

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्ति उत्थान आश्रम लखीसराय बिहार

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### BUSINESS SERVICES

#### Difference between Services and Goods

From the above, it is clear that the two main differentiating characteristics of services and goods are non-transferability of ownership and presence of both provider as well as consumer. While goods are produced, services are performed. A service is an act which cannot be taken home. What we can take home is the effect of the services. And as the services are sold at the consumption point, there are no inventories. On the basis of above features, we can have following points of distinction between goods and services.

#### Difference between Services and Goods

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	Homogeneous
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

#### TYPES OF SERVICES

When speaking of the service sector, services can be classified into three broad categories, viz., business services, social services and personal services. These have been explained in the following pages.

**(i) Business Services:** Business services are those services which are used by business enterprises for the conduct of their activities. For example, banking, insurance, transportation, warehousing and communication services.

**(ii) Social Services:** Social services are those services that are generally provided voluntarily in pursuit of certain social goals. These social goals may be to improve the standard of living for weaker sections of society, to provide educational services to their children, or to provide health care and hygienic conditions in slum areas. These services are usually provided voluntarily but for some consideration to cover their costs. For example, health care and education services provided by certain Non-government organizations (NGOs) and government agencies.

**(iii) Personal Services:** Personal services are those services which are experienced differently by different customers. These services cannot be consistent in nature. They will differ depending upon the service provider. They will also depend upon customer's preferences and demands. For example, tourism, recreational services, restaurants. In the context of better understanding of the business world, we will be limiting our further discussions to the first category of the service sector i.e., business services.