

CHAPTER 1

7 P'S OF MARKETING MIX



PRODUCT

The product in service marketing mix is intangible in nature. Like physical products such as a soap or a detergent, service products cannot be measured. Tourism industry or the education industry can be an excellent example. At the same time service products are heterogenous, perishable and cannot be owned. The service product thus has to be designed with care.

PLACE

Place in case of services determine where is the service product going to be located. The best place to open up a petrol pump is on the highway or in the city. A place where there is minimum traffic is a wrong location to start a petrol pump. Similarly a software company will be better placed in a business hub with a lot of companies nearby rather than being placed in a town or rural area.

PROMOTION

Promotions have become a critical factor in the service marketing mix. Services are easy to be duplicated and hence it is generally the brand which sets a service apart from its counterpart. You will find a lot of banks and telecom companies promoting themselves rigorously. Why is that? It is because competition in this service sector is generally high and promotions is necessary to survive.

PRICING

Pricing in case of services is rather more difficult than in case of products. If you were a restaurant owner, you can price people only for the food you are serving. But then who will pay for the nice ambience you have built up for your customers? Who will pay for the band you have for music? Thus these elements have to be taken into consideration while costing. Generally service pricing involves taking into consideration labor, material cost and overhead costs. By adding a profit mark up you get your final service pricing.

PEOPLE

People are one of the elements of service marketing mix. People define a service. If you have an IT company, your software engineers define you. If you have a restaurant, your chef and service staff defines you. If you are into banking, employees in your branch and their behavior towards customers define you. In case of service marketing, people can make or break an organization.

PROCESS

Service process is the way in which a service is delivered to the end customer. Let's take the example of two very good companies – McDonalds and FedEx. Both the companies thrive on their quick service and the reason they can do that is their confidence on their processes. On top of it, the demand of these services is such that they have to deliver optimally without a loss in quality. Thus the process of a service company in delivering its product is of utmost importance.

PHYSICAL EVIDENCE

As said before, services are intangible in nature. However, to create a better customer experience tangible elements are also delivered with the service. Take an example of a restaurant which has only chairs and tables and good food, or a restaurant which has ambient lighting, nice music along with good seating arrangement and this also serves good food. Which one will you prefer? The one with the nice ambience. That's physical evidence.