



### distinctive marketing challenges

when customer rents goods rather than buying them, what happens?

therefore marketing management tasks in manufacturing sector and service differ

- Non-physical products cannot be inventoried
- Intangible elements usually dominate value creation
- Operational activities are critical to generating the work experience
- Customer interaction involves multiple touchpoints
- People may be part of the service experience
- Operational inputs and outputs tend to vary more widely
- The labor factor often has more great importance
- Diverse communication channels

### Perspectives on marketing in the service economy



### market transformations

what are they?

1. What are the implications for customers?
2. What are the marketing related tasks?
3. Do these individual differences apply equally to all services?





# **Perspectives on marketing in the service economy**

market transformations



# services

characteristics of services affects  
customer behavior and marketing strategy

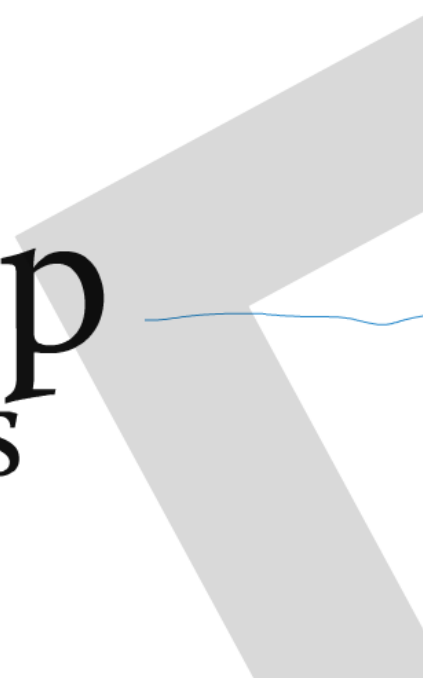
# services



characteristics of services affects  
customer behavior and marketing strategy

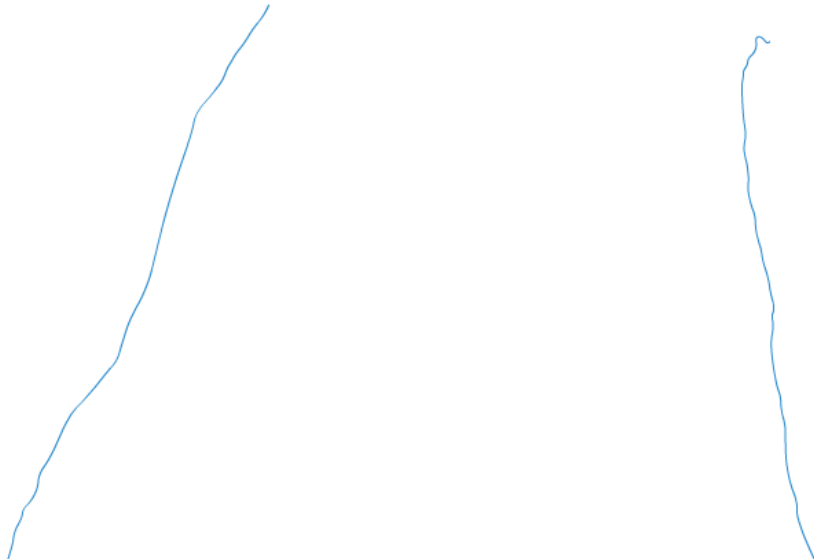


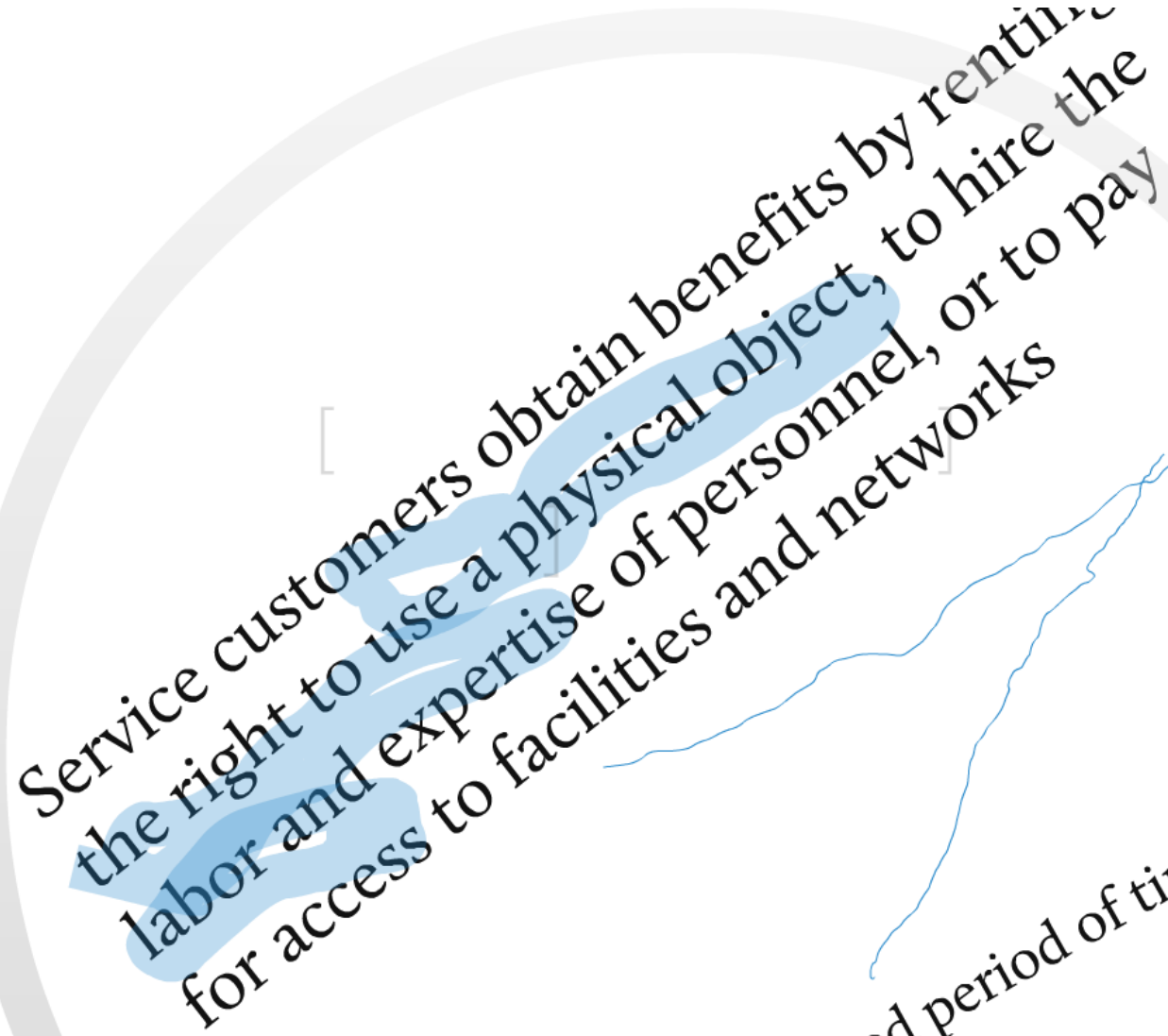
- nonseparability
- perishability
- durable value
- nonownership  
form of rentals



market value

ownership  
form of rentals





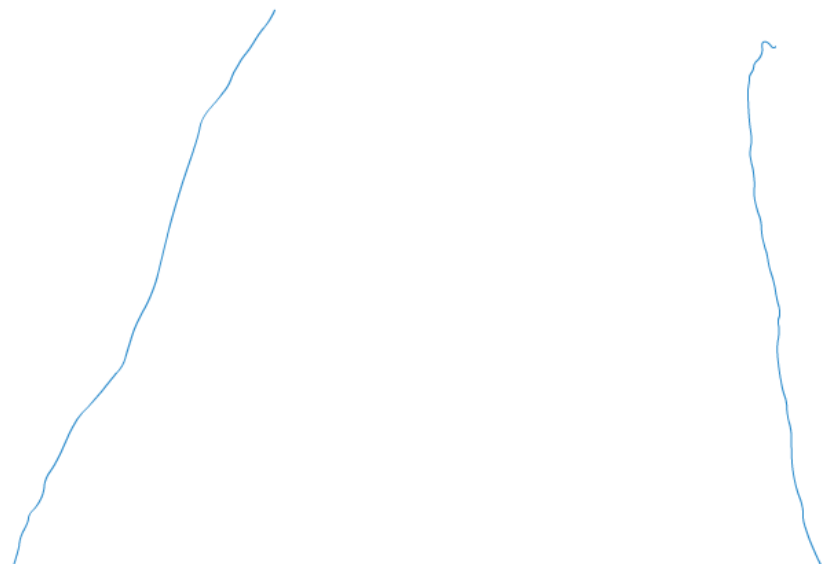
Service customers obtain benefits by renting  
the right to use a physical object, to hire the  
labor and expertise of personnel, or to pay  
for access to facilities and networks

typically for a defined period of time



market value

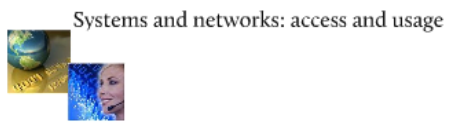
ownership  
form of rentals



# collaborative consumption



Rented goods services



Systems and networks: access and usage

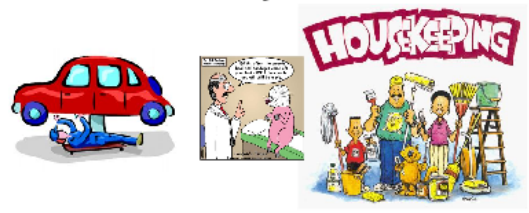
Defined space and place rentals



Access to shared physical environments



Labor and expertise rentals





Rented goods services

**PROTOOL**  
Elektrowerkzeuge für Profis



**narrex**



**FESTOOL**



Elektrowerkzeuge®  
**Kress**



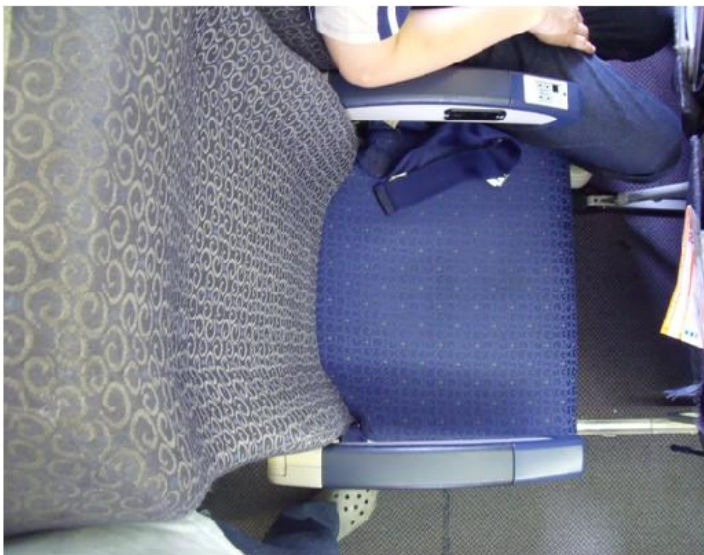
**BREAKER** DAAP




D...ed...



# Defined space and place rentals







# Choosing Your Aircraft Seat







# Labor and expertise rentals

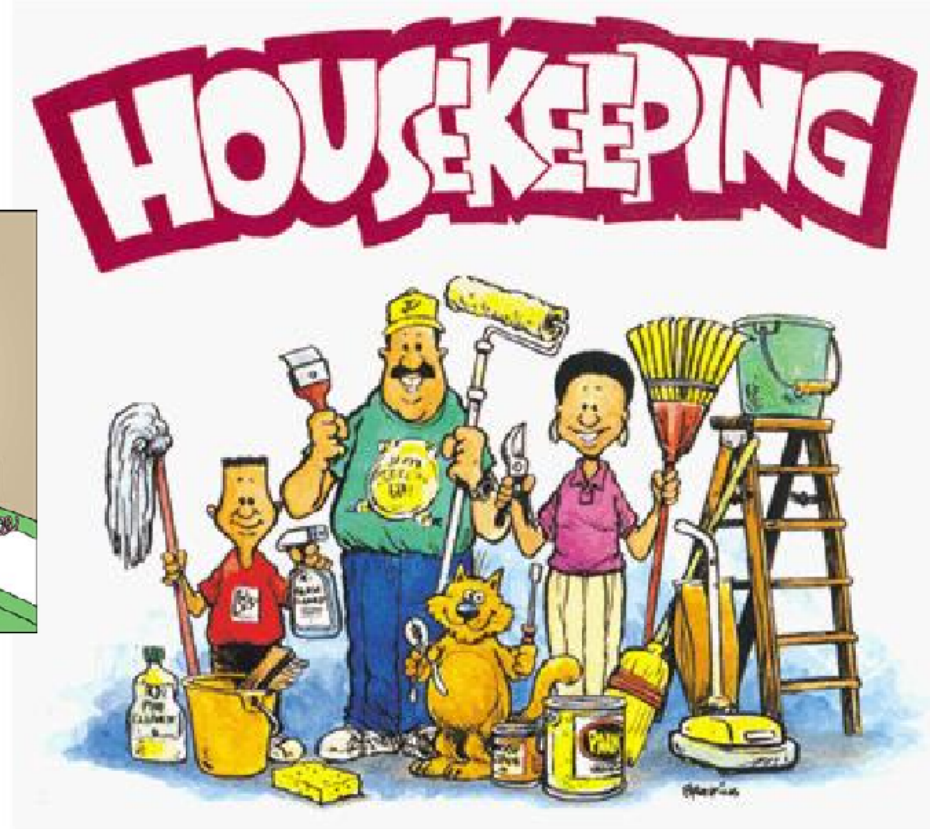


# HOUSEKEEP





# Labor and expertise rentals



Dr. Ed Switzer  
Plastic Surgery

Edith, after the wounds  
heal and bandages come off,  
your looks **WILL** improve but  
you will still be a pig.



London's Times

© 2005 Rick London and Rich Dressler



# Access to shared physical environments





# Access to shared physical environments



Image: Ken Campbell/istock / The Camera® Photo



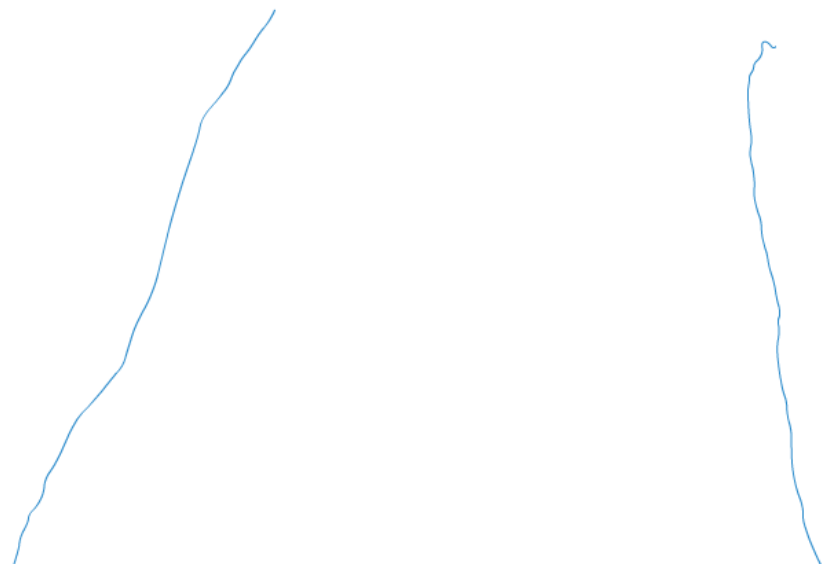
# Systems and networks: access and usage





market value

ownership  
form of rentals





How does the distinction between ownership and nonownership affect the nature of marketing tasks and strategy?

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5. b

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3. cur

2. renting porti-  
entity can s

1. ther  
instead



1. there is a market for renting durable goods instead of selling them

renting portions of a larger physical  
ity can form the basis for services

mers need

eting

1. there is a market for renting durable goods instead of selling them

2. renting portions of a larger physical entity can form the basis for services

3. customers need to be more closely engaged with service suppliers

plays

...metings  
...ogy?

1. ...  
instead of

2. renting portions of a larger physical entity can form the basis for services

3. customers need to be more closely engaged with service suppliers

4. time plays a central role in most services

...mer ch

engage

4. time plays a central  
role in most services

Customer

Supplier

engage

4. time plays a central role in most services

5. customer choice criteria may differ between rentals and outright purchases

6. services offer opportunities for resource sharing

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role in most services

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# services

characteristics of services affects  
customer behavior and marketing strategy



# what are they?



economic activities



most commonly time-based



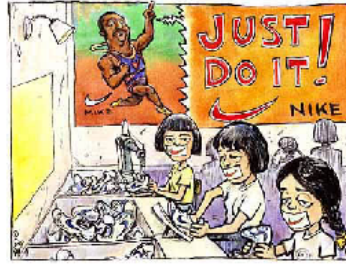
consumers are looking for desired result

expect to obtain value in exchange for their money, time, and effort

does not come from  
quantity of knowledge

Who: Ford, Fiat, Rolls Royce, IBM, ...

Why?

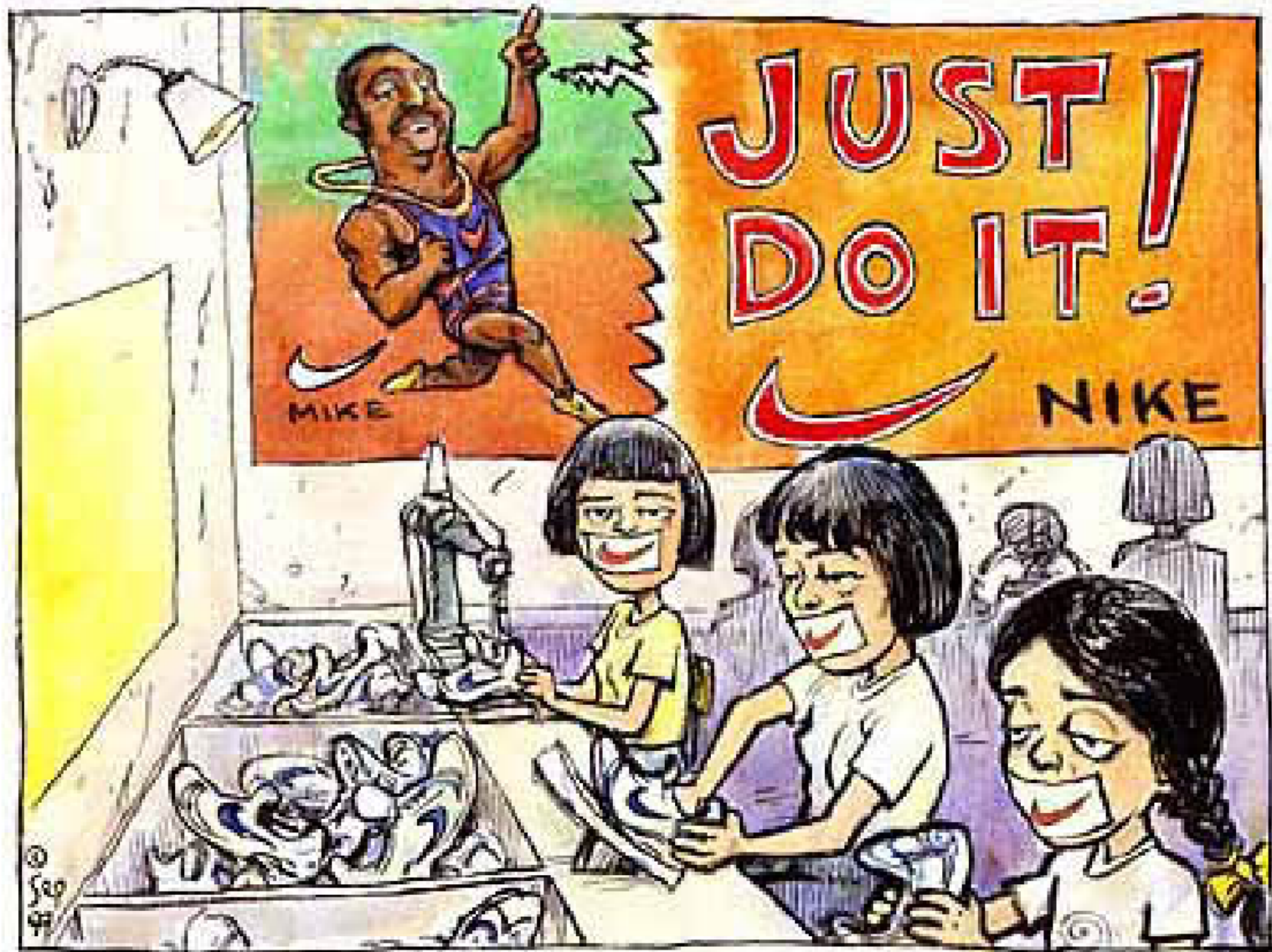


economic activities



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economic activities



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tran



Consumers are looking for desired res  
expect to obtain value in exchange for their money, time, and effort

does not come from  
transfer of ownership!

to obtain value in exchange

does not come from  
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expect to obtain value in exchange for their money, time, and effort

does not come from  
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Who: Ford, Fiat, Rolls Royce, IBM, ...



*marketing*

when talking about services and  
marketing services, distinguish

*marketing th*

and  
ish

# marketing through services

serving  
supplier  
the co

# marketing of services

and  
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stand-a  
possible

and  
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# marketing through services

serving  
supplier  
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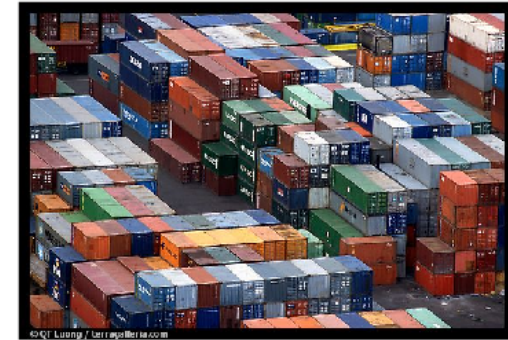
complementary se

[core product]



es

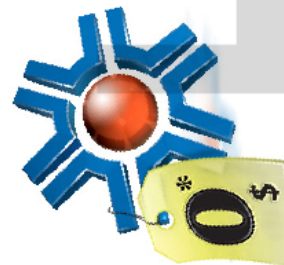
servicing customers well and adding  
[supplementary service elements] to  
the [core product]





es

serving customers well and adding  
[supplementary service elements] to  
the [core product]





free of charge or charged separately



# marketing of services

and  
h

stand-a  
possible

S

stand-alone services, therefore is possible to target NEW customers



# VV customers





# distinctive marketing challenges

when customer rents  
goods rather than buying  
them, what happens?



therefore marketing management  
tasks in manufacturing sector and

# distinctive marketing

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therefore marketing management  
tasks in manufacturing sector and  
service differ





EXPECTATIONS

A photograph of a man from the chest up, wearing a white t-shirt. He is pointing with both hands towards the text on his shirt. The text is printed in a bold, black, sans-serif font. The background is plain white.

**Expectations only  
lead to  
disappointment**



is rather than buying  
n, what happens?



therefore marketing management  
tasks in manufacturing sector and  
service differ

Most service products cannot  
be inventoried

Intangible elements usually

Intangible elements usually  
dominate value creation

Services are often difficult to

Services are often difficult to visualize and understand

Customers may be involved

Customers may be involved  
in co-production

People may be part of the

People may be part of the  
service experience

Operational inputs and

Operational inputs and  
outputs tend to vary more  
widely

The time factor often

The time factor often  
assumes great importance

Distribution may take place



Distribution may take place  
through nonphysical  
channels

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Inangible elements usually dominate value creation

Services are often difficult to visualize and understand

Customers may be involved in co-production

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Operational inputs and outputs tend to vary more widely

The time factor often assumes great importance

Distribution may take place through nonphysical channels

1. What are the implications for customers?
2. What are the marketing related tasks?
3. Do these individual differences apply equally to all services?

pr

place and time

# marketing mix

environment

products elements

productivity and quality

place and time

price



## marketing mix

process

physical environment

promotion and education

people