Trends in Marketing Services

LINDA M. GORCHELS

ABSTRACT

SERVICE MARKETING DIFFERS FROM product marketing due to the fact that services are intangible and typically require personal interaction with the customer. Yet an understanding of this type of marketing is important since service jobs generate 74 percent of gross domestic product. Even though many of the tactics of product marketing (e.g., advertising) require only minor adaptation to be applied to services, the role of interpersonal relationships distinguishes service and product marketing in strategic vision and organizational considerations.

This article explores some of the trends in service marketing as they relate to strategic vision, operational and organizational changes, and marketing tactics. In terms of strategic vision, examples are provided of companies that have successfully redefined their businesses as broader *systems* of services built on competitive core competencies. It then goes on to describe the need for a market-driven culture, the use of training and incentives in making the transition, the role of product management in enabling a crossfunctional perspective necessary for quality service to become a reality, and the significance of "mood" or climate. Finally, it presents comments on new service development, segmentation, database marketing, channels, and advertising as these relate to marketing in the service sector.

Linda M. Gorchels, Executive Marketing Management Programs, University of Wisconsin, Madison Management Institute, 975 University Avenue, Grainger Hall, Madison, WI 53706
LIBRARY TRENDS, Vol. 43, No. 3, Winter 1995, pp. 494-509

Introduction

Marketing, as the term is commonly understood today, developed initially in connection with the selling of consumer packaged goods and later with the selling of industrial goods. Yet one of the major megatrends in America has been the phenomenal growth of services. Service jobs generate 74 percent of gross domestic product and 79 percent of all jobs. In fact, the Bureau of Labor Statistics expects service professions to account for any net job growth through 2005 (Henkoff, 1994, p. 49). These jobs go beyond what is characteristically considered the low-paid service position to include professionals in a variety of fields including medical, financial, telecommunications, and information services.

There are many perceptions of what "service" is, and it may be useful to differentiate between services which are salable products per se and those *customer* services which are tangential to the product (such as empathy, a friendly attitude, and superior customer treatment). Corporations provide a range of offerings along a continuum from pure services to pure products with very few things at either extreme. Customer service activities are a critical and inseparable part of doing business for any offering along the continuum. However, the farther an offering is on the service side of the continuum, the more important the human relationship between the provider and consumer of the service becomes. Since service sector products are intangible, the buyer uses satisfaction with customer service treatment as an indicator of the quality of the core service purchased.

The book by Berry, Bennett, and Brown (1989), *Service Quality,* describes how important the service process is to the customer's perception of quality:

> The way customers judge a service may depend as much or even more on the service *process* than on the service *outcome.* In services, the "how" of service delivery is a key part of the service. Purchasers of tangible products judge quality on the basis of the finished product—its durability, functioning, appearance, and so on. Purchasers of services judge quality on the basis of experiences they have during the service process as well as what might occur afterwards. (p. 34)

Due to the importance of the relationship between the service provider and consumer, quality customer service is increasingly being viewed as a key subset of service marketing. Even though many of the tactics of product marketing (e.g., advertising) require only minor adaptation to be applied to services, the role of interpersonal relationships distinguishes service and product marketing in strategic vision and organizational considerations. These are discussed later.

STRATEGIC TRENDS

Levitt (1960), in his article "Marketing Myopia," wrote that the railroad industry foundered because it considered itself in the railroad business rather than in the transportation business. This fundamental shift in business definition would have dictated a very different approach to planning and growth.

Services are faced with the same challenge to redefine their businesses as broader systems of services built on competitive core competencies. Progressive Corporation is an example of an organization that has redefined its business from a company that sells automobile insurance to a "mediator of human trauma" (Henkoff, 1994, p. 49). Its CAT (catastrophe) team flies to the scene of major accidents, provides support, and handles claims quickly. Contact is made with 80 percent of accident victims within nine hours after learning of the crash. To be able to provide support effectively, Progressive pays for training its agents not only in insurance matters but also in grief counseling (since part of the job involves dealing with the relatives of accident victims). This approach has earned Progressive one of the highest margins in the property and casualty insurance industry, which has notoriously low margins.

Health care is another industry being forced to reexamine its direction. Hospitals emerged during the Industrial Revolution to treat long-term chronic diseases on an inpatient basis. Their facilities were designed to accomplish that strategic mission or goal. Today's environment has shifted, and hospitals are challenged to deal with preventive medicine and outpatient services. A visible trend has been for hospitals to redesign their layout, policies, and signage to better "fit" the needs of the increasing number of outpatients. "Ambulatory services are the fastest growing part of the hospital," with outpatient admissions exceeding inpatient admissions by ten to one (Goldsmith, 1989, p. 109).

In addition, hospitals have become more active in their role of promoting health maintenance. For example, Condell Memorial Hospital in Libertyville, Illinois, has recognized its mission of promoting health wellness and physical fitness by opening a 70,000 square-foot health club located on the hospital's grounds. The difference between Condell's health club and others is that health education and preventive medicine are part of the "service package" offered to members (Teschke, 1989, p. 129).

The costly service innovations mentioned earlier may imply that the service vision approach is only for "expensive" services. It is not. Fryar (1991) suggests that McDonald's is not in the hamburger business but in the service business. Its slogans ("you deserve a break today" and "we do it all for you") demonstrate its service-oriented positioning. Competitors use product-oriented positioning ("flame-broiled versus fried") and are not as effective (p. 55).

Taco Bell is another example frequently cited in the literature of a service company reorganizing to "fit" a broadened service vision. When the company changed the way it thought about itself—from preparing food to feeding hungry people—a change in structure became necessary. Taco Bell had moved from a product (manufacturing) orientation to a market (service) orientation. It reduced the size of its kitchens by outsourcing many of the operations. This freed up space and employees to serve customers better (Henkoff, 1994, p. 56).

Part of the impetus for service organizations to change their missions has been the dramatic increase in competition. Competition has increased not only in number but also in form. Many segments of the retail industry are facing competition from "category killers" such as Whole Foods and Fresh Fields in natural foods; Wal-Mart in general merchandise; and Home Depot in do-it-yourself outlets. Hospitals are losing patients to walk-in clinics. Insurance companies are facing pressure from corporate clients who choose to self-insure. Telephone companies are waging competitive battles with cable companies. Universities are finding corporations setting up their own on-site campuses. Libraries are facing competition from corporate libraries, electronic search and retrieval firms, and other suppliers of information services.

These shifts have altered the service/price/value equation. Because customers have been exposed to more and varied services, their expectations have escalated. They now demand more quality for a lower price. The business press refers to the 1990s as the "value decade." Companies that provide more value for the dollar than the competition will be winners in this period. Southwest Airlines has been a consistently profitable airline, even though it has taken a "no-frills" approach to operation (Heskett, 1994, p. 168). It has been profitable for twenty-one consecutive years and was the most profitable airline in the industry in 1992, demonstrating that a low price for solid consistent service is valued by customers. However, value does not necessarily mean low price. Progressive Corporation, as mentioned earlier, increased the perceived value by providing exceptional services with a higher premium.

All of these changes force service providers to take a fresh look at their offerings in terms of the superior benefits they are providing their customers. In today's world, customers have almost limitless options available in goods and services. A strong mission of service is a good starting point, but successful service companies have also been changing operational policies and organizational structures to achieve their marketing strategies.

Operational and Organizational Trends

Service organizations that have increased their involvement in marketing realize that it is not simply enough to hire a marketing director; the entire corporate culture must change to be more market-driven. As Berry and Parasuraman (1991) write in their book *Marketing Services:* "In service businesses the least effective marketing department executives strive to be clever marketers; the most effective executives strive to turn everyone else in the organization into clever marketers" (p. 78).

An appropriate culture is one of the most important ingredients for successfully marketing services. Bowen and Schneider (1988) cite several references stressing the importance of creating and sustaining cultures that enhance employee attachment to organizational service values (p. 63). Therefore, a market-driven "vision" is a precursor to marketing strategy. Webster (1992) provides a thirty-four-item instrument for assessing the marketing culture of a service organization to help service firms understand this aspect of strategy (pp. 54-67).

The link between satisfied customers and a culture of motivated market-driven employees has been cited in several studies. Jones (1991) describes a study conducted by Barnett Banks. The organization simultaneously conducted a survey of employees at twenty-one branches and a survey of current and former customers. They discovered that the branches to which customers gave higher ratings were the same branches where employees felt more positive and motivated (p. 40). The researchers found similar findings at other banks, concluding that higher customer satisfaction was associated with offices where employees felt their work was "facilitated" (p. 41). In a similar study where home health agencies were surveyed, job satisfaction was positively correlated with customer-oriented behavior (Hoffman & Ingram, 1992, p. 77). In a proprietary study in the insurance industry, low employee turnover was linked closely to high customer satisfaction. This study also found that a primary source of job satisfaction was the employee's perception of an ability to satisfy the customer (Heskett, 1994, p. 170).

This has significant implications for marketing strategy. Since the attainment of a strategic vision for service organizations depends on employee/customer interaction to an even greater degree than is true for product marketers, training and organizational functions become critical components in the implementation of the marketing program. Heskett (1987) argues that a strategic service vision requires marketing and operations to be operated as one function:

> The need of most service organizations to plan as well as direct marketing and operations as one function has led to the formation in leading companies of what I call a strategic service vision. Its elements consist of identification of a target market segment, development of a service concept to address targeted customers' needs, codification of an operating strategy to support the service concept, and design of a service delivery system to support the operating strategy. (p. 119)

One of the marketing organization forms that brings together marketing and operations (although in a matrix structure rather than direct line authority) is the product management function. Product management, like many of the marketing approaches, grew up in the consumer packaged goods industry. In this organizational form, product managers were given responsibility for specific brands or product lines. They forecast sales volumes, developed long- and short-term plans, recommended new products and product changes, developed marketing strategies to accomplish the plans, and served as the liaison among the customer, the sales force, and the varied internal departments on issues related to the product. In most cases, the product manager was charged with the responsibility for assuring bottom-line results without having direct authority over the internal departments producing and selling the product. The work had to be handled cooperatively in a cross-functional team fashion.

Product management then moved into consumer durables, into industrial products, and is now common in service organizations. In some cases, the product manager manages a line of service *products*, very similar to the approach used in product companies. However, many service organizations have product managers responsible for specific *market segments*. Although the product manager typically still operates through referent authority rather than explicit authority, the position enables the cross-functional perspective necessary for quality service to become a reality. When the product/market manager focuses on satisfying the needs of a specific target market segment, the service "product" and customer service activities are brought together into a quality package.

Insurance companies frequently have product managers assigned to specific lines of products. Many major financial institutions have product managers for specific markets such as small businesses. Health care organizations may have product managers for women's services, covering offerings from weight maintenance, prenatal care, birthing options, menopause, and other related issues. The success of the organizational structure depends on a variety of issues as it does for manufacturers of physical products. However, there have been some studies which indicate that a product management organizational structure can improve the bottom line for the service organization.

Naidu, Kleimenhagen, and Pillari (1993) cite survey data collected from a random sample of hospitals which indicate that hospitals with product line management outperformed those without on virtually all performance indicators, including occupancy rate, gross patient-revenue per bed, average profit margin, and return on assets (p. 8). Not surprisingly, the implementation of product line management increased with level of competition and hospital bed size. In referencing previous studies, the authors found that product line management in hospitals offered the benefits of increased accountability, elimination of duplication of services, and a better market orientation. The limitations cited included a possible increase in costs since functional management was not eliminated, and there was an increased need for more timely and accurate data (p. 10).

Whether or not product management is instituted in an organization, employee hiring, training, and incentives are critical to the realization of a strategic service vision. Henkoff (1994) suggests that "[t]he changing nature of customer service demands a new breed of worker—one who is empathetic, flexible, inventive, and able to work with minimal supervision" (p. 56). The author cites ServiceMaster's Merry Maids subsidiary as an example of careful employee selection. They reject nine out of ten applicants for entry-level positions because they are looking for employees who fit their commitment and values (p. 60).

Training can be in the classroom and/or on the job. Classroom training should provide information on both company policies and procedures and interpersonal skills. Disneyland provides extensive training for its street sweepers—not just to do the physical job better but also to "empower" them to answer any questions customers may have about the facilities.

Training employees in several jobs—called multiskilling—has been a growing trend in several organizations. For many, it started in response to labor shortages, but the result has been more satisfying work, increased knowledge of the overall company, and faster response to customers. Lechmere, Inc., a retail chain owned by Dayton Hudson, tested multiskilling in a store it opened in Sarasota where workers were in short supply. It offered raises to workers based on the number of jobs they learned to perform. By having employees with transferable skills, Lechmere could redeploy workers when needs changed.

According to corporate management, this store was more productive and had more full-time employees than the rest of the chain (Alster, 1989, p. 62).

Retraining employees in conjunction with technological improvements has been a growing and significant trend in service organizations. USAA, a San Antonio, Texas, insurance and financial services firm, has used a combination of training and technology to improve employee efficiency. Customer service representatives now assume broader responsibilities by handling the insurance application process from start to finish, a process that used to require the work of several departments. A new office automation system allows them to complete the work through a telephone and terminal, accessing the necessary pieces of information immediately (Alster, 1989, p. 62).

Schneider National, facing a deregulated transportation market, realized the need to transform the company. First, it attempted major cultural change to refocus the organization to be more market driven. The company became less bureaucratic, encouraging its "associates" to act on behalf of the customer. Second, capital was invested in a satellite computer system to track and make the most efficient assignment of trucks and drivers (Magnet, 1992, p. 96).

ServiceMaster augments education with research and development. By studying how people work, the company develops better equipment and chemicals so its employees can do the job better and more comfortably.

Training provides the knowledge employees need (and may also provide the motivation), but companies are increasingly using incentives based on customer satisfaction as part of the service culture. At Xerox, sales, service, and customer administration executives receive bonuses indexed to responses to customer satisfaction surveys ("Indexing Bonuses to Customer Satisfaction," 1988, p. 37). Domino's pays "mystery customers" to buy pizzas and evaluate the service. Managers' compensation is tied partially to the results of those surveys (Sellers, 1989, p. 40).

A service guarantee is another tool for assessing service quality. The existence of a guarantee makes it easier for a customer to let you know when a service did not meet expectations and why. With more information on mistakes, a company has more opportunities to learn and more opportunities to improve its service. Hart (1988) lists five reasons a guarantee is valuable for both marketing service quality and achieving it:

> First, it pushes the entire company to focus on the customers' definition of good service—not on executives' assumptions. Second, it sets clear performance standards, which boost employee performance and morale. Third, it generates reliable data

> (through payouts) when performance is poor. Fourth, it forces an organization to examine its entire service-delivery system for possible failure points. Last, it builds customer loyalty, sales, and market share. (p. 57)

In addition to the above operational and organizational issues, Knowles, Grove, and Pickett (1993) suggest that "mood" may affect customer satisfaction and the perception of service quality (p. 50). The authors maintain that environmental and interpersonal influences may be more critical in the evaluation of services than in the evaluation of goods. The physical surroundings (cleanliness, appearance), ambient conditions (music, lighting), and procedures affect the mood of employees and customers. Although the mood of customers obtaining a service cannot be controlled, the authors suggest that environmental conditions can play a role in modifying the mood.

Bowen and Schneider (1988) refer to other research which supports this position:

> A summary conclusion from this line of research is that the climate for service created in service firms "shows" to both employees *and* customers. Service firms, then, need to manage and enhance their internal climate for service to positively impact the attitudes and behaviors of the employees who serve the customers. Since it is employees who provide the service to consumers, organizations need to manage all the evidence consumers may use in appraising service. Indeed, as the intangibility of what the consumer receives is increased, the need to pay attention to the details of service delivery probably also increase. (p. 59)

Fryar (1991) agrees with the importance of this image on customer perception. She points out that McDonald's employees are trained to look busy—that the service workers are "choreographed" to portray efficiency as an important part of the planned image. Because of the importance of this "choreography," she asserts that successful service companies make this type of training part of the marketing function (p. 55).

Tactical Marketing Trends

When people think of marketing, they frequently think of advertising and/or selling. When excelling in marketing according to these definitions, a company may be effective in the short term but actually hurt its position in the long term. IBM had a "world class" sales force, but neglected innovative product development which resulted in a loss in competitive standing. Like many large companies, it became a market-share manipulator—its defense of existing markets took precedence over the creation of new ones.

Service providers run this same risk if they limit their "marketing" to advertising and selling. It is not uncommon for the majority of the effort to go toward protecting existing service products based on what they contributed in the past rather than what they are likely to contribute in the future. Service providers must continually challenge themselves to improve their products and develop new innovations as an active part of the marketing program.

Some new product ideas come from rethinking the difference between service products and customer service. Some services that are given away free are valuable to only certain segments of customers who would pay for them rather than not have them available. Banks have redesigned some of their services as a consequence of this finding. Operating services, once viewed as fringe benefits given away to attract credit customers, are now becoming firmly established as profit centers at a growing number of larger banks. Cash management, wire transfer, securities processing, letters of credit, bond services, and payroll processing are some of the items that have moved from unpaid customer services to service products. Today, many of the top fifty banks find noncredit services are providing 40 to 70 percent of the profits generated by their wholesale banking units.

Sometimes the emergence of new technology enables new service products to be developed. MCI spent an estimated $300 million on a new computer system in 1986. This allowed innovative residential calling services such as their Friends & Family Plan, a new service which would not have been possible without the technology.

People frequently think they are doing good marketing when they *react* to what their customers want. However, the most effective service marketers *anticipate* customer demands and satisfy them before competitors do. When Fred Smith came up with the idea of overnight delivery of packages, freight forwarders rejected the idea because no one had asked for it. Yet Federal Express became a successful company by anticipating customer needs and proactively creating the services to address them.

Coming up with new service products requires creativity and a certain level of risk. However, there are some things that can be done to minimize risk. Manipulating the new service portfolio is a key action step. Successful companies tend to balance their new product portfolio. They go after the higher big-hit new-to-the-world opportunities along with lower risk line extensions, cost reductions, and product improvements. It is no different from investing in the stock market by mixing high-risk/high-return stocks with lower-risk/low-return stocks. Combining different levels of risk into the new service plan makes the overall risk of the program lower than it would be for any single new service product.

The new services developed should be consistent with the strategic vision and core competencies. Condell Memorial Hospital risked opening a health club because it was consistent with their mission of wellness. Taco Bell deleted services tangential to its core offering to allow it to focus on service.

As is true in the marketing of products, mass marketing is being increasingly replaced by segmented marketing. Many industries are maturing and facing considerable competitive pressure. Companies need to classify or prioritize their customers and provide service "packages" that are appropriate for each segment or perhaps focus exclusively on one niche.

As the credit card market matures, marketing approaches are emerging with multiple positioning options. One approach is to offer packaged services to subsets of customers. First National Bank of Commerce in New Orleans has two packaged credit card services. Upscale customers with minimum money market accounts are offered a companion credit card with a low APR (annual percentage rate). Midscale customers are offered a companion card with a higher APR and an annual fee (Duffy, 1990, p. 46).

Shouldice Hospital near Toronto, Canada, uses a segmentation strategy by focusing exclusively on hernia surgery (Davidow & Uttal, 1989, p. 77). By appealing to a very specific segment, doctors have become more proficient, and procedures and layout have been designed to be consistent with the needs of this one select group. Since patients recover faster when they are up and about, Shouldice needs a minimum of wheelchairs and aides. TVs are centrally located to facilitate patient movement. Davidow and Uttal (1989) argue that not all customers want high levels of service, but they deserve to get what they are promised. Therefore, it is imperative to research the needs of the market, segment the market to match needs with the firm's competencies, develop services consistent with those needs, and be very careful to set expectations at the right level (p. 85).

Database marketing enables service providers to segment the market and approximate the one-on-one contact necessary to build the interpersonal relationships required in the service sector. Clinical databases, for example, can facilitate follow-up treatment by combining knowledge of disease progression with the patient's current medical status (Kelsey & McGrath, 1990, p. 72). Hospitals can determine which patients can benefit from clinically valid follow-up treatment and work with physicians to contact patients who might not otherwise be aware the services exist. The authors recognize the ethical considerations of using such a system for marketing purposes and emphasize the need to maintain confidentiality and eliminate the potential of the system being used as a scare tactic.

Database marketing has been successfully used by other service-sector industries. Banks have begun to develop relational databases so that profiles of customers can be pulled from the various product-specific databases, providing more complete knowledge of the demand for "packages" of services. Some experts even believe that this information, with complete credit histories on a customer-by-customer basis, may enable banks to price loans in the future based on an individual's credit worthiness. Retailers use database information to separate their best (loyal) customers from "swing" customers (those who patronize the particular store on only an occasional basis).

Service-sector companies have become increasingly aware of the concept of marketing channels, the logistical aspect of marketing. Changing customer needs, for example, has encouraged financial institutions to provide more transactional convenience. Customers want to do their banking anytime, anyplace. Although automated tellers provide part of this function, the personal interaction is missing. Therefore, banks of all sizes have begun to open up branches in supermarkets, frequently with extended hours. This provides the time/place convenience customers want and also provides a selling platform for the bank (Duffy, 1991, p. 20). Since many of the store shoppers are not customers of the bank, in-store branches can reach a significant number of prospects each week without spending money on advertising.

Credit unions have also been active in providing time/place utility. IBM's credit union branches, for example, strive for "high touch/high tech with a human equation" (Duffy, 1991, p. 22). Their self-service machines can read the MICR (magnetic ink character recognition) encoding on the checks deposited and cash checks to the penny. In fact, they are designed to perform 90 percent of the functions handled by live tellers including deposit splitting and advances on home-equity loans.

Florsheim Shoe Company has used kiosks—interactive videos similar to automated teller machines—to increase time/place utility. Surveys indicated that a large percentage of customers walked out of the store because they did not see what they wanted in stock. The computers were placed in retail stores so customers could obtain additional information and pictures on styles not carried in inventory, thereby capturing sales that might otherwise be lost. Stores in which the terminals were installed posted sales increases over those without terminals. Even the U.S. Postal Service is experimenting with interactive video. The Postal Service's development of its automated personal teller, which vends stamps and related mailing materials, is one application.

On the surface it might seem that these technologies are inconsistent with the stated importance of personal contact in service purchases, and that satisfaction would decline with their introduction. Fryar (1991) asserts that the opposite has happened due to what psychologists view as a matter of involvement. When customers are punching numbers into the ATM or using interactive videos, they are personally involved with the transaction. This control makes them more tolerant of potential difficulties. On the other hand, customers waiting in line are less involved and less in control, causing them to become more resentful. Therefore, Fryar states that "the secret to a satisfied customer is an involved customer" (p. 56).

In terms of advertising, many nontraditional companies have become active players. Professional services, such as legal, and accounting as well as health care, which were reticent in the past to advertise their services, have begun to reach out to new markets. Much of the initial "stigma" regarding advertising has lessened; however, the effectiveness may not be what was planned. The existence of these new advertisers has added more "clutter" to an already saturated industry. Advertising effectiveness will depend on developing a differentiated identity, reaching the "best" market segments, and making promises regarding only what is attainable on a continual basis.

Onkvisit and Shaw (1989) state that, because of the intangible nature of services, a proper "image" may be even more critical for service marketing than for product marketing. "Although services are often treated as commodities, they can be branded and transformed into products. Branding assures buyers of uniform service quality and can provide service marketers with a greater degree of pricing freedom, if the brand image is properly created and promoted" (p. 13). To be successful, the brand must connote an identifiable image in people's minds. Several companies have tried to employ relevant tangible "symbols" in their advertising (Allstate's good hands, Travelers' umbrella). In the brokerage industry, Dreyfus is identifiable because of its lion; Merrill Lynch because of its bull. When Merrill Lynch retired the bull as its symbol, it quickly realized its error and brought it back. These symbols provide a tangible image and continuity for the campaign. The authors go on to state:

> Many purchases made by consumers are directly influenced by the image an individual has of himself and the image of a product or seller. Since users of consumer services are self-image buyers, a strong and distinct image is essential. Image takes on a greater

> degree of importance in the service markets, and it should be fully integrated into a firm's marketing programs. (p. 18)

Another critical consideration in advertising services is controlling the "promises" made. Several companies have realized, to their dismay, that positive press about their firm's extraordinary service performance raised customers' expectations to a level beyond that which they could routinely fulfill. Berry, Parasuraman, and Zeithaml (1988) refer to the difference between what customers expect and what companies provide as the service-performance gap (p. 38).

Customer satisfaction depends more on the size of the gap than on the actual level of service. If customers' expectations are met or exceeded, they are satisfied. If their expectations are not met, they are dissatisfied. As competition escalates, companies try to promise more and more to get business away from their competitors. Customers begin to expect more and more due to the "promise war" that exists. Eventually, customers become dissatisfied when their expectations are not met.

Advertising plays a role in managing the expectations of customers. Service marketers should be especially careful not to over-promise in their brochures, ads, and television commercials and to ensure that salespeople are not making unrealistic claims.

Conclusion

Service marketing differs from product marketing due to the fact that services are intangible and typically require personal interaction with the customer. As a result, the quality of this service interaction becomes an important subset of marketing strategy. Marketers are challenged to define their businesses as broad systems of customer benefits; to create a market-driven culture through selection, education and motivation of employees, as well as development of appropriate business procedures and technologies; and to design marketing programs which continually create new benefits and value for the customer, make the offerings more tangible, and control the level of promises so that customers are not led to expect more than can be delivered on a continual basis.

References

Alster, N. (1989). What flexible workers can do. *Fortune, 119*(4), 62, 64-66.

Baptist, A. J., & Lameka, R. B. (1990). Strategies for boosting outpatient care profitability. *Healthcare Financial Management, 44*(2), 20-24, 26, 28.

Bell, C. (1992). How to invent service. *Journal of Services Marketing, 6*(1), 37-39.

Berry, L. L.; Bennett, D. R.; & Brown, C. W. (1989). *Service quality: A profit strategy for financial institutions.* Homewood, IL: Dow Jones-Irwin.

Berry, L. L., & Parasuraman, A. (1991). *Marketing services: Competing through quality.* New York: The Free Press.

Berry, L. L., & Parasuraman, A. (1991). *Marketing services: Competing through quality.* New York: The Free Press.

Berry, L. L.; Parasuraman, A.; & Zeithaml, V. A. (1988). The service-quality puzzle. *Business Horizons, 31*(5), 35-43.

Bowen D. E., & Schneider, B. (1988). Services marketing and management: Implications for organizational behavior. *Research in Organizational Behavior, 10,* 43-80.

Davidow, W. H., & Uttal, B. (1989). Service companies: Focus or falter. *Harvard Business Review, 67*(4), 77-85.

Duffy, H. (1990). Marketing for survival: Credit card strategies for the '90s. *Bank Management, 66*(4), 44, 46-47.

Duffy, H. (1991). Seeking competitive advantage in retail delivery. *Bank Management, 67*(2), 20, 22, 24-26.

Firnstahl, T. W. (1989). My employees are my service guarantee. *Harvard Business Review, 67*(4), 28-32, 34.

Fryar, C. R. (1991). What's different about services marketing? *Journal of Services Marketing, 5*(4), 53-58.

Gamble, J. W. (1988). Client retention: The key to profitable service marketing. *Business Marketing, 73*(7), 98.

Goldsmith, J. (1989). A radical prescription for hospitals. *Harvard Business Review, 67*(3), 104-111.

Gorchels, L. M. (1991). Focus on service "package" threatens competitive future. *Marketing News, 25*(14), 5.

Hart, C. W. L. (1988). The power of unconditional service guarantees. *Harvard Business Review, 66*(4), 54-62.

Henkoff, R. (1994). Service is everybody's business. *Fortune, 129*(13), 48-50, 52, 56, 60.

Heskett, J. L. (1987). Lessons in the service sector. *Harvard Business Review, 65*(2), 118-126.

Heskett, J. L.; Jones, T. O.; Loveman, G. W.; Sasser, W. E., Jr.; & Schlesinger, L. A. (1994). Putting the service-profit chain to work. *Harvard Business Review, 72*(2), 164-174.

Hoffman, K. D., & Ingram, T. N. (1992). Service provider job satisfaction and customer-oriented performance. *Journal of Services Marketing, 6*(2), 68-78.

Indexing bonuses to customer satisfaction. (1988). *Sales & Marketing Management,* (October).

Johnson, P. T. (1988). Why I race against phantom competitors. *Harvard Business Review, 66*(5), 106-112.

Jones, J. W. (1991). In search of excellent customer service. *Bank Management, 67*(2), 40-41.

Kelsey, R. R., & McGrath, M. J. (1990). Database marketing targets existing patients. *Healthcare Financial Management, 44*(6), 72-75.

Knowles, P. A.; Grove, S. J.; & Pickett, G. M. (1993). Mood and the service customer: Review and propositions. *Journal of Services Marketing, 7*(4), 41-52.

Levitt, T. (1960). Marketing myopia. *Harvard Business Review, 38*(July/August), 45-56.

Lele, M. M. (1988). Manage customers' expectations to build satisfaction. *Business Marketing, 73*(12), 64.

Loomis, C. J. (1989). Stars of the service 500. *Fortune, 119*(2), 54-58, 62.

Magnet, M. (1992). Meet the new revolutionaries. *Fortune, 125*(4), 94-96, 98, 100-101.

Naidu, G. M.; Kleimenhagen, A.; & Pillari, G. D. (1993). Is product-line management appropriate for your health care facility? *Journal of Healthcare Marketing, 13*(3), 6-17.

Onkvisit, S., & Shaw, J. J. (1989). Service marketing: Image, branding, and competition. *Business Horizons, 32*(1), 13-18.

Power, C.; Konrad, W.; Cuneo, A. Z.; & Treece, J. B. (1991). Value marketing: Quality, service, and fair pricing are the keys to selling in the '90s. *Business Week, 3239*(November 11), 132-135, 138, 140.

Sellers, P. (1989). Getting customers to love you. *Fortune, 119*(6), 38-40, 44-45, 48-49.

Sherman, S. (1992). How to prosper in the value decade. *Fortune, 126*(12), 90-91, 94, 98, 102-103.

Teschke, D. A. (1989). Hospital has instant success in health club venture. *Healthcare Financial Management, 43*(5), 129.

Webster, C. (1992). What kind of marketing culture exists in your service firm? An audit. *Journal of Services Marketing, 6*(2), 54-67.

Williams, M. J. (1988). Why is airline food so terrible? *Fortune, 118*(14), 169, 172.