



Manajemen Pelayanan Jasa

Semester Gasal 2017
Universitas Pembangunan Jaya

Course Objectives

- Identifying unique challenges involved in managing services
- Recognizing the role of employees and customers in service delivery, customer satisfaction, and service recovery
- Understanding how service can be a competitive advantage
- Being able to apply service concepts to important workplace skills through classroom activities

Learning Methods

- Lecture
- Discussion
- Class exercises
- Group Projects

Students Performance Evaluation

- Attendance 10%
- Quizzes+ Assignments 20%
- Mid-Term (Proposal)
30%
- Final Exam (Presentations and
Paper) 40%

- September 4th-→Customer's day



Why Study Services?

Why Study Services?



- **Services Dominate Economy in Most Nations**
- **Most New Jobs are Generated by Services**
 - **Fastest Growth Expected in Knowledge-Based Industries**
 - **Many New Jobs are Well-Paid Positions Requiring Good Educational Qualifications**



Organization and Service Management

- 1. Provide service efficiently and effectively**
- 2. Manage interaction between system used and environment**



Decision Making in:

1. Process
2. Quality
3. Capacity



Service Management Operation Strategy:

“Broad action to achieve goals in services”



Communication gaps:

Serious problem for service quality

Types of Communication gaps:

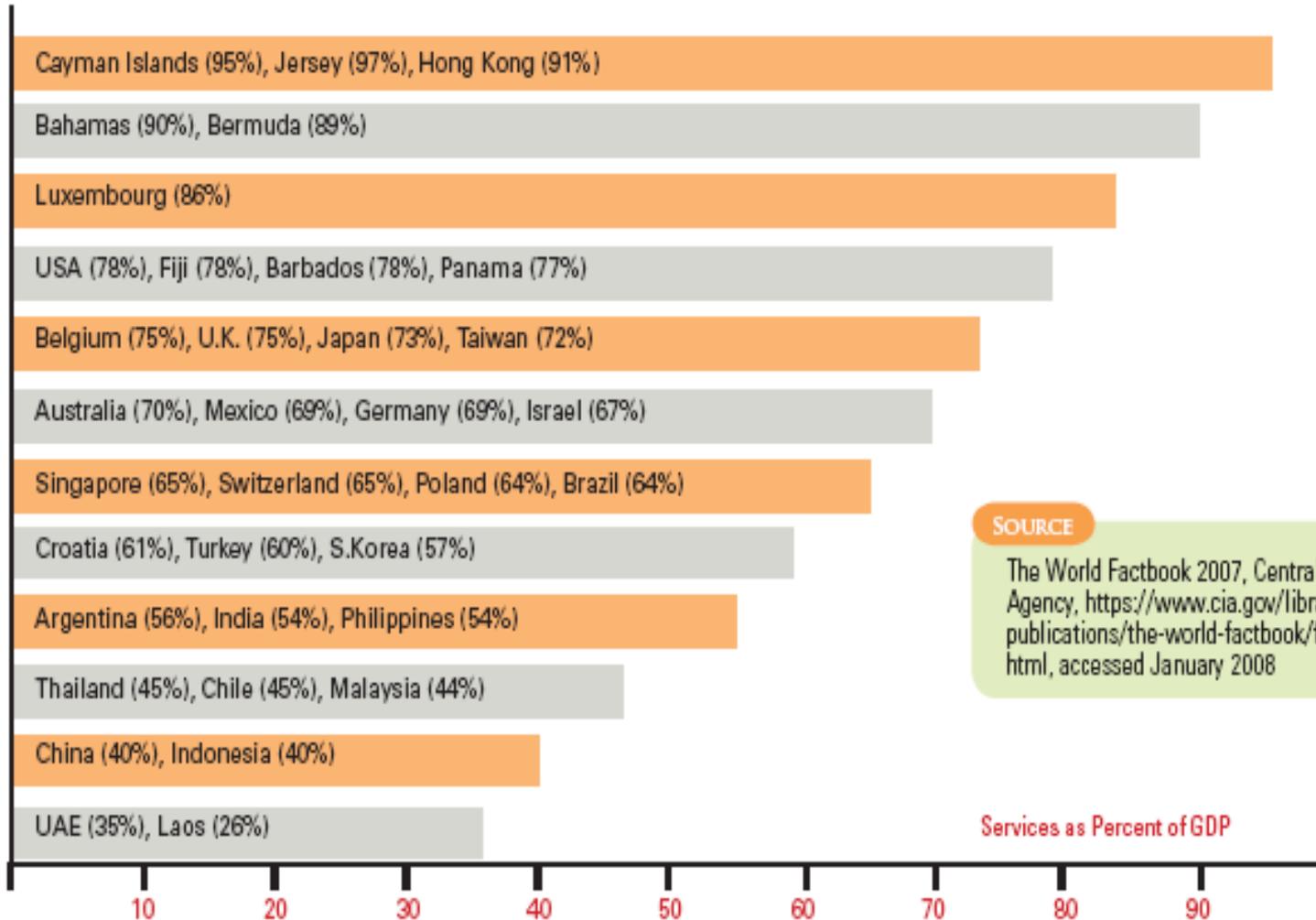
- a. Over promising**
- b. Miss understanding**
- c. Poor of listening skill**

Examples of Service Industries



- **Health Care**
 - ➔ **hospital, medical practice, dentistry, eye care**
- **Professional Services**
 - ➔ **accounting, legal, architectural**
- **Financial Services**
 - ➔ **banking, investment advising, insurance**
- **Hospitality**
 - ➔ **restaurant, hotel/motel, bed & breakfast**
 - ➔ **ski resort, rafting**
- **Travel**
 - ➔ **airline, travel agency, theme park**
- **Others**
 - ➔ **hair styling, pest control, plumbing, lawn maintenance, counseling services, health club, interior design**

Estimated Size of Service Sector in Selected Countries



SOURCE

The World Factbook 2007, Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/fields/2012.html>, accessed January 2008

Services as Percent of GDP

Overview: Why Services Matter



- **Services dominate U.S. and worldwide economies**
- **Services are growing dramatically**
- **Service leads to customer retention and loyalty**
- **Service leads to profits**
- **Services help manufacturing companies differentiate themselves**

Discussion Questions



- **What about in Indonesia?**
- **Find some facts about service sector in Indonesia**



- **Services in ASEAN Countries account for less than 50% of total GDP Value, while 70% of total GDP in many developed countries**
- **Services contribution seems to be declining over the last 20 years**

Table 1. Services in the Economy (% of GDP)

	Total Services		Trade		Hotels and Restaurants		Transport and Storage		Real Estate and Dwellings		Public Administration, Community, Personal, and Other Services		Communication, Finance, and Business Services	
	1990	2013	1990	2013	1990	2013	1990	2013	1990	2013	1990	2013	1990	2013
Indonesia	42.4	42.6	13.5	10.8	3.2	3.3	6.1	4.6	2.9	2.9	10.1	13.4	6.5	8.9
Malaysia	44.9	52.6	10.9	17.2	2.2	2.8	3.8	3.4	5.4	3.1	8.3	13.2	14.4	13.0
Philippines	50.8	57.6	14.7	17.9	N.A.	N.A.	3.2	6.3	5.8	11.9	15.7	13.8	11.5	7.7
Singapore	67.8	66.4	13.1	17.5	3.5	2.1	11.4	6.4	3.6	4.3	9.6	10.7	26.6	29.7
Thailand	50.9	47.8	17.8	16.8	5.4	5.7	4.5	7.0	2.2	2.6	9.7	13.4	11.3	4.3
Vietnam		34.3		13.4		3.9		3.0		2.0		9.6		2.4
China	31.5	46.9	6.8	9.6	1.6	N.A.	3.8	4.4	2.1	N.A.	7.9	N.A.	9.4	N.A.
India	46.1	68.9	11.8	14.1	1.0	1.4	6.4	6.5	5.0	11.4	13.3	28.6	8.8	6.9
Korea	51.5	54.0	11.8	8.1	2.4	2.4	4.7	3.3	6.5	7.2	14.8	17.8	11.2	15.2
United States	73.4	77.6	12.9	11.7	3.4	2.7	3.0	2.9	12.1	13.0	23.0	23.7	18.9	23.6
Japan	59.8	73.6	12.8	14.4	N.A.	N.A.	4.9	4.8	9.4	11.7	19.1	24.0	13.6	18.7
France	69.2	74.1	11.8	10.6	2.3	2.8	4.6	4.7	9.8	12.0	21.7	23.8	18.9	20.3

Source: CEIC Database

Service Sector in Indonesia



- **Service sector has increased from 38% in 1970 to 51% in 2015 (Damuri, 2016)**
- **It has become the biggest source of job creation, make up 43% of total employment (Damuri, 2016)
Now, up to 45%**



Comparing Goods and Services

TABLE 1.2 Comparing Goods and Services

Source: A. Parasuraman, V. A. Zeithaml, and L. L. Berry, "A Conceptual Model of Service Quality and Its Implications for Future Research." *Journal of Marketing* 49 (Fall 1985) pp. 41–50. Reprinted by permission of the American Marketing Association.

Goods	Services	Resulting Implications
Tangible	Intangible	Services cannot be inventoried. Services cannot be easily patented. Services cannot be readily displayed or communicated. Pricing is difficult.
Standardized	Heterogeneous	Service delivery and customer satisfaction depend on employee and customer actions. Service quality depends on many uncontrollable factors. There is no sure knowledge that the service delivered matches what was planned and promoted.
Production separate from consumption	Simultaneous production and consumption	Customers participate in and affect the transaction. Customers affect each other. Employees affect the service outcome. Decentralization may be essential. Mass production is difficult.
Nonperishable	Perishable	It is difficult to synchronize supply and demand with services. Services cannot be returned or resold.

Why do firms focus on Services?



- **Services can provide higher profit margins and growth potential than products**
- **Customer satisfaction and loyalty are driven by service excellence**
- **Services can be used as a differentiation strategy in competitive markets**

Why study Services Marketing?



- **Service-based economies**
- **Service as a business imperative in manufacturing and IT**
- **Deregulated industries and professional service needs**
- **Services marketing is different**
- **Service equals profits**



What is Service? The Old View

- **Service is a technical after-sale function that is provided by the service department.**



Old view of service =
Customer Service Center

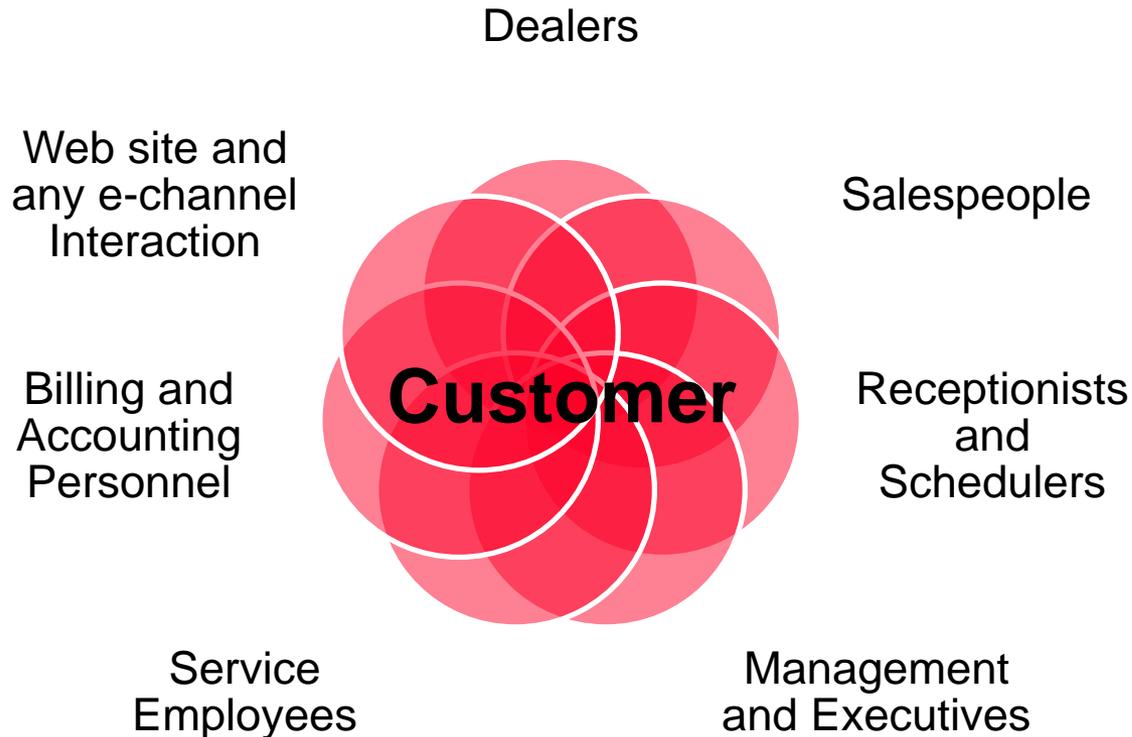


Old:
Service =
wrench time



What is Service? The New View

- **Service includes every interaction between any customer and anyone representing the company, including:**





Service Can Mean all of These

- **Service as a product**



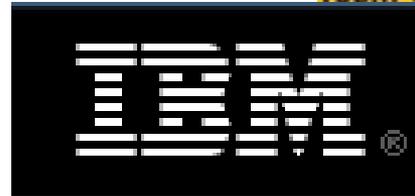
- **Customer service**



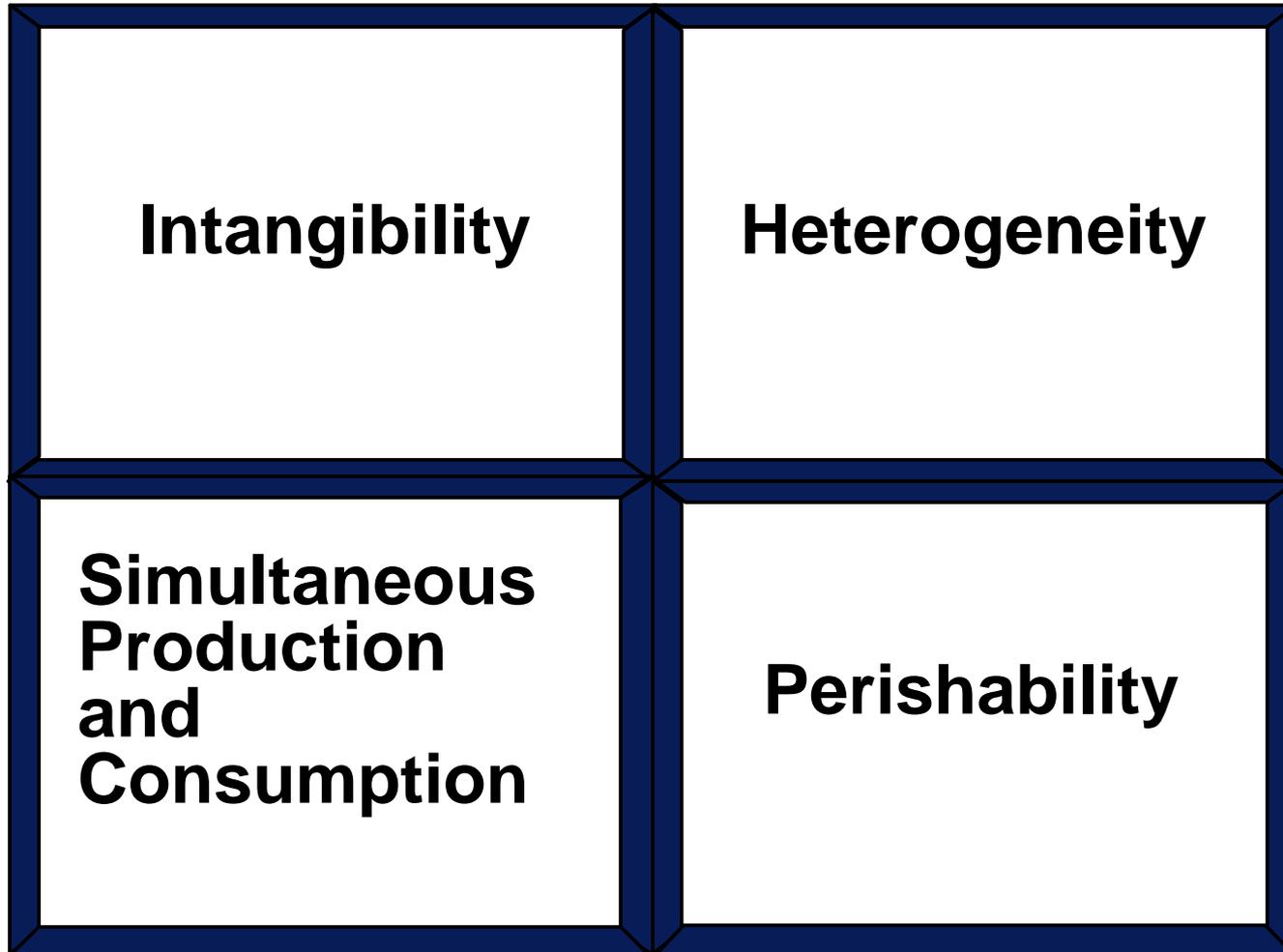
- **Services as value add for goods**



- **Service embedded in a tangible product**



Characteristics of Services Compared to Goods



Implications of Intangibility



- **Services cannot be inventoried**
- **Services cannot be easily patented**
- **Services cannot be readily displayed or communicated**
- **Pricing is difficult**

Implications of Heterogeneity



- **Service delivery and customer satisfaction depend on employee and customer actions**
- **Service quality depends on many uncontrollable factors**
- **There is no sure knowledge that the service delivered matches what was planned and promoted**

Implications of Simultaneous Production and Consumption



- **Customers participate in and affect the transaction**
- **Customers affect each other**
- **Employees affect the service outcome**
- **Decentralization may be essential**
- **Mass production is difficult**

Implications of Perishability



- **It is difficult to synchronize supply and demand with services**
- **Services cannot be returned or resold**

Challenges for Services



- **Defining and improving quality**
- **Ensuring the delivery of consistent quality**
- **Designing and testing new services**
- **Communicating and maintaining a consistent image**
- **Accommodating fluctuating demand**
- **Motivating and sustaining employee commitment**
- **Coordinating marketing, operations, and human resource efforts**
- **Setting prices**
- **Finding a balance between standardization versus customization**

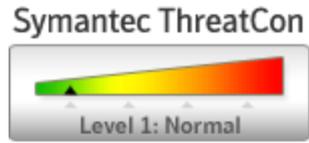
Examples of Goods Companies that are Expanding into Services



Boeing



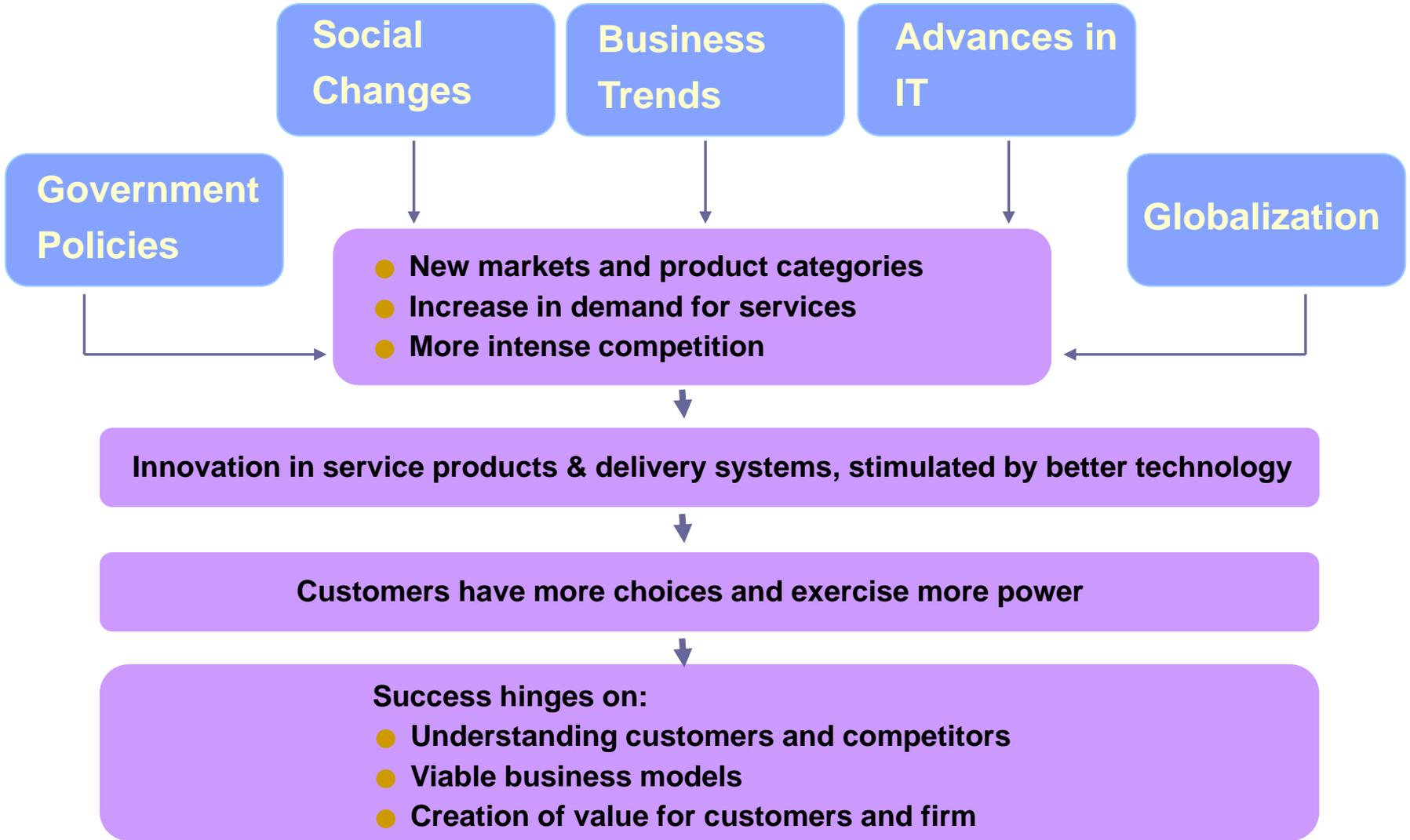
Kodak



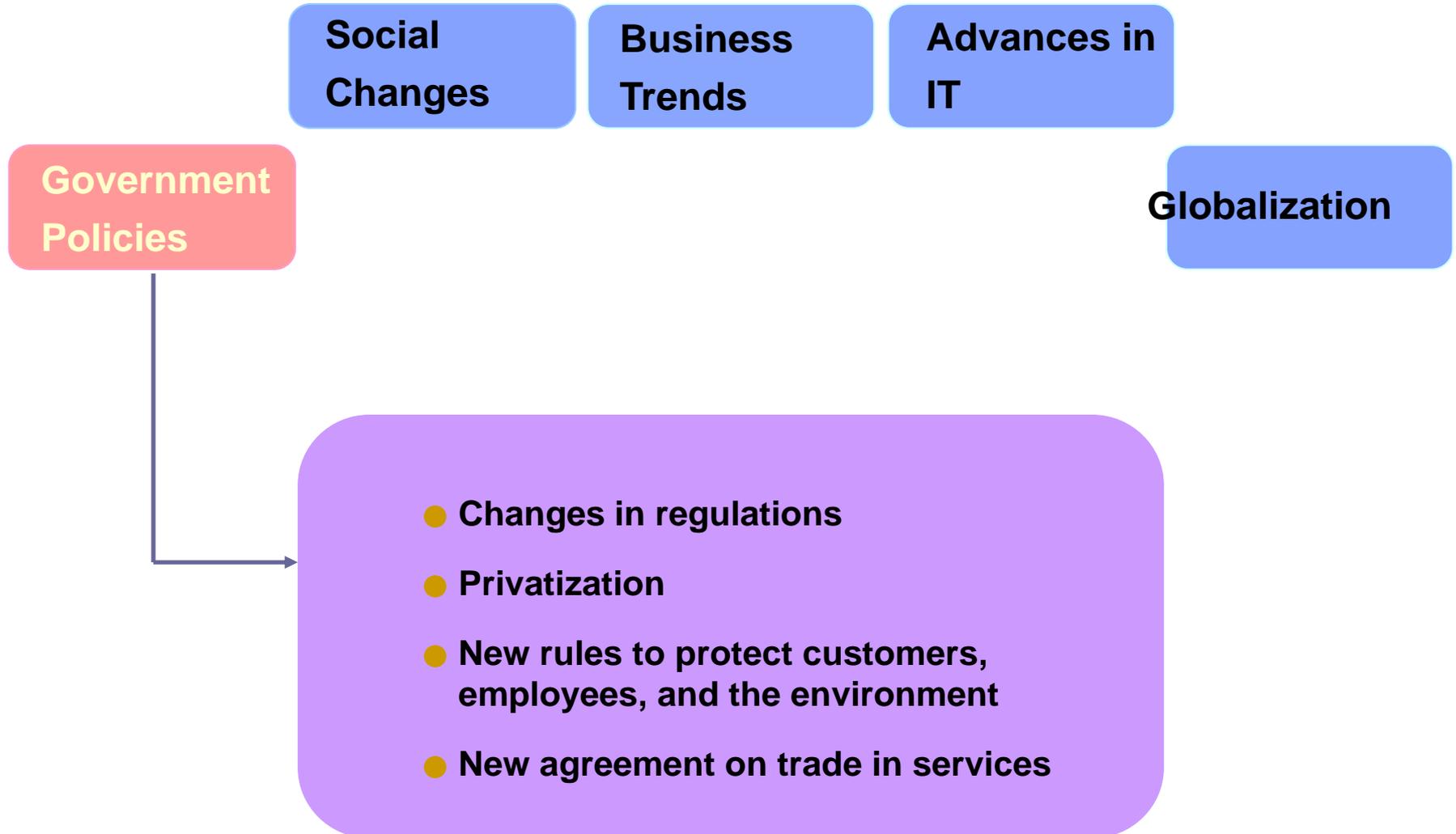


Powerful Forces Are Transforming Service Markets

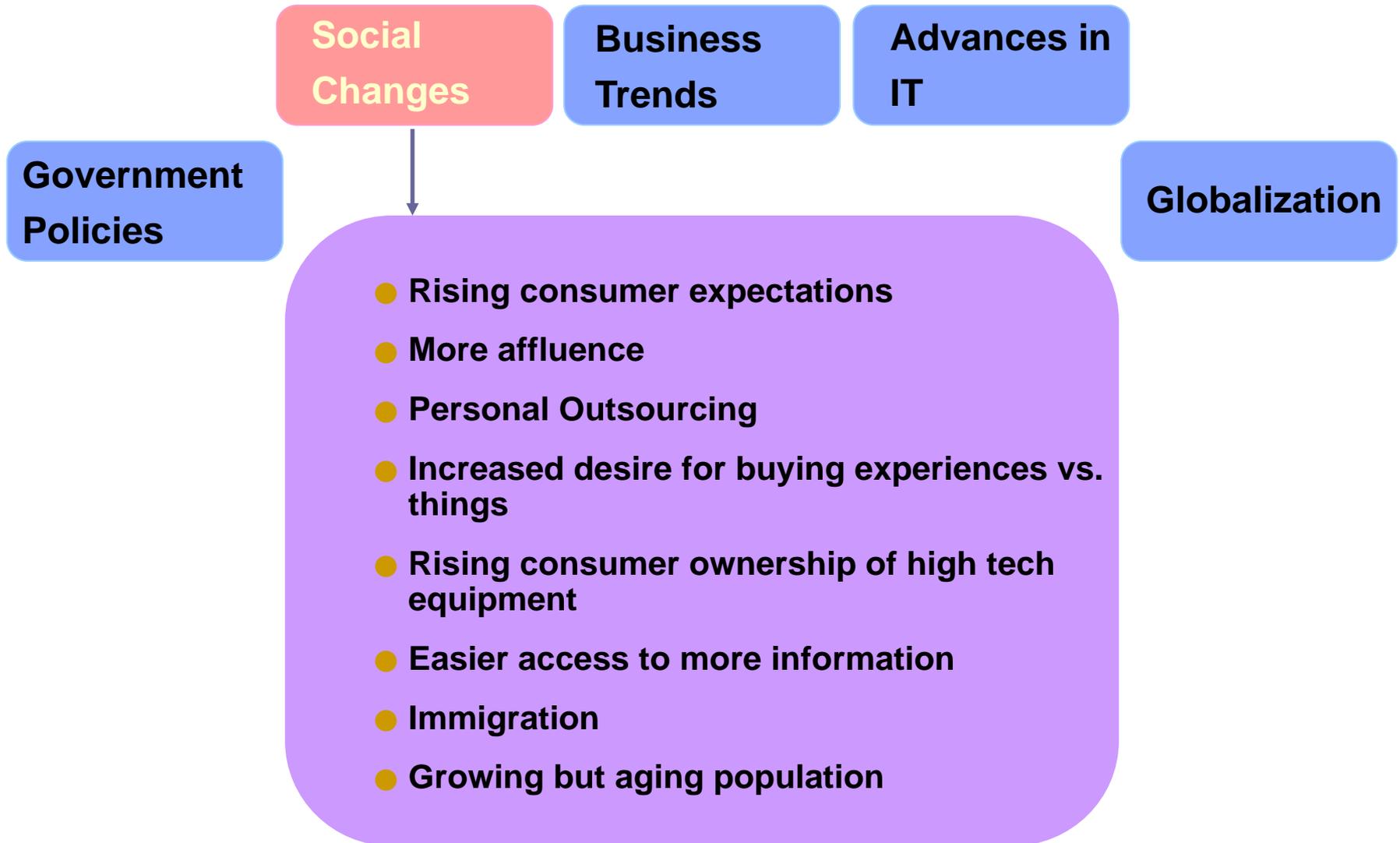
Forces Transforming the Service Economy



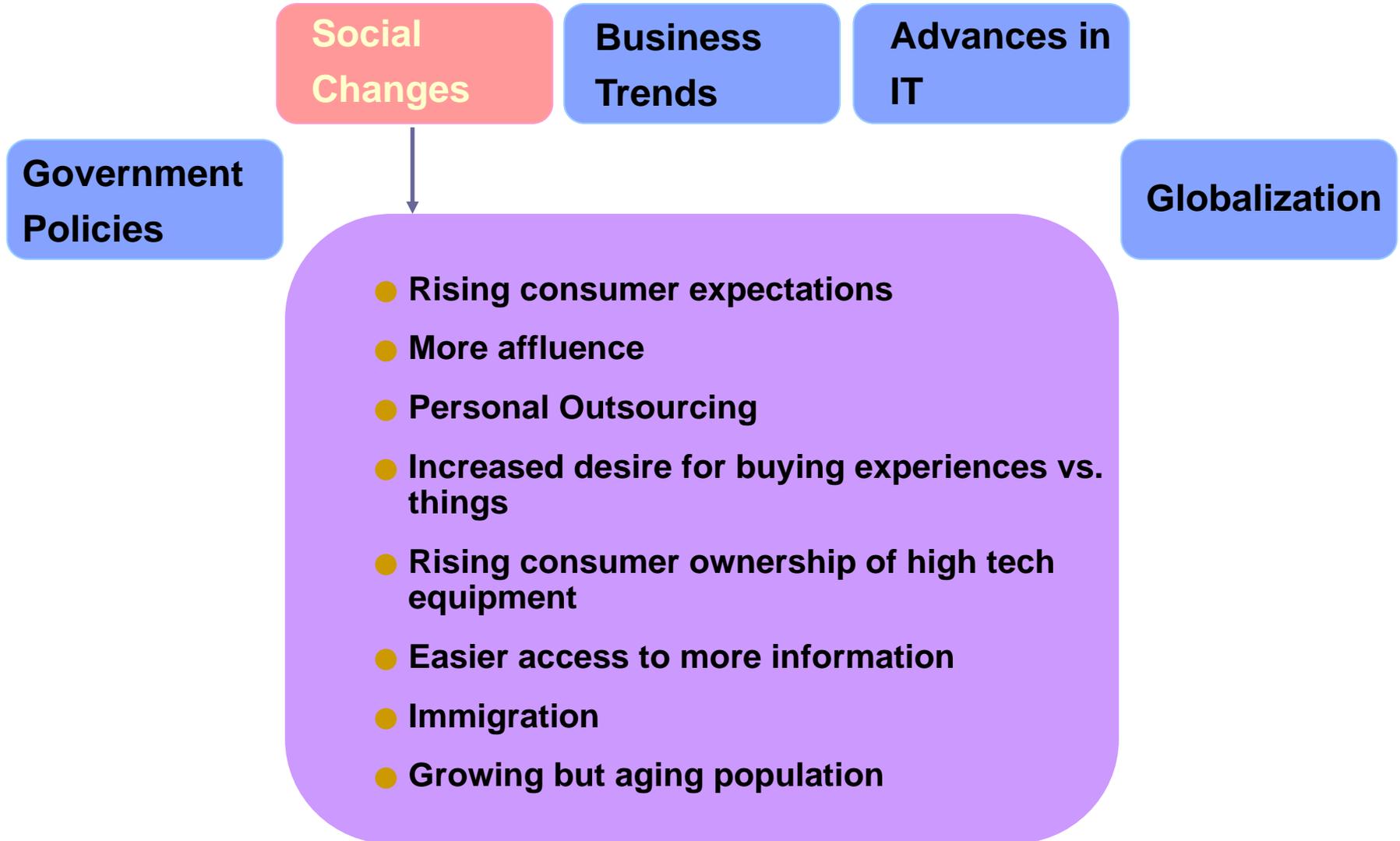
Forces Transforming the Service Economy (1)



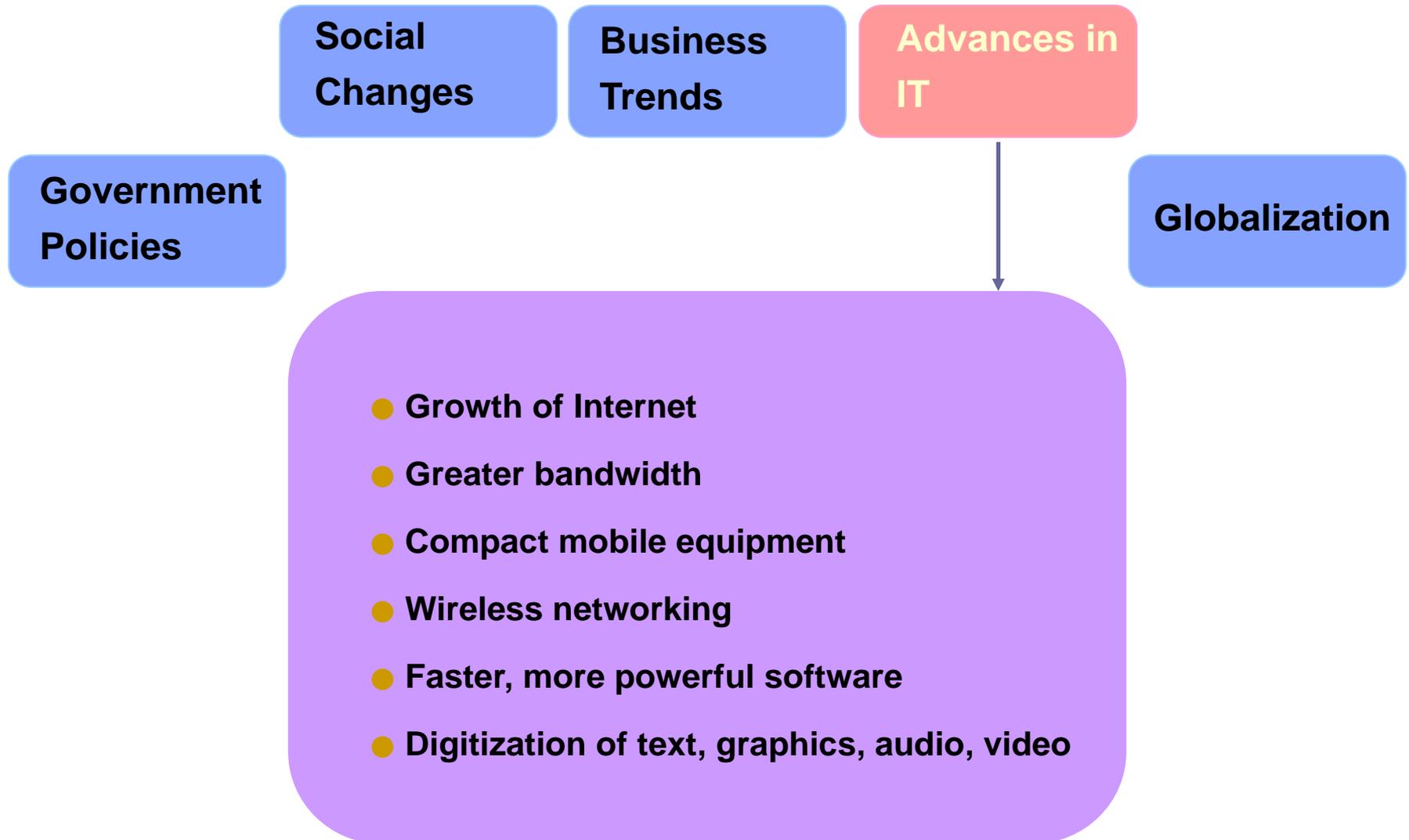
Forces Transforming the Service Economy (2)



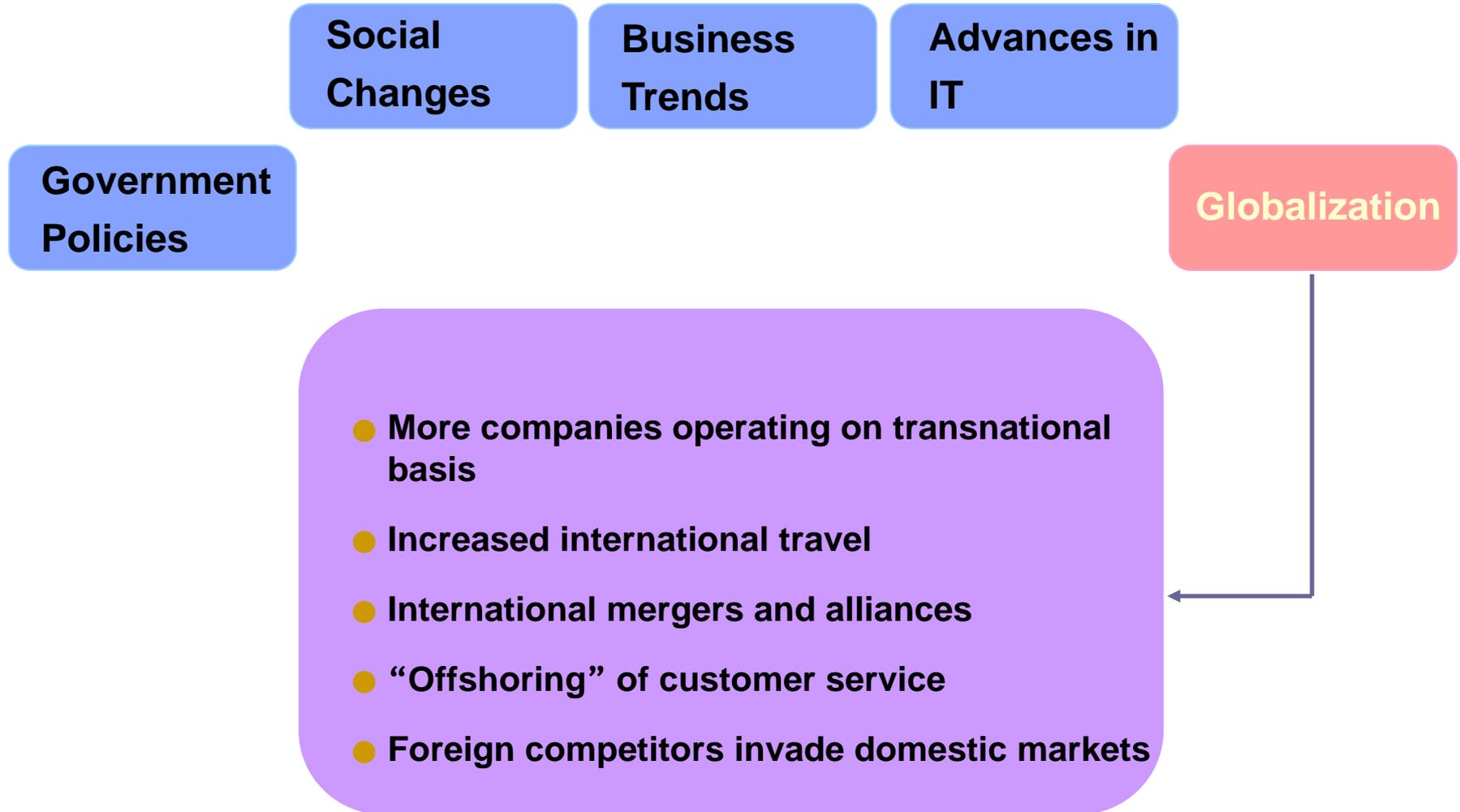
Forces Transforming the Service Economy (2)



Forces Transforming the Service Economy (4)



Forces Transforming the Service Economy (5)





Challenges Posed by Services

Services Pose Distinctive Marketing Challenges



- Marketing management tasks in the service sector differ from those in the manufacturing sector.

- The eight common differences are:

- Most service products cannot be inventoried

- Intangible elements usually dominate value creation

- Services are often difficult to visualize and understand

- Customers may be involved in co-production

- People may be part of the service experience

- Operational inputs and outputs tend to vary more widely

- The time factor often assumes great importance

- Distribution may take place through nonphysical channels



Differences, Implications, and Marketing-Related Tasks (1) (Table 1.1)



Difference

- Most service products cannot be inventoried
- Intangible elements usually dominate value creation
- Services are often difficult to visualize & understand
- Customers may be involved in co-Production

Implications

- Customers may be turned away
- Harder to evaluate service & distinguish from competitors
- Greater risk & uncertainty perceived
- Interaction between customer & provider; but poor task execution could affect satisfaction

Marketing-Related Tasks

- Use pricing, promotion, reservations to smooth demand; work with ops to manage capacity
- Emphasize physical clues, employ metaphors and vivid images in advertising
- Educate customers on making good choices; offer guarantees
- Develop user-friendly equipment, facilities & systems; train customers, provide good support

Differences, Implications, and Marketing-Related Tasks (2) (Table 1.1)



Difference

- People may be part of service experience
- Operational inputs and outputs tend to vary more widely
- Time factor often assumes great importance
- Distribution may take place through nonphysical channels

Implications

- Behavior of service personnel & customers can affect satisfaction
- Hard to maintain quality, consistency, reliability
- Difficult to shield customers from failures
- Time is money; customers want service at convenient times
- Electronic channels or voice telecommunications

Marketing-Related Tasks

- Recruit, train employees to reinforce service concept
- Shape customer behavior
- Redesign for simplicity and failure proofing
- Institute good service recovery procedures
- Find ways to compete on speed of delivery; offer extended hours
- Create user-friendly, secure websites and free access by telephone



Expanded Marketing Mix for Services

Services Require An Expanded Marketing Mix



- **Marketing can be viewed as:**
 - **A strategic and competitive thrust pursued by top management**
 - **A set of functional activities performed by line managers**
 - **A customer-driven orientation for the entire organization**
- **Marketing is only function to bring operating revenues into a business; all other functions are cost centers.**
- **The “7 Ps” of services marketing are needed to create viable strategies for meeting customer needs profitably in a competitive marketplace**

The 7 Ps of Services Marketing



- **Product elements** (*Chapter 4*)
- **Place and time** (*Chapter 5*)
- **Price and other user outlays** (*Chapter 6*)
- **Promotion and education** (*Chapter 7*)
- **Process** (*Chapter 8*)
- **Physical environment** (*Chapter 10*)
- **People** (*Chapter 11*)

Traditional 4 Ps Applied to Services (1)



● Product elements

- **Service products are at the heart of services marketing strategy**
- **Marketing mix begins with creating service concept that offers value**
- **Service product consists of core and supplementary elements**
 - **Core products meet primary needs**
 - **Supplementary elements are value-added enhancements**

Expanded Marketing Mix for Services



TABLE 1.3
Expanded
Marketing Mix
for Services

Product	Place	Promotion	Price
Physical good features	Channel type	Promotion blend	Flexibility
Quality level	Exposure	Salespeople	Price level
Accessories	Intermediaries	Selection	Terms
Packaging	Outlet locations	Training	Differentiation
Warranties	Transportation	Incentives	Discounts
Product lines	Storage	Advertising	Allowances
Branding	Managing channels	Media types	
		Types of ads	
		Sales promotion	
		Publicity	
		Internet/Web strategy	
People	Physical Evidence	Process	
Employees	Facility design	Flow of activities	
Recruiting	Equipment	Standardized	
Training	Signage	Customized	
Motivation	Employee dress	Number of steps	
Rewards	Other tangibles	Simple	
Teamwork	Reports	Complex	
Customers	Business cards	Customer involvement	
Education	Statements		
Training	Guarantees		



Overall Strategic Assessment

- How effective is a firm's services marketing mix?
- Is the mix well-aligned with overall vision and strategy?
- What are the strengths and weaknesses in terms of the 7 Ps?

Specific Service Implementation

- Who is the customer?
- What is the service?
- How effectively does the services marketing mix for a service communicate its benefits and quality?
- What changes/improvements are