

# A STUDY ON SCOPE OF SERVICE MARKETING

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## **Abstract:**

Services marketing is marketing based on relationship and value. It may be used to market a service or a product. Marketing a service-base business is different from marketing a product-base business. Services marketing is a specialized branch of marketing. Services marketing emerged as a separate field of study in the early 1980s, following the recognition that the unique characteristics of services required different strategies compared with the marketing of physical goods. The purpose of this paper is to study the concept, scope and challenges and issues in service marketing.

**Keywords:**Service marketing, scope, challenges, process, product.

## **Introduction:**

A service is an intangible product involving a deed, performance, or an effort that cannot be physically possessed. Dominant component is intangible. Includes rental of goods, alteration and repair of goods owned by customers, and personal services.

Major differences between goods and services are: Intangibility, Inventory--over/under booking restaurant capacity, Inseparability--of production and consumption, Inconsistency/Consistency.

Services marketing is a sub-field of marketing, which can be split into the two main areas of goods marketing (which includes the marketing of fast-moving consumer goods (FMCG) and durables) and services marketing. Services marketing typically refer to both businesses to consumer (B2C) and business-to-business (B2B) services, and include 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.

## **Objectives**

- To understand the concept of service marketing
- To analyze the scope of service marketing and
- Study the challenges and issues in service marketing

## **Nature and Definition of services**

The most comprehensive definition of a service has been given by Philip Kotler, who defines a service as an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. It may or may not be tied to a physical product.

Zeithmal and Bitner defines service as 'deeds, processes and performances'. Here, deeds are the actions of the service provider, processes are the steps in the provision of service, and performance is the customer's understanding of how the service has been delivered.

A comprehensive definition of service must include the following element:

- Lack of physical output or construction
- Benefit to the receiver from the service rather than the product offered
- The intangible nature of service
- The possible combination of a service with the production of goods
- Marketing of an idea or a concept

Services are economic activities that bring about a desired change in, or on behalf of, the service recipient, thereby creating value and providing benefits for the customers. Thus, the focus remains on customer satisfaction, just as in goods, but in services, emphasis is on the personal reception of these benefits.

## **Evolution of services as value contributors**

Smith defined the important concept of value generation. In his original theory, he proposed the following schematics.

Thus, he proposed that the production of goods leads to tangible output. This output or the finished product is consumed by the users. Consumption leads to value generation, as the customer's overt or latent needs are satisfied. However, Smith dismissed the contribution of services to the process of value generation. He emphatically stated that the generation of services is unproductive and thus devoid of any value creation.

Today, the services sector is recognized as a crucial field for economic well-being. Consumption of services is essential today. For example, consumption of services such as education, health care, civic services, transport and communication, tourism, etc. Event management and media services involving important sports and cultural events keep billions of people spellbound, generate huge revenue, and add dramatically to the economic growth of the country and states holding such events. Thus, the consumer's focus has shifted largely from more and more consumption of physical goods to greater consumption of services. Indeed, once the basic need is met, consumers seem to seek more

services than goods, and a higher standard of living usually means increased consumption of services rather than higher consumption of goods only.

### **Major Features of Services:**

- Services are intangible in nature
- Inseparability of production and consumption.
- Variability in specification and delivery
- Perishable nature of service
- Lack of ownership
- Change in demand

### **Contribution of the service sector to the economy:**

The usual method adopted by economist to understand the relative importance of various segment of an economy is to divided it into three main sector representing the origin gross domestic product(GDP):

- a) Primary sector: the contribution of this sector comes from fisheries, agriculture, forestry, mining and quarrying and so on. In short, it is predominantly dependent on natural resources. Construction is also included in the primary sector.
- b) Secondary sector: this sector comprises manufacturer and industries. It is mainly depended on the product of the primary sector. as raw materials and produces goods for consumption. The secondary sector provides goods that can be used either by other industry or by end consumer.
- c) Tertiary sector: This is the service sector where the output is not goods or construction but various services that make life comfortable. this sector comprises government (defence, social welfare), financial (investing, broking, insurance, banking), education (school, colleges), health (hospital, spas, gym etc.), and even entertainment (sports, television, cinema, radio) services.

### **Scope of service marketing**

To understand them better, services need to be classified. With this understanding, the services provider should be able to design and apply marketing techniques so as to completely satisfy the customer, and at the same time, increase profits for himself. In addition, marketers need to keep track of the newer services that keep emerging all the time. E-commerce or information via the internet were unthinkable, say, 10 years ago. Services such as office cleaning, window cleaning for multi-story buildings, or baby sitting have emerged as new services in our country over the last few years. Thus, this classification exercise needs to be updated from time to time.

## 1. Classification of services by industry

A standard approach is to classify the services by the industry to which they are linked, as shown below.

Industry	Services
a) Entertainment industry	<ol style="list-style-type: none"> <li>1. Movie/television programmes.</li> <li>2. Amusement and recreation services</li> </ol>
b) Hospitality industry	<ol style="list-style-type: none"> <li>1. Hotels and lodging places</li> <li>2. Restaurants and cafes</li> <li>3. Food catering and event organization</li> </ol>
c) Trading	<ol style="list-style-type: none"> <li>1. Wholesaler</li> <li>2. Retail trade</li> <li>3. Online trade</li> </ol>
d) Finance and insurance	<ol style="list-style-type: none"> <li>1. Loans and advances</li> <li>2. Credit cards</li> <li>3. Banking</li> <li>4. Investment, brokerage and advice</li> <li>5. Real estate</li> <li>6. Consultancy services such as credit rating</li> </ol>
e) Education	<ol style="list-style-type: none"> <li>1. School, colleges, etc.</li> <li>2. Training and consultancy</li> </ol>
f) Transportation	<ol style="list-style-type: none"> <li>1. Air, sea, road and train travel</li> <li>2. Car hire, charter, &amp; leasing</li> <li>3. Goods transport by all means</li> <li>4. Pipelines</li> <li>5. Mail and courier services</li> </ol>
g) Public utilities	<ol style="list-style-type: none"> <li>1. Electricity supply</li> <li>2. Water supply</li> <li>3. Drainage and sewerage</li> <li>4. Garbage collection and disposal</li> </ol>
h) Telecommunication	<ol style="list-style-type: none"> <li>1. Telephone, fax, e-mail</li> <li>2. Data transfer</li> <li>3. Mobile telephones</li> <li>4. Video conferencing</li> </ol>
i) Government services	<ol style="list-style-type: none"> <li>5. Defense</li> </ol>

	6. Police and protection 7. Health and education 8. Foreign relations
j) Health	1. Hospitals and clinics 2. Gymnasium and spa 3. Weight reduction and recuperation programmes 4. De- addition programmes
k) Business services	1. Cleaning 2. Catering 3. Security 4. Training

This type of classification should help us understand customer behavior, and also formulate a set of standard tools or decision that can be applied to the decision -making process.

## **II. Classification of service by target effect:**

- l) Services aimed at physical care such as health care, beauty salons, clinics, gymnasiums, and restaurants
- 1) Services for intangible assets such as banking, legal consultation, accounting, brokering, insurance, and security services.
- 2) Services aimed at the mind of the customer such as education, broadcasting, information, entertainment and amusement.
- 3) Services aimed at physical possessions and tangible assets such as transport, repair and maintenance, cleaning and janitorial, laundry, gardening, and veterinary services.

## **III. Classification of services by customer experience:**

If we look at a broad spectrum of services, we may find that the experience of the customer or the reasons for which services are being sought broadly divided into three categories. This type of classification is important in order to understand the likely buyer behavior and the devices ways and means to influence the buyers.

- 1) Services purchases requiring extensive planning:

This services are usually expensive are not purchased frequently. Customer are willing to spend money and time in order to make the best choice.

- 2) Services dependent on consumer experience:

A visit to gymnasium or spa offering work out, a massage or a sauna bath will be rated by the according to the kind of feeling he or she experienced. Thus customer tend to judge these service by the experience they have had.

3) Services based on trust:

When a patient is operated by a surgeon for appendectomy, he or she would not know whether appendix has actually been removed. The patient is looking for relief, has faith in the specialist judgement, and believes that the doctor has done the right thing.

### **Role of Technology used in service marketing Process**

Technology is influencing the practice of service marketing. It has resulted in tremendous potential for service offerings. It is shaping the field of service enabling both customer and employees to get and provide customized services. The technology has been the basic force behind the service innovation. Automated voice mail, interactive voice response systems, fax machines, ATM's etc., are possible only because of new technology.

The role of technology and physical aids in service delivery system are summarized below:

1. Easy accessibility of service:

Internet based companies find that internet makes offer of new services possible. The well street journal offers an interactive edition where an interactive edition where customers organize the newspaper's content according to their needs. Internet based their bill paying service ensures convenience to the customers while availing services. The "connected car" will allow people to access all kinds of services while on the road. Cars are equipped with map and routing software which direct drivers to specific locations. Accessing the web via cell phones is possible now a day. Thus, technology is a vehicle for delivering existing services in more useful ways.

2. New ways to deliver services:

In addition to providing new service offerings, technology has introduced new ways of providing vehicles for delivering existing services in more convenient ways. It is true to say that technology facilitate basic customer services functions like bill paying, tracking orders, seeking information, etc. The face of customer service has changed with the influx of technology. Before the development of technology every customer services was provided face to face through direct personal interaction between employees and customer. Nowadays, large organization centralist their customer services functions. It is possible by establishing a few large call centers that could be located in the world.

3. Close link with customer:

Financial service companies achieve a close link with their customers by employing the latest technology. Computers are linked into clients' information systems. Companies engaged in goods distribution install order terminals, inventory control terminals of other equipment at their customers' premises.

This provides the client with better service by facilitating an integrated client relationship. Financial companies provide online financial services. They provide various types of services in the basis of online orders which go directly into the information management system without human intervention.

4. Global research of service:

Infusion of technologies in service industry offers enormous scope for reaching out to customers around the globe. The internet is just one big service which knows no boundaries. Information, customer service and transaction can move across countries. The service provider can reach any customer who has access to the web. Technology allows employees of international companies to share information. Technology-based service can be extend to the customers living around the globe.

5. Cost rationalization:

Customer expectation are high because of the excellent service they receive from some companies. They expect high quality of service at reasonable cost. Just as in the manufacturing sector, technology can be used in the service industries. It can replace less skilled people working in frontline service jobs. This substitution reduced the cost of service. For example, automatic car wash and automatic cash dispenser are desired by the customers for their promptness in work. Websites providing answers to specific disease, drug and treatment details are another standing example for cost rationalization.

### **Challenges and issues in services marketing**

Companies that are marketing a product face different challenges compared with those that are promoting a service. If you're transitioning from marketing product to services or vice versa, you have to know and understand these differences to effectively promote and sell. Understanding the different challenges in product and service marketing can help you establish the right approach.

1. Tangibility

A product is tangible, which means that customer can touch and see the product before deciding to make a purchase. Items such as packaging and presentation may compel a customer to purchase a product. Services, on the other hand, are not tangible, which can make them more difficult to promote and sell then a product.

2. Relationship and value

Products tend to fill a customers need or want, so companies can use this to sell a product. A service is more about selling a relationship and the value of the relationship between buyer and seller of the service. For example, a car is something a buyer can touch and see as well as uses. A service, such as lifestyle coaching, for example, is not tangible. A lifestyle coach may be able to assist clients in creating life plan and implementing steps to transform his life into one that the client wants to live, but it is not something tangible that the client can place in his home and look at everyday. Therefore, the client needs to perceive the value of service, which can be harder to get across.

### 3. One versus many

Marketing product tends to involve multiple products that make up the line. For example, cleaning product manufactures tend to market not just one cleaning product. Instead, they have a line of cleaning products to serve the various needs of their customer. Services, on the other hand, typically have a single option. It can be harder to promote and sell the reputation of one single service over the benefits of many different products

### 4. Comparing quality

Measuring the quality of the product is easier than measuring that of service. If a customer buys a cleaning product to clean the kitchen sink and it doesn't do the job, the customer knows the value of the product is zero. On the other hand, it is harder to measure the quality of a service.

### 5. Return factor

If a customer purchases a product and it doesn't work as it is supposed to, the customer can return the product for her money back or at least to receive a store credit. A service is consumed as it is offered, so it lacks the return factor that a product has. Some services providers overcome this by offering money back guarantee.

## **Conclusion:**

Service industries have typically lagged behind manufacturing firms in adopting and using marketing concepts. But, this is now changing. One of the most basic concept in marketing is the marketing mix. The traditional marketing mix is composed of the four P's: product, price, place (distribution) and promotion. The specific nature of services i.e., intangibility, heterogeneity, inseparability and perishability has service marketers to adopt the concept of an expanded marketing mix for services.

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