Chapter Objectives

To examine the scope of goods and services, and explain how goods and services may be categorized
To discuss the special considerations in the marketing of services
To look at the use of marketing by goods versus services firms and provide illustrations of service marketing
To distinguish between nonprofit and profit-oriented marketing
To describe a classification system for nonprofit marketing, the role of nonprofit marketing in the economy, and applications of nonprofit marketing

Goods and Services (1)

Goods Marketing relates to selling physical products.
- Durable goods are physical goods used over an extended time.
- Nondurable goods are consumable products made from materials other than metal, wood, and hard plastics.

Goods and Services (2)

Services Marketing includes rented-goods services, owned-goods services, and nongoods services.
- Rented-Goods Services: leasing auto, hotel room, office space, wedding items
- Owned Goods Services: auto or computer repairs, lawn care & home care
- Nongoods Services: personal advice, tutor, legal, and accounting

Hidden Service Sector

Includes such areas as:
- delivery
- installation
- training
- maintenance
- repair
Provided by firms emphasizing goods

Goods/Services Continuum
Attributes of Service

Intangibility of services
Perishability of services
Inseparability of services
Variability of services

A Classification System for Goods

1. By Market Segment
2. By Degree of Durability
3. By Amount of Value Added
4. By Goal of Organization
5. By Degree of Regulation
6. By Length of Distribution Channel
7. By Degree of Customer Contact

A Classification System for Services

1. By Market Segment
2. By Degree of Tangibility
3. By Skill of Service Provider
4. By Goal of Service Provider
5. By Degree of Regulation
6. By Degree of Customer Contact
7. By Degree of Labor Intensiveness

Intangibility of Services
Services often cannot be displayed, transported, stored, packaged, or inspected before buying.
- Repair services
- Personal services
- Advice services
ONLY the benefits derived can be described.

Perishability of Services
Many services cannot be stored for future sale.
- Idle time is lost
- Movies playing to an empty house, or landscape workers lose time due to bad weather, idle time cannot be recaptured.
Service suppliers must try to manage service to consumer usage, and regulate to demand

Inseparability of Service
A service provider and his or her services may be inseparable.
This is most likely when:
- Service is vital
- Customer contact is an integral part
- The quality of a repair depends on skill
Variability in Service

- There may be differing service performance from one time to another.
- Problem diagnosis such as repairs may be hard.
- There may be a lack of standardization of services.

Clients Versus Donors

- Convenience services
- Inexpensive services
- Access to services
- Tangible benefits
- Accountability on the part of the organization
- Recognition of their contribution
- Efficient operations
- High success rates

Industrialization of Services

- **Hard Technologies**— substitute machinery for people, such as utilizing electronic financial transactions instead of human bank tellers.
- **Soft Technologies**— substitute pre-planned systems for individual services.
- **Hybrid Technologies**— combine both hard and soft technologies.

Nonprofit Marketing

This form of marketing is conducted by organizations and individuals that operate in the public interest or that foster a cause and do not seek financial profits.

The Extent of Nonprofit Marketing

It may involve:

- **Organizations** (unions, charities, trade associations)
- **People** (political candidates)
- **Places** (resorts, convention centers, industrial sites)
- **Ideas** ("stop smoking")
- **Goods and Services** (produced or sold)

A Classification System for Nonprofit Marketing

1. By Degree of Tangibility
2. By Organization Structure
3. By Overall Objective
4. By Constituency
Clients Versus Donors

- Convenient services
- Inexpensive services
- Access to services
- Tangible benefits

Donors desire:
- Accountability on the part of the organization
- Recognition of their contribution
- Efficient operations
- High success rates

Chapter Summary

- This chapter reviews the scope of goods and services, and explains how goods and services may be categorized.
- It discusses the special considerations in the marketing of services.
- It looks at the use of marketing by goods versus services firms and provides illustrations of service marketing.
- It distinguishes between nonprofit and profit-oriented marketing.
- It describes a classification system for nonprofit marketing, the role of nonprofit marketing in the economy, and applications of nonprofit marketing.