

Business Excellence in Service Marketing- Indian Perspective

Durga Prasad Bera

Global Institute of Science & Technology

ABSTRACT

Service is the work of dealing with customers or payment for this work. Service are benefits which are sold to customers or clients such as transport and education.

A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of any thing. Its production may or may Not be tied to a physical product.

Marketing of services is going importance day by day. As the Indian economy booms , Corporate travel is on the rise and India's attraction as a tourism destination is flourishing. Simultaneously, the hospitality industry that is a major player in the services sector is innovating with renewed vigor, embracing change and moving up the value chain.

Service industries are quite varied. Government offers services through courts, employment exchange, hospitals, military services, police and fire departments. Postal services, buses, trains and school –college-universities. Private non-profit organizations offer services through museums, charities, churches, colleges, hospitals etc. Many business organizations like airlines, banks, hotels, insurance companies, entertainment

companies, advertising agencies, legal consultants, medical practices, motion picture companies , plumbing repairing companies and real estate firm are in the service business.

The service industry has been growing during the recent past due to various reasons.

Factors like increasing income levels, increasing affluence, desire to use leisure time, availability of credit cards and credit facilities, increasing availability of new products and gadgets etc. have contributed to the growth of service industries.

Example: mobile phone service, cable TV Service, Internet browser service etc.

Key words: Service, Economy, Business, and Value-Chain.

Introduction of the Study

Services marketing typically refers to both business to consumer (B2C) and business to business (B2B) services, and includes marketing of services such as telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services. A services any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of any thing. Its production may or may not be tied to a physical product.

Services are the work of dealing with customers or payment for this work. Services are benefits, which are sold to customers or clients such as transport and education.

Services are just as real as physical product and may, in fact, be closely tied to the sale of a product but they are essentially different in that services do not entail the permanent ownership of any tangible object on the part of the buyers.

Service marketing is a sub field of marketing which covers the marketing of both goods and services. Goods marketing include the marketing of last moving consumer goods (FMCG) and durables. Services marketing typically (B2B) services. Common examples of service marketing are found in telecommunications, air travel, health care, financial services , all types of hospitality services, car rental services and professional services , construction, trade , hotel , transport , storage and social services.

Difference between Goods and Services

Given below are the fundamental differences between physical goods and services:

Goods	Services
A physical commodity	A process or activity
Tangible	Intangible
Homogenous	Heterogeneous
Production and distribution are separation from their consumption	Production, distribution and consumption are simultaneous processes
Can be stored	Cannot be stored
Transfer of ownership is possible	Transfer of ownership is not possible

Characteristics of Service

There are five important characteristics:

(a) **Intangibility:**

Services are intangibles, which cannot be seen, tested, felt, heard or smelt before the purchase is made. For example, before staying in a hotel room, the customer cannot know the quality of services. Before traveling in a bus or by an airline, we cannot understand its quality and reliability.

(b) **Inseparability:**

Services cannot be separated from their provider-seller. Therefore, buyer cannot become owner of services. Stay in a hotel room or travel in a bus or train cannot be separated from the provider of such services.

(c) **Heterogeneity:**

Services are always heterogeneous. There can be variations in the services provider. The quality of services depends on who provides them as well as when , where and how they are provided.

Since the human element is very much involved in providing and rendering services, variations are normal and standardization is very difficult to achieve.

(d) **Perish ability :**

Services are perishable. They service so long as its effect is realized. Most of the Services cannot be stored for future sale or use and hence are perishable. If the services of a doctor or a lawyer are not used by needy customers ,they cannot be stored up for future one.

(e) **Ownership:**

Usually there is no transfer of ownership of anything in a service. There is no transfer of any tangible object as in product marketing. The buyer of services does not become the owner of anything like in the case of buying a car, TV etc in product marketing.

Trends in service sector

Services are economic activities, rather than tangible products, offered by one party to another. Rendering a service to recipients, objects or other assets depends on a time-sensitive performance to bring about the desired result. In exchange for money , time and effort , service customers expect value from access to goods , labor , professional skills , facilities , networks and systems but they do not normally take ownership of any of the physical elements involved.

The various sectors that combine together to constitute service industry are :

- ✓ Trade
- ✓ Hotels and restaurants
- ✓ Railways
- ✓ Other transport and storage
- ✓ Communication (postal, telecom)
- ✓ Banking
- ✓ Insurance
- ✓ Dwelling, real estate
- ✓ Business service
- ✓ Public administration: defence
- ✓ Personal services
- ✓ Community services
- ✓ Other services.

History of Service Marketing

Services marketing are a relatively new phenomenon in the domain of marketing. It gained importance as a discipline towards the end of the 20th century. Services marketing first came into force in the 1980s when there was debate of whether the marketing of services was significantly different from that of products, and whether it should be classified as a separate discipline. Prior to this, services were considered as an aid to the production and marketing of goods, and were not deemed as having separate relevance on their own.

The 1980s saw a shift in this thinking. As the service sector started to grow in importance in post-industrial societies and emerged as a significant employer and contributor to those nations' GDPs, academia and marketing practitioners began to look at the marketing of services in a new light. Empirical research was conducted which brought to light the specific distinguishing characteristics of services.

By the mid 1990s, services marketing was firmly entrenched as a significant sub-discipline of marketing with its own empirical

research and data, growing significance in the increasingly service sector dominated economies of the new millennium. New areas of study in the field opened up and were the subject of extensive empirical research. This gave rise to concepts such as the product-service spectrum, relationship marketing, franchising of services, customer retention, and others.

Human aspect of service marketing

Due to the increasing homogeneity in product offerings, the attendant services provided are emerging as a key differentiator in the mind of the consumers. In case of two fast food chains serving a similar product, it is the service quality that distinguishes the two brands from each other, rather than the product. Marketers are able leverage their service offering to differentiate them from the competition and attract consumers.

Relationship is a key factor when it comes to the marketing of services. Since the product is intangible, a large part of the customers' buying decision will depend on the degree to which he trusts the seller. Hence, the need to listen to the needs of the customer, to fulfill them through the appropriate service offering and to build a long lasting relationship is important because it would lead to repeat sales and positive word of mouth.

Since services are usually generated and consumed at the same time, they involve the customer in service delivery process by taking into consideration his expectations and feedback. Thus, they offer a greater scope for customization according to customer requirements, which increase satisfaction, leading to higher customer retention.

Reasons for the Growth of service sector

The growth of service industries can be traced to the economic development of society and the socio-cultural changes that have accompanied it. Sometimes the growth of a specific service industry is the result of a combination of several reasons.

The major reasons for the growth of service industries are given below:

(a) Increasing affluence:

Higher income levels have provided increased disposable income for people.

This has generated greater demand for services like interior decoration, laundry, care of household products such as carpets , care of garden , plumbing , electrical repairs etc.

(b) More leisure time:

The desire to use leisure time for leisure has led to greater demand for recreation and entertainment facilities, travel resorts, adult education and self-improvement.

(c) Higher percentage of women in labour force:

This has created demand for day care centers, crèches, baby-sitting, household domestic help, etc.

(d) Greater life expectancy :

Improvement in life expectancy has generated great demand for nursing homes, health clubs and healthcare services.

(e) Greater complexity of products:

This has led to greater demand for skilled specialists to provide maintenance for complex products like air conditioners, cars and home computers.

(f) Increasing complexity of life:

This has led to the demand for specialists in income tax, labour laws, legal affairs, marriage counseling, event management and employment services.

(g) Greater concern about ecology and resource scarcity:

This has created greater demand for purchased or leased services, car rental, travel , resort to time sharing rather than ownership basis.

(h) Increasing number of new products:

Proliferation of new products, especially computer-sparked development of programming, software development, Business Process Outsourcing(BPO) have grown due to this reason.

However, the study of marketing environment has revealed that there are a number of factors responsible for growth of services sector as under:

Environmental reasons or trends	Services required
Increasing affluence	Greater demand for services such as interior decoration, laundry , care of household products such as carpets , care of garden , etc
More leisure time	Greater demand for recreation and entertainment facilities, travel resorts , adult education and self-improvement courses.
Higher percentage of women in the lab our force	Greater demand for crèches, baby sitting, household domestic help.
Greater life expectancy	Greater demand for nursing homes and health care services.
Greater complexity products	Greater demand for skilled specialists to provide maintenance for complex products such as air conditioners, cars ,home computers.
Increasing complexity of life	Greater demand for specialists in income-tax, labour laws , legal affairs , marriage counseling, employment services.
Greater concern about ecology and resource scarcity	Greater demand for purchased or leased services, car rentals , travel , resort to time-sharing rather than ownership.
Increasing number of new products	The computer-sparked development of such service industries as programming, repair and time sharing.

The 7 P's of services marketing

The 7 P's of service marketing are as under:

(a) Product:

In case of services, the product is intangible, heterogeneous and perishable. Moreover, its production and consumption are inseparable. Hence, there is scope for Customizing the offering as per customer requirements and the actual customer encounter therefore assumes particular significance. However, too much customization would compromise the standard delivery of the service and adversely affect its quality. hence particular care has to be taken in designing the service offering.

(b) Pricing:

Pricing of services is much tough than pricing of goods. While the latter can be priced easily by taking into account the raw materials costs. In the case of services, attendant costs - such as labor

and overhead costs also need to be factored in. the final price for the service is then arrived at by including a mark up for an adequate profit margin.

(c) Place:

Since service delivery is concurrent with its production and cannot be stored or transported, the location of the service product is important. service providers have to give special thought to where the service will be provided. Thus , a Holyday resort is better situated in the countryside away from the rush and noise of a city.

(d) Promotion:

Since a service offering can be easily replicated, promotion becomes crucial in differentiating a service offering in the mind of the consumer. Thus, service providers offering identical services such as airlines or banks and insurance companies invest much in advertising their services. This is crucial in attracting customers in a segment where the services providers have nearly identical offerings.

The above four are product mix.

The final three elements of the services marketing mix are people , process and Physical evidence –an unique to the marketing of services.

(e) People:

People are an important factor in a service delivery process, since a service is inseparable from the person providing it. Thus, a restaurant is known as much for its food as for the service provided by its staff. The same is true of in case of banks and departments stores. Consequently, customer service training for staff has become a top priority for many organizations today.

(f) Process:

The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Therefore, most companies have a service blueprint which provides the details of the service delivery process , often going down to even defining the service script and the greeting phrases to be used by the service staff.

(g) Physical evidence:

Since services are intangible in nature. most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience. Thus, there are beauty parlors that have well designed waiting areas often with magazines and daily newspapers for patrons to read and relax while they await their turn. Similarly, restaurants invest much in their interior design and decorations to offer a tangible and unique experience to their guests.

Service delivery process

The service delivery process consists of providing steps or procedures that would be followed to complete the service. People complete the processes or machines handles by people. Further, whether customer comes to the provider (hotels, airlines, restaurants, beauticians, etc) or provider comes to the customer (teacher, artists , etc) and whether customer is served individually (beautician) or served in batches (teacher , restaurant) , the nature of service process would be decided accordingly. When there is limited seating capacity, the question of reservation and queing could be separately taken up.

Finally, physical facilities have to be located for carrying out the actual service delivery process. At each stage of the process, service providers:

- i) Deliver value through all elements of the marketing mix process,
- ii) Physical evidence and people enhance services.
- iii) Feedback can be taken and the mix can be altered.
- iv) Customers are retained and other services or products are extended and marked to them.
- v) The process itself can be tailored to the needs of different individuals, experiencing

a similar service at the same time.

v). Processes essentially have inputs, throughputs and outputs (or outcomes).

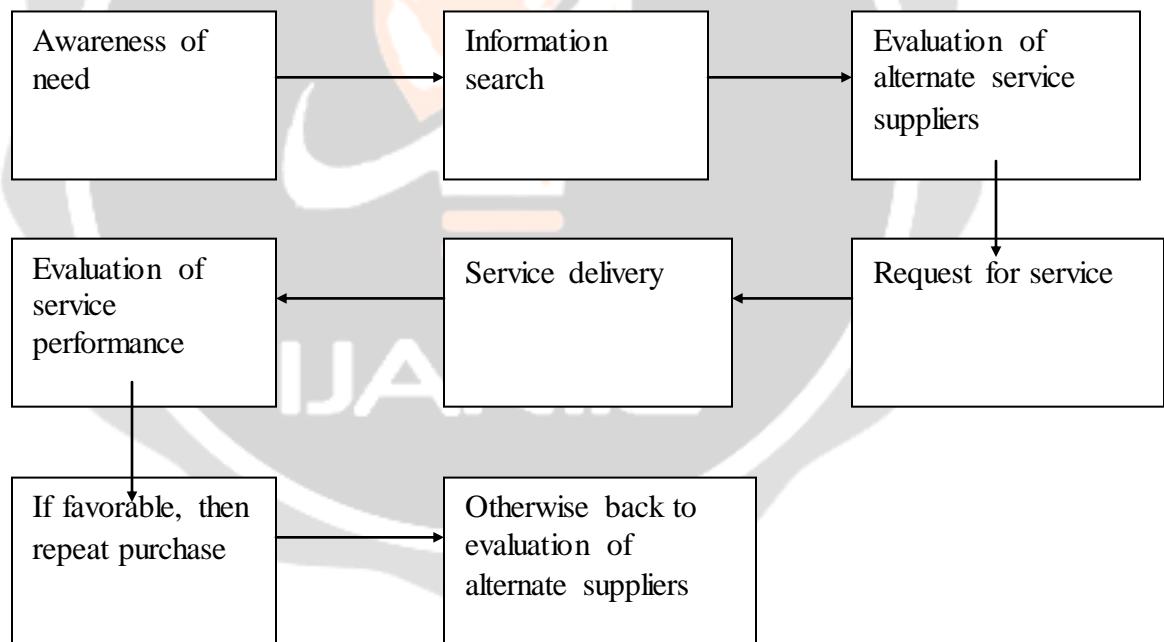
Service marketing process

- i) Organizing marketing planning
- ii) Analyzing marketing opportunities
- iii) Selection of target market
- iv) Developing marketing mix
- v) Managing marketing effort

Role of technology in service process

- i) Easy accessibility of service
- ii) New ways to deliver service
- iii) Close link with customers
- iv) Higher level of service
- v) Global reach of service
- vi) Cost rationalization

Purchase process for service



Service characteristics and dimensions

Service characteristics	Dimensions
The nature of the service act a. Nature of service act b. What or who is recipient of service	Nature of service act
Relationship with customer a. Nature of service delivery b. Type of relationship between service organization and its customers.	Nature of service delivery
Customization and judgment in service delivery a. Amount of judgment exercised by customer contact staff. b. Extent to which service characteristics are customized.	Judgment by customer contact staff
Nature of demand and supply for services a. Extent to which supply is constrained. b. Extent of demand fluctuations over time.	Peak demand often
Method of service delivery a. Nature of customer service organization interaction b. Availability of service outlets	Interaction

Reasons for customer switching of service providers

A customer may switch off service providing due to the following reasons:

- (a) **Pricing**
High, unfair, deceptive prices
- (b) **Inconvenience**
Locations, timings , waiting
- (c) **Core service failure**
Mistakes, less care
- (d) **Service encounter failure**
Impolite, uncaring, unresponsive
- (e) **Response to failure**
Negative response, no response , reluctant response
- (f) **Competition**
Found better service
- (g) **Ethical problems**
Cheating, unsafe, hard sell
- (h) **Involuntary switching**
Customer moving to new location, provider closing.

Causes for unsuccessful delivery of services

The following model identifies five gaps that causes unsuccessful delivery of service:

- (a) Gap between consumer expectation and management perception. In many cases the company management does not understand the requirements and wants of its customers.
- (b) Gap between management perception and service quality specification.

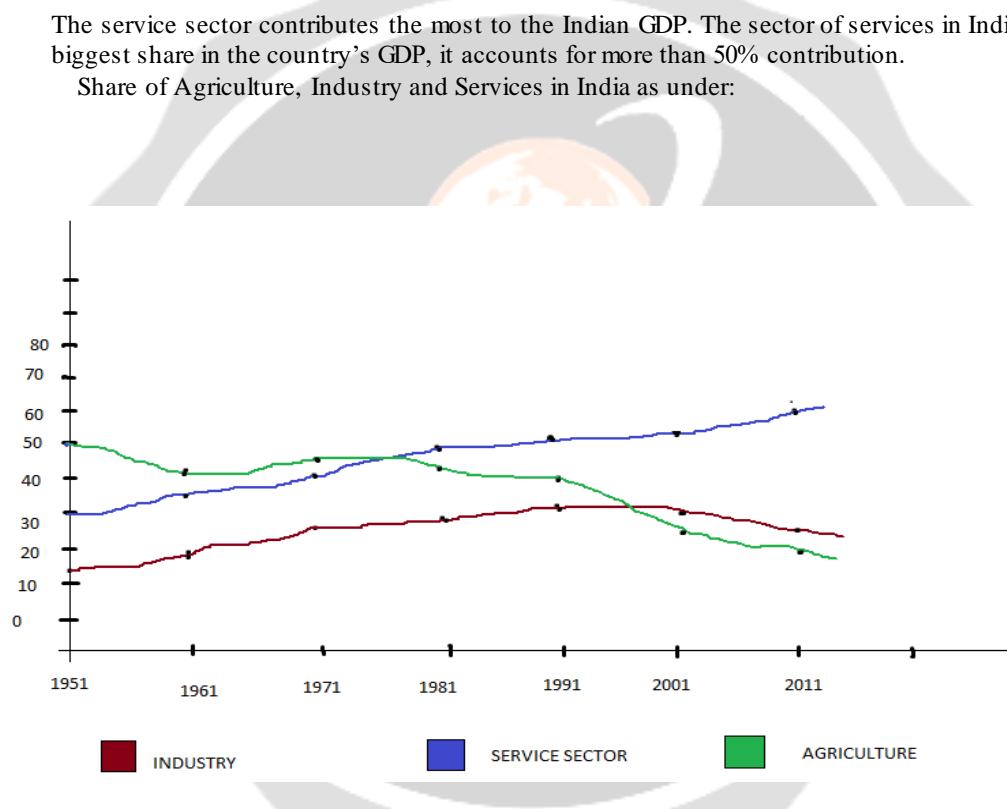
Sometimes the management may correctly perceive customers' wants but fails to set a performance standard.

- (c) Gap between service quality specifications and service delivery.
The employees may be poorly trained, incapable or unwilling to meet the standards.
- (d) Gap between service delivery and external communications. Advertisements and propaganda by company salesmen create certain expectations about the service delivery among consumers. If the actual experience does not match the expected, the consumers will feel cheated.
- (e) Gap between perceived service and expected service. This gap occurs when the consumer misperceives the service quality.

Indian perspective of Service Marketing

The service sector contributes the most to the Indian GDP. The sector of services in India has the biggest share in the country's GDP, it accounts for more than 50% contribution.

Share of Agriculture, Industry and Services in India as under:



While the share of services in India's GDP has risen over much of the post independence period, there was a marked acceleration in the trend in the early 1990s. The service sector then grew at an average rate of 10% a year in 2006-2011 as compared to 7.5 % in the 1990 and 8.5% during 2000-2008 and faster than the economy as a whole. Services contributed two-third of GDP growth during this period, constituted a large and increasing share in India. It also provided employment for an increasingly large percentage of Indian labour force. Services accounted fully 60% of GDP in fiscal year 2012..