

# LOCATIONAL FLEXIBILITY IN PRODUCTION AND CONSUMPTION OF INSEPARABLE SERVICES

**Long term flexibility in production**



Flexibility in consumption		
	<i>Low</i>	<i>High</i>
<i>Low</i>	Hospital Care	Tourist attractions
<i>High</i>	Banking	Hairdressing

# CLASSIFICATION BY LOCATION

- Location May be irrelevant

(eg. Car breakdown, Household Repairs....services performed where customer is)

- Concentrated Service

(eg. Software Park)

- Dispersed

(Depend on nature of demand and services required )

# SERVICE CHANNEL DEVELOPMENT

- Independent Service Channel

- Combined Service Channel

1. Combination by Acquisition

2. Combination through Concessions

3. Combination through a tie in agreement

# METHODS OF DISTRIBUTION SERVICES

- Direct Sales Method
- Some of the best examples of distribution channels in marketing are direct sales, which enable you to contact customers and prospects, without using an intermediary. Direct sales involve personal visits, mail order and online solicitation such as newsletters and email subscription. It gives you complete control over how you present your offers and the prices you can offer to your customers. Direct interaction means direct feedback, which lets you adjust your marketing strategy accordingly.

- Agents or Referrals
- Using an agent or a referral is one of the best examples that channels of distribution are different for different products. Let's say that you make a living as a marketing guru who attends conferences and training sessions. However, you may not enjoy the marketing effort it takes to gain profitable clients. You can take advantage of professional agents whose job is to find work that matches your talents. These agents would take a commission off the work you book, and can even keep your name relevant within the industry through marketing. You can also take advantage of referrals through industry professionals. For example, if you're a wedding planner, you could establish a referral program with a wedding photographer or a wedding gown boutique in which you offer cross-promotions that benefit both your service businesses.

# INNOVATION IN METHODS

- Distribution Through Publication
- Many service customers have become used to the proliferation of publications that provides them with exactly what they need. In an on-demand world, for example, you can deliver your service through a blog that amplifies and explains various services that you offer, a website that not only sells your service but also offers written and visual content that answers questions and concerns related to your service, or an e-book that customers can order directly online. Keeping in mind that channels of distribution are different for different products, you may choose to monetize your publications or offer them as an incentive for your customers to buy a service. For example, if you own a customer-relationship management software company, you may choose to offer a specialized white paper about customer service marketing that prospects can download off your website. Once they download that white paper, you could offer a discount for them to purchase your software, or offer a free 7-day trial.

# VIRTUAL SERVICE DISTRIBUTION

- One of the newest examples of distribution channels in marketing is offering virtual service. For example, a sales consultant could offer his services through a combination of phone, email, or video conferences that would make use of software available on cloud platforms. Remote service delivery is also available to artists and writers who create content on a freelance basis. For example, if you're a website content writer, you can create content for clients and deliver them on platforms such as Basecamp, which enable you to post content and maintain milestones without ever having to speak to your clients. By exclusively distributing your services online, you can save the costs of owning an office that requires a monthly rental payment for space.

# RENTAL SERVICES

- In Industrial markets it is now possible to rent or lease items like cars, lorries, plant and equipment, aircraft, containers, office equipment of all kinds, uniforms, overalls, towels and so forth. In consumer markets too flats, homes, furniture and TV, sports goods, tents, tools, paintings, films, videos and social companions are amongst the range of items available for rental.

# GROWTH OF FRANCHISING

- The other recent trend in distribution of services is that of franchising. Franchising is the granting of rights to another person or institution to exploit a trade name, trade mark or product in return for a lump-sum payment or a royalty. Franchise is characterised by the following features: a) Ownership by one person of a name, an idea, a secret process or specialised piece of equipment and the goodwill associated with it. b) The grant of a licence by that person to another permitting the exploitation of such name, idea process or equipment and the goodwill associated his rights. c) The inclusion in the licence agreement of regulations relating to operation of the business in the conduct of which the licensee exploits his rights. d) The payment by the licensee of a royalty or some other consideration for the rights that are obtaine

# QUASI RETAILING

- The quasi-retail outlets, sell services rather than goods, like Place and Promotion Decisio – Hairdressers – Amusement arcades – Travel Agents – Employment agencies – Car hire agencies – Hotels – Restaurants – Driving Schools Arguments against Quasi-Retailing are that they can push up property values. Also they may create dead frontages which discourage window shopping. Some service outlets may be closed on peak shopping days (e.g. banks on Saturday) and too many quasi-retail outlets in a centre can reduce the range of conventional retail store choice, if the quasi retail establishments are closed or otherwise.

# SERVICE INTEGRATION

- The growth of franchising outlined in the previous section is a manifestation of another phenomenon in the service sector – integration. Integrated corporate systems and integrated contractual systems are developing and beginning to dominate in certain fields.
- In travel and tourism the service systems link two or more service industries like airlines, hotels, motels, car rental, tour buses, restaurants, seat booking agencies, leisure and recreation sites, ski resorts, shipping lines and so on. Some large service organizations now control the complete ‘package’ offered to the tourist or holiday maker through control over horizontal and vertical service channel systems. Integration so often thought of only in manufacturing systems is an important feature of many modern service systems too.

