

## Service Marketing & Strategies therewith

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### Abstract:

A service system is dynamic configuration of people technology organization and shared information that creates and delivers value between the provider and the customer through service. Service is any act or performance that one party offers to another that is essentially intangible and does not result in any ownership. Today almost every service organization is facing the marketing challenges in business environment due to the basic characteristics of services. This paper focuses on the concepts of services marketing in broad manner and identifies the major challenges of services marketing in today's global market place.

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

### Introduction

Today almost all of the challenges in service marketing arise from the basic characteristics of services like intangibility, heterogeneity, inseparability and perishability and are consistently cited as IHIP. These characteristics have been burning issue of service research for more than two decades. A piece of these characteristics poses definite challenges and requires specific strategies. These burning challenges swivel around understanding customer needs and prospect for service, tangibilizing the service offering, dealing with a multitude of people and delivery issues, and keeping promises made to customers. The unique characteristics of services depict difficulties in customer assessment direct to superior unpredictability in operational inputs / outputs and highlight the significance of time factor.

### Defining services:

1. "Activities, benefits and satisfactions, which are offered for sale or are provided in connection with the sale of goods".
2. "Services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience,

amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser".

The life of services marketing has undergone three stages:

- The Crawling Out stage (Pre-1980)
- The Scurrying About stage (1980-1985)
- The Walking Erect stage (1986-today)

### The Crawling Out Stage (Pre-1980)(I):

A period of high risk:

If services marketing proved to have a case, the sub-discipline would grow

If it was shown that services marketing was a mere extension of goods marketing, the discipline would have no solid base and would disappear

The objective:

To prove the right of services marketing to exist.

### The Crawling Out Stage (Pre-1980)(II):

Views of goods-nurtured marketing academics:

"If services marketing becomes a sub-discipline with its own stance, this could challenge the universality of marketing theory and the coherence of marketing as a separate discipline"

"Why do we need to pay special attention to the marketing of services, when they are just

an aid (an important though) to the production and marketing of goods? (Converse, 1921)

Views of service practitioners:

"You cannot market a bank account by applying same rules that are used for the marketing of a can of Campbell's soup"

The logic that services are just like goods resembles the logic that apples are like oranges except for their 'ampleness'.

#### **The Walking Erect Stage (1986-2003)(I):**

The characteristics:

Very little, if any, further discussion is made on whether or not services require a different marketing management approach: the debate is won

The objective:

To conduct empirical research in new areas of inquiry in services marketing.

#### **The Walking Erect Stage (1986-2003)(II):**

The outcome:

The empirical orientation and rigorousness of research on services marketing increase

New areas of inquiry are empirically investigated

- Customer retention
- Relationship marketing
- Green issues in services marketing
- Branding services
- Internationalization of services
- Direct services marketing
- Sponsorship in services
- Franchising in services
- Services marketing is a respected sub-discipline of marketing.

#### **The Perishability of Services:**

It refers to the fact that services cannot be saved, stored, resold or returned.

Difficulties in synchronizing supply and demand for services.

Marketing implications.

Need for developing an as accurate as possible demand forecasting mechanism.

Need for a creative plan for capacity utilization.

Need for the implementation of strategies and

actions to accommodate malcontent customers from non-returnable services.

Criticism to the adequacy of perishability as a line of demarcation between goods and services.

"Under conditions of fierce competition and financial stringency, the impact on profit of unsold stocks is as severe for manufacturers of fast moving consumer goods as it is for the service industry".

#### **Background:**

As per 2008 NASCOM report, Services Sector contribution to Indian economy are 57% of GDP and rapidly increasing. The scale, complexity and interdependence of today's service systems have been driven to an unprecedented level, due to globalization, demographic changes and technology developments. Basic characteristics like intangibility, inseparability, heterogeneity and perishability pose services marketers challenges and issues not faced by goods marketers. Services-marketing-challenges and issues require services-marketing-solutions and strategies developed for goods marketing are often insufficient. This paper offers (a) conceptual frame work summarizing the unique characteristics of services, the challenges stemming from these characteristics and strategies suggested as appropriate to overcome the issues (b) to compare the challenges and strategies cited in literature with those identified during survey (c) to offer recommendations for further development of services marketing concept. Questionnaire was developed to assess the difficulties of unique services, classifying services businesses, identifying business practices and strategies. Survey was conducted in Ghaziabad / Noida to determine (1) the extent to which challenges reported to be associated with services that actually presented problems for sample firm, and (2) the degree to which sample firms used the suggested marketing strategies to overcome these. Each unique characteristic of services leads to specific problems for services marketers and necessitates special strategies

for dealing with them. It emerged from this study that fundamental critical goods-services distinction universally cited is intangibility i.e. services cannot be seen, felt, tasted or touched in the same manner as goods and appropriate strategy need to be applied for resolving related challenges/issues.

#### **Strategies of Services Marketing:**

The two main strategies of services marketing are:

##### **A. Use of the Extended Marketing Mix:**

The 4Ps marketing mix which represents **P**roduct, **P**lace, **P**ricing and **P**romotion, have been most widely employed as a model for product marketing. It shows the company preparing an offer mix of the product and price, with an integrated promotion mix to reach the target consumers through the selected distribution channels. The 4Ps of marketing have been the key areas where marketing managers allocate scarce corporate resources to achieve the business objectives. Services have unique characteristics: intangibility, heterogeneity, inseparability and perishability. To discuss the differences between services and physical products, Booms and Bitner (1981) suggested the extension of the 4Ps framework to include three additional factors:

**P**eople, **P**hysical evidence and **P**rocesses as marketing mix variables for services marketing:

**i.** **People** means to all people directly or indirectly involved in the consumption of a service, example employees or other consumers. Due to the inseparability of production and consumption for services which involves the simultaneous production and consumption of services, service firms depend heavily on the ability of contract employees to deliver the service.

Service providers (such as hair stylists, personal trainers, nurses, counselors and call center personnel) are involved in real time production of the service. They are the "service". Service firms must find ways in

which they can effectively manage the contact employees to ensure that their attitudes and behaviors are conducive to the delivery of service quality. This is especially important in services because employees tend to be variable in their performance, which can lead to variable quality i.e. heterogeneity in the performance of services. This lack of homogeneity in services creates difficulties for the service firms. As delivery of services occurs during interaction between contact employees and customers, attitudes and behaviors of the service providers can significantly affect customers 'perceptions of the service. This is important, because customers' perceptions of service quality and its value can influence customer satisfaction, and in turn, purchase intentions.

**ii.** **Physical evidence** refers to the environment in which the service is assembled and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service. The physical evidence of service includes all the tangible representations of service such as brochures, letterhead, business cards, reports, signage, internet presence and equipment. For example, in the hotel industry, the design, furnishing, lighting, layout and decoration of the hotel as well as the appearance and attitudes of its employees will influence customer perceptions of the service quality and experiences.

Because of the simultaneous production and consumption of most services, the physical facility i.e. its services cape can play an important role in the service experience. As services are intangible, customers are searching for any tangible cues help them understand the nature of the service experience.

The more intangible-dominant a service is, the greater the need to make the service tangible.

**iii.** **Process** is referred to the procedures, mechanisms and flow of activities by which the service is delivered i.e. the service delivery and

operating systems. Because services are performances or actions done for or with the customers, they typically involve a sequence of steps and activities. The combination of these steps constitutes a service process which is evaluated by the customers.

Furthermore, in a service situation customers are likely to have to queue before they can be served and the service delivery itself is likely to take a certain length of waiting time. It helps if marketers ensure that customers understand the process of acquiring a service and the acceptable delivery times. Creating and managing effective service processes are essential tasks for service firms. This is more so due to the perishability of services which means that services cannot be inventoried, stored for reuse or returned. Hotel rooms not occupied and airline seats not purchased cannot be reclaimed. As services are performances that cannot be stored, it is a challenge for service businesses to manage situations of over or under demand. Another distinctive characteristic of the service process that provides evidence to the customer is the standardized or customized approach based on customer's needs and expectations. Since services are created as they are consumed, and because the customer is often involved in the process, there are more opportunities for customizing the service to meet the needs of the customers. The first concerns the extent to which the characteristics of the service and its delivery system lend themselves to the scope of customization; the second relates to the extent of flexibility the contact employees are able to exercise in meeting the needs of the customers.

### **B. Differentiating Your Service:**

Service marketers sometimes complain about the difficulty in differentiating their services. For example, a dentist office might wonder how it can differentiate itself from other dentists. It might be tempting to compete on price, but this often ends up hurting business

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more than helping because competitors will cut prices to match. An alternative to competing on price, is to develop a differentiated offer, delivery, image and/or quality.

**Offer:** An offer can include innovative features. What customers expect is called the primary service package, and to this, you can add a secondary service feature. A coffee shop might offer free internet access and comfortable couches as secondary services.

**Delivery:** A service company can hire and train better people to deliver its service, a more attractive physical environment or design a quicker delivery process.

**Image:** Service companies can also differentiate their image through symbols and branding. If your company is reputable and provides a valued service, use a good logo and symbols to help customer's associate high quality to your services.

**Service Quality:** You can win over the competition by delivering consistently higher-quality services and exceeding customer expectations. These expectations are formed by their past experiences, word of mouth, and the messages you deliver through advertising. If you don't meet or exceed customer expectations, your customers will lose interest in your services.

### **Conclusion:**

The services have become a very important part of world economy. To be successful at services marketing, today's marketer must understand how the very nature of services can control marketing strategy. Services marketing deliver processes and experiences that are intangible to customers at profitable gains to the firm. To enhance the sustenance and survival of services marketing there should be a clear understanding of the strategies so as to overcome the challenges of the internal and the external business environment.

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