Redefined Food Delivery”	68
3.1	Marketing Mix in Services Marketing – Starbucks	181
4.1	Personalising Fitness Services for Market Segments	218
5.1	Improving Service Quality in a Luxury Hotel Chain	247
6.1	Redefining Customer Experience in Retail Banking	288
7.1	Ritz-Carlton and the Service Marketing Triangle	306
8.1	Starbucks and Relationship Marketing	320
9.1	Amazon’s Customer Focus Strategy	346
10.1	Taj Hotels – Marketing Strategies in the Hotel Industry	394
10.2	Infosys – IT Services Marketing	395
10.3	Apollo Hospitals – Health Services Marketing	396



LIST OF TABLES

1.1:	Types of Services – Partial List	3
1.2:	Problems and Strategic Indicators in Services Marketing	10
1.3:	Growth of Service Industries: Cause and Effect	19
1.4:	Services Need and Products as Consequence	22
1.5:	Understanding Service and Product	28
1.6:	Differences Between Goods and Services	29
1.7:	Understanding the Nature of the Service Act	37
1.8:	Classification of Service Categories	38
1.9:	Services Classified According to Customisation of Service and Empowerment of Employees	40
2.1:	Some Key Barriers to International Marketing of Services	51
2.2:	Roles of Employers in Delivering Quality Services	57
2.3:	Roles of Customers in Service Delivery	58
2.4:	Various Challenges of Marketing Services	59
3.1:	Type, Definition, Contents and Example of Various Levels of the Services	90
3.2:	Type of New Service Categories	93
3.3:	Development of New Tourism Offering – Typical	93
3.4:	External Sources of New Service Ideas	94
3.5:	Internal Sources of New Service Ideas	94
3.6:	Two Dimensions of Quality	98
3.7:	Terms Used for Pricing Services	107
3.8:	Typical Example of Quantity Discount	117
3.9:	Price and Quality Standing	120
3.10:	Transportation Requirements for Different Types of Goods	123
3.11:	Typical Guidelines for Pricing Consultancy	123
3.12:	Peak and Off-Peak Room Rates (Typical)	126
3.13:	Room Allocation to Market Segments (Typical)	127
3.14:	Service Location: Situations and their Impact	130
3.15:	Broad Options for the Form of Channel	133
3.16:	Intensity of Channel Coverage	135
3.17:	Some Franchising Examples	136
3.18:	Basic Rules for Franchising	137
3.19:	Advantages of Franchising	137
3.20:	Advertising Objectives	145

3.21:	Objectives of Personal Selling	147
3.22:	Major Sales Promotion Methods Directed at Producer's Own Sales Force	148
3.23:	Major Sales Promotion Methods Directed at Channel Members	149
3.24:	Major Sales Promotion Methods Directed at Business Users/Consumers	150
3.25:	Role of Public Relations in Services Marketing	152
3.26:	Public Relation Tools in the Services Marketing Communication Mix	152
3.27:	Typical Rewards for Outstanding Performance	161
3.28:	Empowerment Benefits and Costs	163
3.29:	Elements of Physical Evidence	168
3.30:	Physical Evidence: Customer Point of View	169
4.1:	Key differences between a Service Consumer and a Service Customer	188
4.2:	Strategic Considerations for Service Marketers in Pre-Purchase Stage	189
4.3:	Strategic Considerations for Service Marketers in Purchase Stage	191
4.4:	Strategic Considerations for Service Marketers in Post-Purchase Stage	192
4.5:	Marketers' Actions and Expected Results:	
	Importance of Understanding Consumer Behaviour in Services Marketing	194
4.6:	Importance of Understanding Consumer Behaviour to Create a Customer-Centric Services Marketing Strategy	203
4.7:	Marketing Strategies Developed by the Service Providers to Effectively Leverage Factors Affecting Consumer Behaviour in Services Marketing	210
5.1:	Customer and Service Dimension Match	229
5.2:	Determinants of Service Quality	229
5.3:	Examples of How the Customers Apply Quality Determinant	231
5.4:	Factors, Results and Examples of Subpar Quality of Services	232
5.5:	Five Service Gaps as per PZB Model	235
5.6:	22 Items of SERVQUAL Model	237
5.7:	Techniques to Resolve Gaps in Service Quality	243
6.1:	Special Service Characteristics and Strategies	251
6.2:	Importance, Relevance and Examples of Service Recovery	255
6.3:	Steps of Service Recovery Process	257
6.4:	Importance and Role of Service Blueprinting in Service Quality Management	258
6.5:	Enhancing Service Quality through Technology	263
6.6:	Elements of Physical Evidence	272
6.7:	Examples of Physical Evidence from the Customer Point of View	272
6.8:	Nature of Demand Relative to Supply	277
6.9:	Strategies for Making Demand Fluctuation	282
6.10:	Type of Relationship Between the Service Organisation and its Customers	285
7.1:	Significance of Service Marketing Triangle	294
7.2:	Examples of External Marketing	295
7.3:	4Cs of Customer Service Mix	300
8.1:	Importance of Relationship Marketing in the Service Sector	311
8.2:	5Es of Relationship Marketing	312
8.3:	Comparison of Seller and Buyer Reactions When the Sale is First Made	313
8.4:	Contrasting Transactional and Relationship Marketing	314
8.5:	The Marketing Strategy Continuum	316
8.6:	Time, Account Behaviour and Marketing Approach	317

9.1: Temporal Sequence of Customer Service	325
9.2: Organisation Activities – Primary and Secondary Activities	326
9.3: Calculating the Cost of Poor Service	328
9.4: Examples of Core Products Offering	329
9.5: The Six Hows?	331
9.6: Techniques for Creating a Strong First Impression	333
9.7: Ten Stages of Approach for Handling Complaints	340
9.8: Key Concepts of TARP Model	341
10.1: Key Segments in Hotel Industry	352
10.2: Key Factors Influencing Hotel Pricing	356
10.3: Key Distribution Channels in the Hotel Industry	357
10.4: Some Consumer and Trade Promotion Schemes	359
10.5: Differences Between Hire Purchase and Lease Financing	362

About the Book

The world of marketing has undergone a tremendous transformation in recent years. As economies shift towards being more service-oriented, understanding the nuances of service marketing has become indispensable. This book has been designed to cater to a diverse range of learners—whether you are a business management student, an aspiring entrepreneur or a professional seeking to deepen your understanding of service marketing. The integration of real-world case studies, examples and interactive exercises will enable you to connect theoretical concepts with practical applications. As you navigate through the chapters, you will encounter discussions on service quality gaps, customer relationship management, service blueprinting and the use of technology to enhance service delivery. Each topic is carefully curated to help you grasp the core principles while inspiring innovative thinking.

Salient Features

- **Comprehensive Coverage of Service Concepts:** This book delves into core service marketing principles, emphasising their critical role in Industry 4.0, where tech-driven transformations are reshaping service delivery and customer experiences.
- **Interactive Chapter Openings:** Each chapter begins with an engaging, conversation-style case study to spark curiosity and set the stage for deeper exploration of the concepts.
- **Interactive Learning Tools:** This book encourages critical thinking and problem-solving through hands-on projects, higher-order thinking questions (HOTS) and interactive exercises.
- **Rich Case Studies:** Each chapter includes detailed case studies from diverse industries to illustrate practical implementation of concepts.
- **Practical Focus:** This book is designed to cater to both students and industry professionals, bridging theory and real-world practice.

About the Authors

Dr. S.L. Gupta is a seasoned academician with over 30 years of experience in teaching, research, and academic leadership. Currently a Professor at Birla Institute of Technology, Noida, he has held key roles including Director at BIT Patna and Dean at Waljat College, Muscat. With a Ph.D. and D.Litt., his expertise lies in Marketing, Finance, and Business Research. He has authored 16 books, published 32+ research papers, and guided nine Ph.D. scholars. Honoured with the Best Director – Technical Institutes Award (2013), he is also a life member of several professional bodies and actively contributes to curriculum development, faculty training, and institutional collaborations.



Dr. Ritika S. Israney is an Assistant Professor in the Department of Commerce and Management at Bharatiya Vidya Bhavan College, New Delhi (an Institute of National Eminence), affiliated to Guru Gobind Singh Indraprastha University (GGSIPU). With a Ph.D. in Management (Organisational Behavior/ Psychology) from BIT Mesra, an MBA from GGSIPU and an Entrepreneurship Development certification from IIT-Delhi, she possesses a strong academic and corporate research background. She is UGC-NET qualified in Management and Labour Welfare/HRM/Industrial Relations subjects.

Dr. Israney's research outputs are globally recognised, as reflected through her publications in renowned journals such as Asia Pacific Journal of Marketing and Logistics (ABDC-A, SSCI Indexed) and Vikalpa-The Journal for Decision Makers (Scopus, UGC Care Listed). She presented her research work at conferences of repute, including IIT-Kharagpur, IIM-Ahmedabad and Pan IIM World Management Conferences. Her doctoral research has earned her four national awards and she was honoured with the "Best Educator Award 2024" for her exceptional contributions to academic excellence and student development.

Areas of Expertise: Marketing Management and Research, Consumer Psychology, Service Marketing, Organisational Behaviour/Psychology, Human Resource Management, Gender Studies.



Sultan Chand & Sons

Publishers of Standard Educational Textbooks

23 Daryaganj, New Delhi-110002
Phones (S): 011-23281876, 23266105, 41625022
(O): 011-23247051, 40234454
Email : sultanchand74@yahoo.com
info@sultanchandandsons.com



TC 1332

