

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्ति उत्थान आश्रम लखीसराय बिहार

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### INTERNAL TRADE

Class XI Business Studies

Chapter 4 Business Services

Revision Notes

#### Goods

- A good is a physical product capable of being delivered to a purchaser and involves the transfer of ownership from seller to customer

#### Services

- Services are those separately identifiable, essentially intangible activities that provides satisfaction of wants, and are not necessarily linked to the sale of a product or another service

#### Nature of Services



#### 1. Intangibility

- They cannot be touched. They are experiential in nature
- Quality of the offer can often not be determined before consumption
- Service providers should consciously work on creating a desired service so that the customer undergoes a favourable experience

#### 2. Inconsistency

- There is no standard tangible product, services have to be performed exclusively each time.
- Different customers have different demands and expectations.
- Service providers need to have an opportunity to alter their offer to closely meet the requirements of the customers.

### 3. Inseparability

- Simultaneous activity of production and consumption makes the production and consumption of services seem to be inseparable
- Services have to be consumed as and when they are produced.
- Service providers may design a substitute for the person by using appropriate technology but the interaction with the customer remains a key feature of services.

### 4. Inventory

- Services cannot be stored for a future use. That is, services are perishable and providers can, at best, store some associated goods but not the service itself.
- This means that the demand and supply needs to be managed as the service has to be performed as and when the customer asks for it.
- They cannot be performed earlier to be consumed at a later date.

### 5. Involvement

- Characteristic of service is the participation of the customer in the service delivery process.
- A customer has the opportunity to get the services modified according to specific requirements

### Difference Between Goods and Services

Basis	Services	Goods
Nature	An activity or process. e.g., watching a movie in a cinema hall	A physical object. e.g., video cassette of movie
Type	Heterogeneous	Homogenous
Intangibility	Intangible e.g., doctor treatment	Tangible e.g., medicine
Inconsistency	Different customers having different demands e.g., mobile services	Different customers getting standardised demands fulfilled. e.g., mobile phones
Inseparability	Simultaneous production and consumption. e.g., eating ice-cream in a restaurant	Separation of production and consumption. e.g., purchasing ice cream from a store
Inventory	Cannot be kept in stock. e.g., experience of a train journey	Can be kept in stock. e.g., train journey ticket
Involvement	Participation of customers at the time of service delivery. e.g., self-service in a fast food joint	Involvement at the time of delivery not possible. e.g., manufacturing a vehicle