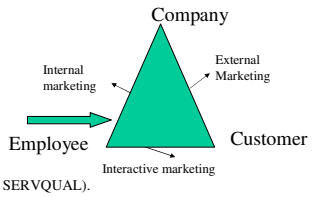
Service marketing and Pricing Considerations & Strategies

What is a service/an experience?

- A *service* is *a kind of product* that is essentially intangible and does not result in the ownership of anything [*Too General*]
- An *experience* is *a kind of a product* that is obtained from purchasing and consuming products and services, which is characterized as memorable and personal .***[Too specific]***
  - e.g. NIKE town , Rainforest café , Las Vegas hotels (e.g. Cesar Palace, Paris Paris).

Services marketing

- A service is a *process* that leads to an outcome during *partly simultaneous production and consumption (Gronroos, 2001)*
- Characteristics.
  - Intangibility,
  - Perishability,
  - Inseparability,
  - Variability.
- Nature
  Multidimensional

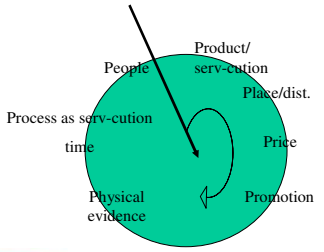


- Management (7p's and SERVQUAL).

The services marketing management (7P's)

- 4P's +
- **+Process** (JUST the serv-cution- time taken to produce a service- of the service)
- **+ People**
- **+ Physical Evidence**

The service as a process- The *embedded* essence of a service

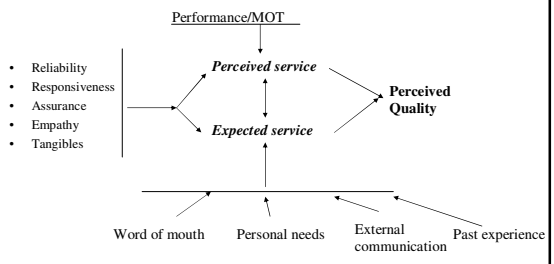


SERVQUAL

?

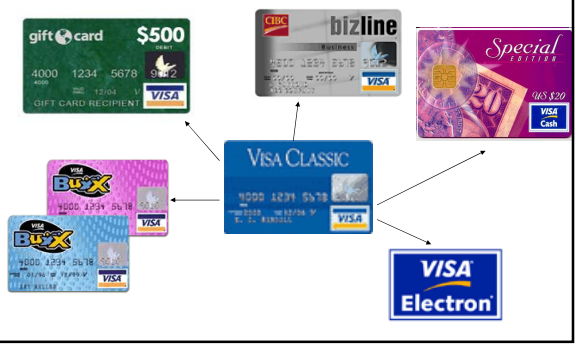
?

Measuring **Serv**ice **Qual**ity SERVQUAL



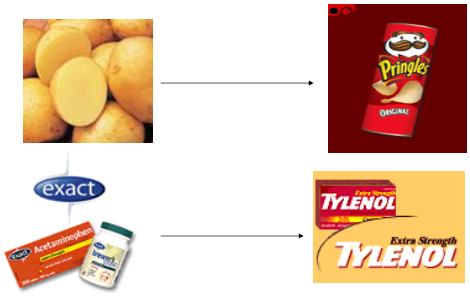
Zeithaml et al. 1990

Product/Process Development in Services



What is a price?
What drives the 2nd [P]

Economical v. Psychological Pricing
[***Factors affecting pricing***]



Econ. (monetary) Vs. (Product) Value-based pricing