

Service Marketing: Strategy And Challenges In Era Of Globalization

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Abstract: Service is any performance or act that one party offers or provides to another that is intangible and do not result in any ownership. The majorities of the challenges in service marketing arises from the basic characteristics of services like intangibility, heterogeneity, inseparability and perishability and are constantly known as IHIP. These characteristics have been important in the service research for more than two decades. All of these characteristics poses specific challenges and requires explicit strategies. This paper presents a conceptual frame work summarizing the exclusive characteristics of services, the challenges occurs from these characteristics and strategies suggested as appropriate to conquer the issues. Every service organization today are facing the challenges in marketing in global business scenario due to the basic characteristics of services. In spite of the fact that various studies have been conducted in the area of services marketing, there is a great need to further authenticate different models and recommendations due to considerable changes in business environment. Most of the studies focus on comparing differences in buyer characteristics and only few compare how goods and services relate to their markets based on these differences. Even the literature, providing marketing implication arising out of the goods-services distinction and suggesting marketing strategies, suffers from certain drawbacks. The services marketing literature doesn't uncover the most critical problems facing most service firms today. This paper is a pure academic attempt to uncover these critical problems faced by many firm today.

Keywords: Marketing of services, Intangibility, Heterogeneity, Inseparability, Perishability.

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I. INTRODUCTION

Marketing of services is perhaps the most tedious or complicated phenomenon and since services sector in India is gradually gaining ground in the present era of globalized world, service-marketing strategies need to be explored comprehensively. Marketing of services is not as simple as marketing of goods. Services are relatively intangible, produced and consumed simultaneously and often less standardized than goods. In this paper, an attempt is made to develop and identify the basic elements of an optimal service marketing strategy. The entire discussion is studied in three sections. Section - I deals with the basic segments of service sector, which is growing stronger in India, and the unique characteristics of services which have specific marketing implications in the form of challenges. Besides, service marketing, its need and significance are also discussed. Section – II deals with the traditional elements of marketing mix and extended marketing mix. In this Section an optimal service marketing strategy is also defined and an attempt is also made to work out the basic elements of the optimal service marketing strategy. Section - III is devoted to the brief discussion of the scope of Indian services sector against the background of barriers to trade in service. This section also deals with the few implications pertaining to globalization and service marketing strategy.

Objectives of study:

The research has been conducted with the following objectives:

- to study the concept of service marketing in more comprehensive manner.
- to offer a conceptual frame work summarizing the unique characteristics of services
- to offer recommendations for further development of the services marketing concept.

II. LITERATURE REVIEW

Summary of references documenting these differences are given in below Illustration. The fundamental difference universally cited by authors is intangibility. Because services are performances rather than objects, they can not be seen, felt, tasted or touched in the same manner in which goods can be sensed. Intangibility is

the critical goods-services distinction from which all other differences emerge. Inseparability of production and consumption involves the simultaneous production and consumption which characterizes most services. Whereas goods are first produced, then sold and then consumed. Services are first sold, then produced and consumed simultaneously. Since customer must be present during the production of many services (haircut, health services, travel), inseparability “forces the buyer into intimate contact with the production process”. Services could be directly produced and delivered to buyer himself or to the products owned by the buyer. Inseparability also means that the producer and the seller are the same entity, making only direct distribution possible in most cases and causing marketing and production of services to be most interactive. Heterogeneity concerns the potential for high variability in the performance of services. The quality and essence of a service (medical examination, car rental, restaurant, and beauty treatment) can vary from producer to producer, from customer to customer, and from day to day. Heterogeneity in service output is a particular problem for labor intensive services. Many different employees may be in contact with an individual customer, raising a problem of consistency of behavior. Service performance from the same individual may also differ. People’s performance day in and day out fluctuates up and down. The level of consistency that you count on and try to communicate to the consumer is not a certain thing.

Sr. No. and Authors Reference	CHARACTERISTICS			
	INTANGIBILITY	HETEROGENEITY	INSEPARABILITY	PERISHABILITY
1. Zeithamal (1981)	√	√	√	-
2. Lovelock (1981)	√	-	√	-
3. Berry (1975,1980,1983)	√	√	√	√
4. Johnson (1969,1981)	√	√	√	-
5. Kinsely (1979)	√	√	√	√
6. Davidson (1978)	√	√	√	-
7. Carmen & Langeard (1980)	√	√	√	-
8. Booms & Bitner (1981,1982)	√		√	-
9. Shostack (1977)	√	√	√	-
10. Fisk (1981)	√	-	-	-
11. Gronroos (1977, 1978, 1979)	√	-	√	-
12. Bell (1981)	√	√	-	√
13. Sasser (1976)	√	√	√	√
14. Uhl & Upah (1980)	√	√	√	√
15. Langeard et al (1981)	√	√	√	-

III. RESEARCH METHODOLOGY

This study is entirely based on secondary data collected from different sources. The data are generated by responsible authorities of the departments and published research by various researchers provided on their site/reports. Apart from these, data has been taken from different Books, Journals, Research Papers and other print media. The present study was undertaken to understand the challenges of service marketing in today’s global competitive business environment.

Meaning of Services

During past decades services have increasingly assumed an important role in Indian economy. Ever since this trend was set in the nineties, services have gained dominance with the globalization. The competition simultaneously in service organization is becoming intense and severe. As a result these organizations have to have a more professional approach to manage their business. Defining service is quite a complicated phenomenon. Various researches have been defining it over the last four decades. On a simplistic note one can say that services are activities or benefits that one party can offer to another and these are essentially intangible and do not result in the ownership of anything. Hence services are different from goods.

Various Segments of Services

In short, today one can find a large variety of services being offered in the market by service providers. The services are extremely heterogeneous and varied. GATS (General Agreement on Trade in Services) identified as many as 155 services and classified them in the following 11 major categories. 1. Business Services 2. Communication 3. Constructions and Engineering 4. Distribution 5. Education 6. Environment 7. Finance 8. Health 9. Tourism 10. Recreation 11. Transport Market researches have also proposed their classification of services which not only demonstrate the diversity of services but also helps in analysis of services as evident from Table-1 and it also calls for service marketers to adopt appropriate marketing strategies. Since there exist the spectrum of services the marketing challenges are obviously complex.

Reasons for the Growth of Service Sector

It is evident from the development history of every nation that growth of service sector is axiomatic. Some of the factors responsible are as follows:

1. Affluence: The increase in per capita income (from 1.8% in 1951 to 5.9% in 2004 is) an indicator of the increase in general affluence level. This increase in affluence has given rise to services like pest control, personal security, interior designer etc.
2. Life Expectancy: The health programs have significantly contributed to an increase in life expectancy, giving rise to services like old age homes, health care etc.
3. Leisure Time: People do get some time to travel an holiday and therefore there is a need for travel agencies, resorts, hotels and entertainment therefore.
4. Working Wives: As more and more women have started working, the need for day care for children has increased, and so is the case with packed food and home money.
5. Life's Complexity: As the daily routine gets busier, individuals find it difficult to manage things on their own. This leads to an obvious need for tax consultants, legal advisors, property advisors, etc.
6. Product Complexity: A large number of products are now being purchased in households which can be serviced only by specialized persons like water purifiers, microwave ovens, home computers, etc., giving rise to the need for services like 'after sales service' agents for durable, maintenance service providers etc.
7. New Products: The development in information technology has given rise to services like PCO, Pager service providers, web Shoppe etc. It is implied from above that services are largely provided by human beings, are varied and diverse and unlike in the manufacturing sector where production, distributions and consumption are separate activities, in service sector these three are simultaneous processes.
8. Resource Scarcity And Ecology: As the natural resources are depleting and need for conservation is increasing, we have seen the coming up of service providers like pollution control agencies, car pools, water management etc.

Indian Service Sector

It is the economic history of the world that during the process of development, the share of service sector in national income increases. As a matter of fact, the share of service sector in gross domestic product has risen from 40% in 1947 to the current level of 70% in the developed world. These are presently called 'Service Economies' rather than "Industrial Economies". Today service industries generate over 2/3rd of GNP and employment in developed countries. One of the areas recommended in the meetings of WTO has been liberalization in trade-in services. The sectoral composition of national income showing highest share of services, in prominent countries of the world.

The European union continues to be the largest exporter of commercial services with 40% of all services trade. Asia's share of world services exports reached 21 % in 2012 with Japan and China producing 5% and 2% of world trade in services respectively. India's place in the globalization of services is clear from the fact that in 2000-2010, India's total services trade was estimated at about \$ 30 billion. In 2011-2012, the share of Services in the country's GDP was 49% up from the 46.2% recorded in 2000-2001 and it increased up to 56% in the year of 2012-13.

The huge prominent segments of service sector in India are:

1. IT sector (IT software and services)
2. Entertainment services
3. Health services
4. Traditional Indian System of Medicine
5. Education

IV. CONCLUSION

On the basis of the above discussion, it is concluded that in the present era of globalization, service marketing strategy is quite complex and needs restructuring. Besides, India needs to develop specific services like legal services, accounting, architecture and design, construction and engineering, tourism and educational and training services on professional/ managerial lines which are consistent with the elements of optimal service marketing strategy. We must therefore employ technologies that reduce transaction costs and establish a more streamlined cost structure along with global access and competitiveness. So we should focus on new segments of service sector such as traditional Indian system of medicine, education management consultancy and fashion outsourcing.

Services have five unique characteristics that are not found in goods, i.e. intangibility, inseparability, variability, perishability and ownership. The intangibility characteristic of services seems to be the leading one in the definition of services. These unique characteristics create frequent challenges for service marketers to draw new customers and hold current customers. The service marketing triangle and the service mix are but two concepts used to address the challenges of service marketing. The service marketing triangle focuses on three marketing processes that need to be successfully carried out to ensure service success. The success of services relies on the success of the communication between service providers and customers. Customers distinguish services in terms of service quality, customer satisfaction and value. Very few organizations have succeeded without taking customer needs into concern. Individual customers have individual expectations of services. From the customers' point of view the interaction with the service provider is the most vivid impression they have of the service quality therefore the initial communication of customers with the service employees can be decisive for the organization in any repeat purchase and in achieving a reputation for better quality.

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