“SERVICE MARKETING AT PRESENT ERA - A STUDY”

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ABSTRACT:

Service marketing refers to the application of a different set of strategies or tactics to anticipate the consumer’s need for an invisible product. And thus, meet their requirements accordingly, to create higher value for them from their purchase. Services are very different from goods or tangible products, and so is its marketing needs. The general marketing strategies may not apply to the marketing of invisible products. In the service industry, customization of the product offering becomes essential as compared to that of the manufacturing industry. The customer’s needs, perception and requirements are given significance while carrying out the business operations in as a service provider.

KEY WORDS: Negative publicity, service, market surveys, organization, performance, transportation, tangibility.

1. INTRODUCTION:

Service is a one-take action, i.e., it cannot be restored, redone, replaced or exchanged. It is invisible and irreversible; thus, it needs to be perfect and well-delivered at the first time itself. An organization, therefore, requires trained and experienced personnel to provide services because a lousy consumer experience may lead to negative publicity, which affects the brand name and equity. In the service industry, the process plays an important role. The process here refers to the steps involved in availing the service by the consumer. An organization must keep a watch over each of these steps. It must ensure humbleness, honesty and sincerity of the personnel involved in the interaction with the consumers, while the execution of each of these steps. The consumers prefer prompt services without any interruption. Therefore, the rate with which the service is provided is considered as a parameter for efficient service. It is also responsible for the selection of one service provider over the other, by the consumers.

2. SCOPE OF THE STUDY:

The scope of the study is confined to service marketing at present era is selected. The study is limited to service industries as a whole. The study concentrated on identifying and analysis of service marketing. Secondary data is used for study and analysis.

3. OBJECTIVES:

1) To identify different types of service markets.
2) To analyze the present service marketing.
3) To study multiple uses of service markets.
4. CLASSIFICATION OF SERVICE MARKETING:

A. Consumer Service Marketing –


Additionally, also learn about the other classifications of service marketing:


B. On the Basis of Service Tangibility –

C. On the Basis of Skills and Expertise Required –
1. Professional Service Marketing 2. Non-Professional Service Marketing

D. On the Basis of the Business Orientation of the Service Provider –
1. Commercial Organization 2. Non-Profit Organization

E. On the Basis of the Types of End Users –

Classification of Service Marketing:

Customer Service Marketing and Industrial Service Marketing:

Classification of Service Marketing –
On the Basis of Degree of Involvement of the Customer, Service Tangibility, Skills and Expertise Required, and a Few Others We shall now distinguish between the various types or classes of services. Different types of services need different marketing strategies.

I. On the Basis of Degree of Involvement of the Customer:
This category is based on the degree of involvement of the customer.
1. People Processing- The customer has to be present at the place of delivery to experience or consume the service, like a training workshop, a dance class, health care, etc.
2. Possession Processing- Even if the customer’s presence is not required, his possession or property needs to be deposited for service, like car servicing/repair, TV/VCD repair, laundry, courier service, etc.
3. Mental Stimulus Processing- In this case the customer’s mental attention is required, if not physical presence, in order to experience services like career counselling, advertising, consultation and education services, etc.
4. Information Processing- In this case, data, information, knowledge are gathered and analyzed for clients, like research studies, market surveys, data processing, accounting, legal services, programming, etc.
II. On the Basis of Service Tangibility:
Here the degree of tangibility (the tangibility spectrum) has been taken into consideration with the same number of classes.
1. Highly Tangible- The service includes physical products (highly tangible) for use during the contract period, like a cell phone or a house on rent.
2. Services Linked to Tangible Goods- These are the guarantee or warranty periods, during which the sellers provide free or subsidized services to the customer, like machines, vehicles, gadgets, etc.
3. Tangible Goods Linked to Services- Here some physical goods are given to the customer as part of a service, like food with a train/air ticket, hotel accommodation which includes morning breakfast, etc.
4. Highly Invisible- Here, no products are offered as part of the services, like haircuts, body massage, movie, etc.

III. On the Basis of Skills and Expertise Required:
The basis of the level of skills required to render a set of services, as-
1. Professional (High Skill) Service Marketing – These services require a higher level of qualification and training to provide services, like doctors, lawyers, pilots, IT professionals, etc.
2. Non-Professional (Low Skill) Service Marketing – These services don’t require any special prerequisites in skills, and can be performed by anybody with some practice, like office security guards, babysitters, courier delivery boys, etc.

IV. On the Basis of the Business Orientation of the Service Provider:
This kind of service marketing depends on the business style or orientation (objective, purpose, aim) of the organization, as-
1. Commercial Organizations (Profit Oriented) – The main objective here is to make a profit by providing service. They strive to do all that is required to earn profits by keeping the customers satisfied.
2. Non-profit Organizations (Service Oriented) – The main objective here is to serve the target clientele, without any motive to earn any profit. Of course money is needed for running such an organization, and that is obtained from public donations, trust funds, or government aid. This category includes government bodies and also non-profit-no-loss (cost to cost) organizations. Schools, NGOs, welfare societies, disaster relief organizations, etc. are examples.

V. On the Basis of the Types of End Users:
Service marketing can be classified by the type of consumers who consume them.
1. Consumer Service Marketing (B2C) – This is between the service provider (the company) and the individual customer for his personal consumption like medical treatment, fitness services.
2. Business to Business Service Marketing (B2B) – This is between two companies, like one company hiring another, to do market research for it.
3. Industrial Service Marketing – This is the case where a manufacturing company buys services from a service provider like supply, erection, commissioning, and maintenance of the plant and machinery.
Classification of Service Marketing –

Two Major Classification: Consumer Service Marketing and Industrial Service Marketing: Service Marketing can be classified according to the market to which they are offered-

1. Consumer Service Marketing:
In the modern society, we come across many types of services sold to the consumer.

We will describe briefly most important services:

a. Food Services:
Restaurants, cafeterias and hotels are offering food services to numerous individuals and families who have firmly developed the habit of eating out. Small eating places offer simple and cheaper meals. Five Star hotels offer elegant and costly food but with superb services and royal comforts.

Increasing tourism has also boosted the development of hotel industry. Then, we have also caterers who specialize in supplying food and service for dinners and parties at our residences on ceremonial occasions.

b. Hotels and Motels:
Lakhs of people every day use lodging and boarding services all over the country. Tourism is growing and hotels and motels are growing in numbers every year. Modern hotels provide luxurious life to travelers and tourist population. Tourism is now considered a source of foreign exchange in all countries. Modern hotels provide numerous amenities, comforts and refined services.

Hotel industry is thriving only on the customer services and satisfaction. Each customer is regarded as a VIP and there is a firm belief that the guest is always right. Customer delight is given top priority.

c. Personal Care Services:
Rising standards of living brought about development in the personal care services (helping a customer to be well groomed). These services are offered by health and fitness centers, beauty parlours, barber shops, laundries, dry cleaners, garment repair shops, shoe-repair shops, and so on.

Health and fitness organizations are growing in importance and popularity in all countries due to ever-increasing demand for improving individual personality and efficiency. In the anti-fat modern culture and life-style, figure-consciousness and weight-reduction (due to fatness) have assumed unique importance. People have money and are prepared to spend money on themselves.

d. Car Service Firms (Garages):
Lakhs of car owners are dependent on car service organizations. Petrol pumps sell both goods and services. They are now called service stations for mechanical road transport. There are also numerous garages and repair shops specializing in repairs and maintenance for cars, trucks, motor cycles and scooters.

e. Entertainment Services: Rising purchasing power and more leisure time are responsible for the steady growth of entertainment services. Movies, sports, amusement parks, circuses, car racing, cricket, billiards, music, dancing and drama are such popular forms of organized entertainment today.
f. Transport Services:
Railways, buses, ships, and aeroplane provide transport services for moving people and goods. Fastest growth has taken place in air transport. A person can have round-the-world trip just in one fortnight. Air transport has become very popular in international tourism.

g. Communication Services:
We have now at our disposal latest means of communication such as telephone, fax, telex, internet, mobile phones, courier and postal services. Now we have radio, television and also satellite communications all over the world. Within a few minutes we can talk on phone with any person in Europe and America through satellite communication system.

h. Insurance Services:
Insurance gives protection against risk, e.g., accident, fire, death, theft, sickness, unemployment and so on. People can save for their children’s education, daughters’ marriage, or for their retirement. Security of life and property provided by insurance gives us freedom from anxiety, and peace of mind.

I. Financial Services:
Many consumers require the services of banks for financing their purchases of durable goods usually through instalment sales. In foreign countries there is even easy house financing through bank loans. Home-owning is made easy with the help of mortgage loans. Modern high standard of living has become a reality for masses due to customer-oriented marketing approach adopted by banks, particularly after 1950.

2. Industrial Service Marketing:
In the industrial market, many services are offered to facilitate the process of production, finance and marketing. Manufacturers, wholesalers and retailers also sell some services along with the sale of goods. They also buy many services in the conduct of their business. There are also specialized service firms selling their services to industry.

a. Financial Services:
Banks, investment companies, accounting firms, financial institutions offer numerous financial services to business concerns. Finance is the life-blood of business. Long-term finance is required for fixed capital. Short-term finance is required for working capital. Merchant banking services are required for promoting new enterprises and floatation and marketing of new capital issues.
Investment companies guide business about the purchase of shares, bond and property to ensure sound investment portfolio. Accounting firms help in the maintenance of accounts, planning for profit, taxation and auditing of annual accounts.

b. Insurance Services:
Risk of loss in business is inevitable. Business risks are numerous. Many of them cannot be eliminated or avoided. But they can certainly be transferred or shifted. Insurance companies enable businesses to transfer many business risks conveniently.

c. Transport and Warehousing Services:
Marketers need these services for physical distribution of commodities. Flow of goods in the process of marketing is facilitated through transport and warehousing services. Transport provides equalization of supplies of physical products place wise, whereas warehousing assures equalization of supplies time wise. These two wings of physical distribution offer maximum customer service and satisfaction.
d. Engineering Services:
There are specialized engineering firms to help businesses in the formulation and planning of new projects, designing and constructing of plant and buildings, installation of special equipment and its maintenance.

e. Advertising and Promotion Services:
Advertising agencies are specialized institutions for selling their services in all forms of marketing communications. They act as marketing research agents for their principals. They help marketers in the preparation of promotion mix and the campaign for advertising and sales promotion.

f. Office Services:
Business firms can buy a variety of office services. There are firms to sell cyclostyling and duplicating services. Some concerns are prepared to supply temporary office personnel, such as typists, filing clerks, stenographers and secretaries. Some firms specialize in providing office cleaning services and security services.

g. Management Consultancy Services:
Consultancy service firms offer numerous services to business concerns. They offer expert advice to top management on all managerial problems of production, finance, marketing, personnel and office administration. A consultant specializes in a particular branch of business and sells his ideas, plans and solutions on any business problem.

Classification of Service Marketing – Classification by Industry, Target Market Effect, Skill Level of Service Provider, Labour Intensity and Degree of Customer Contact

Various attempts have been made for classification of service marketing of which some as guides with diversity of firms in the service sector. Five schemes bases presented to classify services in ways that provide strategic insights for allowing firms to outperform in competition. Noted marketing author Christopher Lovelock, provides following classification schemes.

Thus classification of service marketing can also be done on following basis:

1. Classification by Industry;
2. Classification by target market effect;
3. Skill level of service provider (both professional & nonprofessional);
4. Labour intensity (people – based/ equipment-based);
5. Degree of customer contact.

1. Classification by Industry:
   a. Entertainment
   b. Education
   c. Telecom
   d. Finance & Insurance
   e. Transportation
   f. Public utilities
   g. Govt. services
   h. Health
   i. Hospitality industry
   j. Business services
   k. Trading
   l. Telecommunication
2. Classification by Target Market Effect:
(Based on degree of customer involvement – Lovelock)
a. People Processing- Services aimed at physical care e.g. Health care, Clinics, Restaurants, Hospitals, Hair Salons, Fitness Centre.
b. Mental stimulus processing- services aimed at mind of the consumer e.g. Education, Entertainment, Psychotherapy, and Reiki.
c. Possession Processing- Service aimed at physical possession & tangible assets e.g. Repair & maintenance, Laundry, Repair services, Landscaping, House cleaning etc.
d. Information processing- Service for invisible assets e.g. Banking, Legal consultation. Brokerage, Financial service.

3. Skill Level of Service Provider:
   a. Teacher
   b. Doctor
   c. C.A.
   d. Engineer
   e. Artist

4. Labour Intensive:
   a. Mechanic
   b. Electrician
   c. Plumbing
   d. Labour
   e. Artisan

5. Degree of Customer Contact:
   a. High degree- TV Channels, Mobile etc.
   b. Moderate- Teacher, Barber.
   c. Low degree- Priest, Doctor etc.

Marketing of industrial goods services & marketing of consumer goods services:

1. Marketing of Industrial Goods Services:
Industrial goods refer to the goods which are finished goods of an industry and used as input in some other industry.
Goods used for resale or in rendering services.

Hence industrial goods are intended for use:
   a. In making other goods.
   b. In conducting business.
   c. In providing benefit.
There are six categories of industrial goods:

i. Raw material,
ii. Installations,
iii. Accessory Equipment,
iv. Supplies,
v. Components & Materials
vi. Services.

I. Raw Material:
Raw material are goods that become part of the product but, have not undergone any further processing than what is needed for safe, convenient, economical transport and handling. Two types of raw materials- a. Farm products- e.g. vegetables, fruits, eggs, etc. b. Natural products- e.g. Lumber, fish, oil, minerals etc.

II. Installations:
Items which are expended, depleted or worn out during the years of use and does not become part of the final product are installations. Two classes of installations are- a) Buildings & land rights, b) Major equipment’s e.g. tractor, generators, computing services.

III. Accessory Equipment:
Accessory Equipment’s, like Installations do not become part of product but are cheaper than installation & are short lived e.g. writers, cash registers, stationary, desks, small power tools.

IV. Supplies:
Supplies are short lived, low priced items which are used for operating purpose and does not have much significance like installations they are called ‘convenience goods’ in industrial market. There are three categories of supplies- a) Maintaining b) Repair c) Operating supplies

V. Components & Materials:
Directly related with the product & become part of the product. Components & material requires more processing than raw material.

VI. Services:
Invisible, non-physical offerings that are valuable in supporting the operations of a firm. For example, security services, legal consultation, engineering services etc.

Industrial goods, required but are demanded, with following Principle factors which acts like motivators- 1) Cost 2) Product quality 3) Safety 4) After sales services 5) Reliability of seller 6) Terms of sale 7) Speedy delivery 8) Healthy relationship.

2. Marketing of Consumer Goods Services:
Consumer goods is defined in simplest terms as “consumer goods are goods which are consumed by end user” which includes product and services.

This is final product and classified in 3 categories:

i. Classification based on products life and rate of consumption.
ii. Traditional classification.
iii. “Characteristic of goods” theory.
I. First classification further classifies goods in three following categories:
   a. Durable goods tangible, physical goods which have extended period of use, e.g. T.V., Fridge, Automobiles etc.
   b. Non-durable goods – short lived because of high consumption after purchases but are physical, tangible. It includes soap, food, paper, shoes etc.
   c. Services are invisible products or activities, benefits, satisfaction & behavior which are for sale, e.g. auto repairs, hair salon, entertainment.

II. Characteristics of Goods Theory:
This theory is advanced by Leo. V. Aspinwall. It’s an attempt to make the assumptions about convenience, shopping and specialty goods more explicit and more exact.
This is a useful and slight expansion of traditional four-way classification of goods, but is still limited as a pragmatic marketing tool.

Classification of Service Marketing – Consumer Service Marketing and Industrial Service Marketing Service Marketing can basically be classified according to the market in which they are sold.

That is:
1. Services sold in the consumer market and
2. Services sold in the business or industrial market

However, it must be remembered that many services like financial service, insurance, transportation and communication services are sold to both the markets. As such they have been included only in the consumer services and have not been repeated in the industrial services.

1. Consumer Service Marketing:
In the modern day world, dominated by effluence and a highly consumerist approach, where material things and comfort are on a high priority of people, the following are some of the services offered to the consumer market.

(a) Food Services:
Restaurants, hotels, cafeterias, dhabas, coffee shops, sandwich bars etc. offer food services to a consumer base that is growing every day. All these provide food service. The service experience differs in each of these depending upon the ambience of each.

(b) Hotels and Motels:
With growing affluence comes the desire for entertainment and travel. Today, we see a large number of hotels right from the glamorous seven star hotels in the metropolitan cities to the smaller motels in the suburbs. The hotel industry offers not just a stay but a number of facilities like conference hall, health club, beauty salon, sports club etc. depending upon the level of the hotel.

(c) Personal Care Services:
These include the services offered by beauty parlours, naturopathy centres, massage parlours, health and fitness centres etc. Due to the increased standard of living and a growing self-awareness, people have become more health, beauty and physique conscious and this has led to an explosion of centres offering ‘Personal Care Services’ all over the country.

(d) Medical and Surgical Services:
As with all other professions, the medical profession too has seen a massive development in recent times. Many states of art medical centres that provide all kinds of services, right from consultation to diagnosis, operation to
post-operative care and rehabilitation have mushroomed. Specialization is on the rise and we have specialists today on every small anatomical aspect of the human body.

(e) Educational Services:
Gone are the days when a ‘Student’ was merely someone who came to acquire knowledge. Today he is a customer to be satisfied by the education and educational facilities offered by the educational institution. With the growing number of foreign and private educational institutions, getting admission to an Institution of your choice is merely a matter of paying the right amount of money.

(f) Household Services:
With the increasing standard of living and affluence of people, we have an increasing number of household service providers. Organizations today provide maids, baby sitters, gardeners etc. for households.

(g) Automobile Services (Garages):
Today we have a number of two-wheeler and four wheeler vehicle service centres. These centres today not only provide the service of repair and maintenance of the vehicle but also provide the service of pick and drop of the vehicle from the residence of the owner. They also remind the owner about when the next servicing is due.

(h) Entertainment Services:
Rising purchasing power and more leisure time are responsible for the growing entertainment needs of the society. Today we have many amusement parks, water parks, theatres and multiplexes. Theme parties, fashion shows, dances and Gazal nights are also on a rise. Virtually every five-star hotel today has a disco. Sports, entertainment and gaming parks too are on the rise. The number of entertainment options available is increasing day-by-day and so is the number of services being offered by them.

(i) Transport Services:
Railways, roadways, airways and waterways provide transport facilities for the movement of both goods and people. Today we can see a massive improvement in the road and air facilities. The Golden Quadrilateral Project, linking the four major metropolitan cities in India is underway. A number of flyovers can be seen in the metropolitan cities.

The BOLT (Build, Operate, Lease and Transfer) system has helped the Indian government in the development of its roads. Similarly, the entrance of private airlines has led to a development of Indian airways. With the increase in competition, air travel has become cheaper and affordable to a growing number of people. A further reduction in air travel fares and increase in the number of people travelling by air will be seen in the near future.

(j) Communication Services:
The greatest advancements have been seen in communication services. Especially with the advent of IT, traditional means of communication like mail and telephone have been replaced by mobile phones, e-mail, chat and SMS (short message service). Through the satellite communication system, the whole world has become accessible within a matter of seconds and the click of/a few buttons.

(k) Insurance Services:
Insurance gives us security and protection against risk to self and property. Today we have a number of private players in this sector and hence insurance services too are witnessing a high level of competition. This is very advantageous to the consumer as he benefits in the form of high level of service and lowering premium rates.
(I) Financial Services:
Today we have a number of banks and financial agencies all willing to provide financial services to the consumers. Right from helping him invest funds to providing housing and car finance, to providing ATM and 24-hour banking services. Internet banking is the name of the game today and all banking transactions can be performed right from the consumer’s office or residence.

(m) Personal Security Services:
Today in India even though affluence and standard of living is increasing there is still a very strong divide between the haves and the have-nots. This has resulted in an increasing demand for personal security of the lives and possessions of the haves and as such has led to the establishment and growth of personal security services providers. This not only includes the providers of security guards and watchmen but also the providers of home security alarm systems.

2. Industrial Service Marketing:
In the industrial market a number of services are offered that facilitate the production, finance, distribution and marketing of goods.

Some of these are as under:
(a) Engineering Services:
Engineering firms undertake a variety of essential industrial services. These are specialized concerns that help businesses in the formulation and planning of new projects, designing and construction of plant and buildings, installation of special equipment and its maintenance.

(b) Warehousing Services:
Warehousing services are essential to hold stocks from the time that they are manufactured to the time that they are consumed. Manufacturers and marketers should have their own warehousing facilities. However, there are various government and private warehouses that hire out their services to manufacturers and marketers requiring the same.

(c) Advertising and Promotion Services:
Advertising is a highly creative and capital intense line. Most manufacturers and marketers depend upon advertising agencies to promote their products. Advertising agencies are specialist institutions that plan, design and place advertisements in various media at the least cost with a professional touch.

(d) Office Services:
Every business today requires an office and office related services. There are many firms today that supply office related services like cyclostyling and duplicating services, supply of temporary office staff, cleaning services and security services.

(e) Management Consultancy Services:
Management consultancy services offer numerous services to business organizations. Such firms offer advice to organizations right from the stage of conception to inception of the firm. Such organizations further advice the top management on the handling of problem areas in all functional areas like production, marketing, finance, personnel, office administration etc. Management consultancy services are a boon to the small and medium firms as, due to the existence of these firms, specialized and professional advice is available to these firms, at a reasonable cost.
(f) **Marketing Research Services:**
In today’s scenario of a cut throat competitive environment, a competitive advantage plays a vital role in the success of a business. This is where market research gains importance. Knowledge about customers, consumers, competitors, suppliers etc., gives a competitive advantage to any firm.

(g) **Manpower Selection and Training:**
The success of any business depends upon the productivity of its human resources. It is very essential to select the right candidate for the right job. Further, continuous training is a must to see that the human resource is working to its maximum capability.

5. **CONCLUSION:**
The above are some of the services that are offered to the industrial customer. However, services like food services, hotel and motels, transportation, communication, financial, insurance and entertainment are offered in both the markets. The employees aim at consumer satisfaction, long-term association and customer retention in interactive marketing. The image of the company is in the hands of the employees. The service industry has immensely evolved in recent years to provide assistance to the manufacturing industry and also contribute to the development of the economy.

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