

Definition of a Service: Any act or performance offered that is essentially intangible and does not result in ownership of any thing.

~from Prof. B. Engelland, Mississippi State University)

You're Dealing With a Service When ...

	Example
☆ Production and consumption are hard to separate	⇒ Travel, investments
☆ Intangibles form a large part of what is being purchased	⇒ Insurance, consulting
☆ There's no change of ownership – customers typically rent a service, rather than owning it	⇒ Loan, hotel room
☆ A sale that does not happen today cannot be recovered in the future – services are perishable	⇒ Empty seat in a theatre, lost interest on a mortgage
☆ Customers must evaluate the purchase decision with few tangibles to go on	⇒ Health care
☆ Output quality is variable and depends on the performance of individuals	⇒ Hair styling, interior decorating
☆ Manner of dress, body language and expressed language form part of the brand experience	⇒ Air travel, retail banking
☆ Cycle of purchase is repeated through “rental” payments – no smooth movement through the consumption cycle, and frequent “moments of truth”	⇒ Health club, anti-virus software, weight-loss groups
☆ Employees behavior and knowledge is central to delivery and quality	⇒ Financial planning
☆ The memories of the experience may be as important as the experience itself	⇒ Vacation travel, theme parks
☆ There are high degrees of customer contact during production	⇒ Health care, massage services
☆ Competing offerings may differ in how much of the work of production is shifted to the customer	⇒ Online brokerage vs. full service; self-service vs. full service gasoline
☆ Suppliers assume real economic risks by accepting a given customer – some interested customers must be rejected	⇒ Credit cards, insurance, auditing services
☆ Customers assume real economic risks by choosing a given supplier	⇒ Mutual funds, home insurance
☆ Buyers of services are usually referred to as customers, clients or users	⇒ Financial services, software, legal services