

Service Marketing (MCM390)

Evolution and Growth:

→ A Service is an act or performance offered by one party to another. Services are economic activities which create value and provide benefits for customers.

* Services are intangible activities which may be separately identified or tied to a physical product.

* However, the performance of a service is essentially intangible. It does not normally result in transfer of ownership as in case of products.

* Of late, business organisations have been making innovations efforts to market the various services offered by them. In services generating organisations like banks, insurance companies.

* Hotels, transport companies etc.

* Applications of marketing principles have been become imperatives for their growth and success.

* Marketers plan, promote and render services to customers of clients.

* So, Service marketing focuses on selling the service to the satisfaction of such customers.

* Service marketing is primarily concerned with a scientific and planned management of services.

* It makes possible synchronisation of the interests of the services providers as well as the users.

For example:

⇒ A life insurance company basically sells the service of protection that would be acceptable to the potential buyers and yield profits to the company.

* Banks make available to the customers savings, investments and credit facilities. The transport companies offer to their customers.

* By and large, all the services generating organisation offer services to their practice marketing for accomplishing the organisational Goals.

Evolution and the Growth of service sector:

* With the advent of industrial revolution in the eighteenth century, dramatic changes took place in production. Consequently, service sectors, namely financial structure, transportation and

Table 1.1 reveals the significant
Sector over the manufacturing SA

Countries	Percentage of GDP Manufacturing	Services
USA	21	24
Japan.	29	98
UK	32	69
Australia	22	72
Canada	24	70
India	29	47

economy now. While agriculture and Industry are growing at a slower rate, the service sector is growing more rapidly.

* The contribution of services to the gross Domestic product has increased from 36 percent in 1980-81 to 44 percent in 1997-98. During 1997-98, the share of agriculture and Industry was just 24 percent and 98.

* During 1997-98, the share of Agriculture and Industry was just 24 per cent and 32 percent respectively. In 1999-2000, the share of service

Figure 1.1 shows a wide coverage of activities undertaken by the service sectors in India.

Coverage of Services

Traditional Services

Modern Services

New Generative Services

Traditional Services:

- * Utilities like Electricity and water supply
- * Transport services - rail, road air etc.
- * Communication Services - post, Telephone, Broad casting, Telecasting etc.
- * Educational Service
- * Legal Services
- * Accountancy Services
- * Medical Services
- * Insurance, banking etc
- * Financial Service - stock Brokerage leasing etc
- * Food, Leisure and recreation Services - restaurants, hotels, catering, fast food joints etc

* Distributive trade in retailing

* Hospitality Service - tourism, hotels, transport

Modern Services :

* Travel Agency

* Real Estate

* Advertising

* Public relations

* Market research

* Physical Fitness, Health clubs

* Car rental service

* Courier service

* Credit cards.

New Generation Services :

* Business Services

* Recruitment Services

* Computer Software Solutions

* Computer maintenance

* Management consultancy

* Management Training

* Computer Training

* Value added Telecom Services

* Radio Paging

* Cellular phone

* Fax

* E-mail

* Internet

* V-Sat

* Video conferencing

* E-commerce

* Cosmetic surgery.

→ The design of the physical lay out of facilities where the service is delivered (service design),

→ Setting and surrounding in which service is delivered (service setting)

→ Blue printing to understand the totality of a service as a process.

→ Finding the links between customer needs and design elements.

→ Service encounter, where the consumer and procedure meet in order to offer more benefits to consumer.

Reason for the Growth of the service sector:

The service sector has increased dramatically in importance only in the last decade. Deregulation of services, growing competition, fluctuations in demand and the application of new technologies have stimulated the growth of the service sector.

* Banks,

* Housing societies,

* Insurance companies,

* Professional service providers such as Accountant

* Lawyers,

* Airlines

* Retailers

Principles in the service sector.

(ii) surveying about stage (1980-85)

- * Having realised the importance of application of modern marketing principles in service organisations, adequate attention was paid to the crucial issues of managing quality in service operations

- * Zeithaml, Berry and Parasuraman developed a pioneering model known as 'Gaps Models' for service quality.

- * This model explained the importance of assessment of quality in services.

- * Marketing mix (Price, place, promotion, People, process, and physical evidence)

- * The study of characteristics of services (Intangibility, inseparability, heterogeneity)

(iii) working erect stage - 1986 on wards:

- * The period subsequent to 1986 is identified as working erect stage. During this period, the difference between product

* Telecommunication companies etc.

The reasons for the growth of the service sector may be analysed under the following headings:

* Demographic changes

* Economic changes

* Social changes

* Political changes & Legal changes

* Technological changes.

Demographic changes:

⇒ Demographic factors are related to population. There is a general increase in the population and increased life expectancy, etc., now in India.

⇒ Rise in life expectancy has resulted in the population increase of senior citizens

⇒ Their growing numbers have paved the way for the growth:

* Old age homes.

* Health care centres.

* Nursing.

* Tourism and

* Hospitality services.

⇒ A push from rural areas to urban areas has led to the development of new towns

Economic Changes:

The economic factors play a crucial role in the development of the service sector. With the advent of globalisation of business, the world has market has greater growth.

- * Advertising Agency
- * Hotel agencies
- * Fast food restaurants
- * Car rental
- * Operate on server
- * Accounting firms

Social Changes:

- * The increased role of women in

* International travel for visiting friends & relatives settled abroad.

Political & legal changes:

* Consumer protection & Environment protection have been strengthened all over the world.

* Regional Interest in the Global trading blocks such as North American Free Trade Agreement (NAFTA).

* European common market

* Association of South East Asian Nation Association South East Asia Nation (ASEAN).

Technological changes:

* Adoption of new technological has improved the quality of service offered by several organisation

* The Integration of computers and tele communication has revolutionised communication sector.

The influence of Internet on the service organisation like:

* Travel

* Banking

* Insurance.

→ These developments have enhanced the service standards by permitting the creation of centralised customer service standards by permitting the creation of centralised customer service departments and replacement of men by machines.

Impact of social Environment on the Growth of Services marketing.

Environmental Trends	Service market
Consumer affluence	Dine-out habits (hotels and restaurants), travel, entertainment, clubs, repairs and servicing, health care, carpet and dry cleaning, domestic services, Banking & Investment, retailing insurance.
More working women	Domestic services, travel nurseries, fast food restaurants, financial services.

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Personnel care services, education services, medicine service, communication service, tourism services, hospitality services, banking service, Insurance services, transportation services, consultation services etc.

optimum utilisation of Resources:

* India is bestowed with the resources. Particularly, the human resources available in India favour the growth of the service sector.

* Moreover, service sector offers

Services, airlines, courier
Service Insurance banking

Greater life expectancy

Hospitals, nursing, homes,

Interment, travel, resorts,

Leisure services, Investment,
Banking.

Youth

Entertainment, leasing, fast

food, travel, picnic resorts,

educational institutes, tutorial
aids, counselling, tutoring.

Corporate world

Hotel, advertising, legal

services, recruitment services, management

counselling, health care, airlines,

travel booking, courier services,

Insurance, banking, marketing
research.

Production Innovation

Repairs and servicing, Training

Education, storage services.

Growing product
complexities

Expert, advice, specialists.

countries, the standard of living in India is far from satisfactory

* Standard of living cannot be improved by offering more opportunities for earnings.

Use of environment - friendly technology:

⇒ Now-a-days almost all services are found Technology - driven. Developed countries are making full use of latest technology while rendering services. Technologies used by generating organisation such as:

- * Banks,
- * Insurance,
- * Companies.
- * Tourism,
- * Hotel services,
- * Communication services &
- * Education services

⇒ Are not detrimental in any way to the environment.

* Political factors

⇒ signal an expansion of the service sector.

⇒ Investment and job generations are four quarters in the service sector compared to manufacturing.

⇒ It is estimated that telicom alone will account for an investment of Rs. 1,50,000 crores in the coming years.

Increasingly the standard of living:

(Adapted from Scholl W.F and Day J.T
"Marketing contemporary concepts and practices")

Significance of service marketing:

- * Proper marketing of services contributes substantially to the process of development

- * If innovation marketing principles are followed in service marketing

The significance of the service economy may be discussed under the following headings:

- * Generation of employment opportunities

- * optimum utilisation of resources

* The evolution of services marketing may also be studied from the view process of risk - known and return.

They have identified the following stages in the evolution of services marketing.

- * The crawling out stage (prior to 1980)
- * The scurrying about stage (1980 - 86)
- * The working Exact stage (From 1986 onwards)

(i) The crawling out stage (prior to 1980);

* The first and foremost stage in the evolution of services marketing is known as crawling out stage.

* During this stage the existence of a distinct body of literature was found imperative in order to solve the problems in the service sector.

* Services marketing