

SERVICES MARKETING: ROLE OF SERVICES IN ECONOMY

¹ Anuj Sangwan*

¹ Ph.D. Scholar, School of Studies in Management, Jiwaji University, Gwalior (M.P.)

Abstract

Services lie at the very hub of economic activity in any society. Our welfare and the welfare of our economy are now based on services. Almost all countries of globe look interested in utilizing this sector of the economy. For the developing countries like India, the need of the hour is to assign due weightage to the development of service sector. Most of the challenges in service marketing arise from the basic characteristics of services. These characteristics have been staples of service research. The study highlights the nature and role of services thus marketing managers of service firms can use the study to identify the challenges that are unique to their services and therefore focus on the most critical issues facing them.

Keywords: service sector; characteristics of services; role of services

Introduction

Services are considered as activities, actions and interactions by most researchers (Solomon et al., 1985; Zeithaml & Bitner, 2003; Vargo & Lusch, 2004b). For example, activities such as accountancy, banking and hairdressing are identified as service based. A service is an activity or series of activities of intangible nature that normally, but not necessarily, take place in interaction between the customer and the service employee and/or physical resources or goods and/or system of the service provider, which are provide as solution to customer problems. Business benefit from good service, service skills are crucial for success at all organizational levels. A commitment to using customer service skills ignites a growth process. Consumers buy offerings that produce services rather than purchasing the products or services, which create value. Indeed, from guest's point of view, service is the performance of the organization and its staff. Services can be more widely described as economic activities that create 'added value' and provide benefits for customers. In addition, scholars have found the most frequently cited service characteristics that greatly affect the way it is delivered and its marketing program, which are: intangibility, inseparability, heterogeneity, and perishability. Each of these characteristics poses certain challenges and requires specific strategies. These challenges revolve around understanding customer needs and expectations for service, tangibilizing the service offering, dealing with a myriad of people and delivery issues, and keeping promises made to customers.

Nature of services

Services have a number of unique characteristics that make them different from products. Intangibility was considered the most important characteristic of services (Edgett & Parkinson, 1993; McDougall & Snetsinger, 1990; Vargo & Lusch, 2004b; Zeithaml et al., 1985). This is expressed by the fact that most services/goods distinctions were built on the state of intangibility of offerings (Shostack, 1977). The broad definition of services implies that intangibility is a key determinant of whether an offering is or is not a service. Services are performances or actions rather than objects, they cannot be seen, felt, tasted, or touched in the same manner that we can sense tangible goods. For example, when we buy a detergent powder, we can see, feel, smell and use to check its effectiveness in cleaning clothes. But, when we pay fees for a semester in the university, we are paying for the benefits of deriving knowledge, skills and education which are delivered to us by professors. Teaching is an intangible service. Intangibility presents several marketing challenges. Services cannot be inventoried, and therefore fluctuations in demand are often difficult to manage. It cannot be patented legally, and new service concepts can, therefore, easily be copied by competitors. It cannot be readily displayed or easily communicated to customers, so quality may be difficult for consumers to assess. The actual costs of a 'unit of service' are hard to determine and the price/quality relationship is complex.

Service production and consumption occur simultaneously. Hence, they were perceived as inseparable. Berry (1980, p. 25), states that "simultaneous production and consumption means that the service provider is often physically present when consumption takes place." In most cases a service cannot be separated from the person or firm providing it. A service is provided by a person who possesses a particular skill, by using equipment to handle a tangible product or by allowing access to or use of a physical infrastructure. Services are typically produced and consumed at the same time. The relationship between production and consumption, therefore, dictates that production and marketing are highly integrated processes. The service provider and the client are often physically present when consumption takes place. For example, a nurse has to be physically present to provide the services in hospitals, clinics.

Heterogeneity of services concerns the difficulty in standardizing services (Edgett & Parkinson, 1993). Since services are performances, frequently produced by human beings, no

two services will be precisely alike. The human element is very much involved in providing and rendering services and this makes standardization a very difficult task to achieve. The nurse who gives us complete attention in one visit may behave a little differently in next visit. Services are heterogeneous across time, organizations, and people and as a result, it is very difficult to ensure consistent service quality. Quality actually depends on many factors that cannot be fully controlled by the service supplier, such as the ability of the consumer to articulate his or her needs, the ability and willingness of personnel to satisfy those needs, the presence (or absence) of other customers, and the level of demand for the service. Because of these complicating factors, the service manager cannot always know for sure that the service is being delivered in a manner consistent with what was originally planned and promoted.

Perishability has often been associated with the unavailable option of storing or stockpiling services (Beaven & Scotti, 1990; Edgett & Parkinson, 1993; Vargo & Lusch, 2004a). Perishability refers to the fact that services cannot be saved, stored, resold, or returned. Since services are deeds, performances or acts whose production and consumption takes place simultaneously, they tend to perish in the absence of consumption. Goods can be stored and sold at a later date in the absence of a customer. Services, on the other hand, go waste if they are not consumed. A seat on an airplane, an hour of a professor's time not used cannot be reclaimed and used or resold at a later time. The fact that services cannot typically be returned or resold also implies a need for strong recovery strategies when things do go wrong.

Role of services

There is a growing market for services and increasing dominance of services in economies worldwide. Services are a dominant force in countries around the world. The tremendous growth and economic contributions of the service sector have drawn increasing attention to the issues and problems of service sector industries. There was a time when it was believed that the industrial revolution was the only solution to the problems. Services touch the lives of every person every day whether it is in the field of food services, communication, leisure services, maintenance services, travel, amusement parks, to name only a few. Services are increasingly being used by the corporate as well as the household sector. World War II marked as milestone in the explosive rise of service industries. Throughout the second half of the twentieth century services industries have attained considerable

growth in most western nations. After Green Revolution and Industrial revolution, the next possible popular revolution will be in the field of service sector. In case of services, man is learning to use, exploit and interact with other man-made resources for development. In the present day world the service sector is growing at a phenomenal rate. Today service industries are the source of economic leadership. Many developed countries are now termed as service economy. Raising the standard of living of people through services; service sector may well symbolize the most important revolution of recent times. Service sector creates and expands job opportunities. The new and indeed, the biggest employment opportunities are offered by service industries.

Conclusion

Service sector has significant contribution for income generation and employment creations. In India, service sector is one of the fastest growing sectors today. The service sector dominates the Indian economy today, contributing more than half of our national income. With best jobs, best incomes and best talents, the service sector is now the show case of the Indian Economy. No wonder the service sector will be the biggest driver of new economic growth and profit earning in the new millennium for the world in general as well as for India in particular. As a result, the service organizations, if they have to be successful, have to have a more professional approach to manage their business.

It is utmost important to explore the distinctive features of services, because recognition of these special characteristics will provide insights for enlightened and innovative management. One reason for the poor quality of service levels across different service industries is that managers often tend to solve service marketing problems with tools and techniques that are essentially meant for tangible products. It happens because of inadequate understanding about the nature of services. As our knowledge of the characteristics of services grows, so does our ability to deal with them from both an economic and marketing perspective.

References

Beaven, M.H., & Scotti, D.J. (1990). Service-oriented thinking and its implications for the marketing mix. *Journal of Services Marketing*, 4 (4), 5-19.

Berry, L.L. (1980). Service marketing is different. *Business*, 30 (3), 24-9.

Edgett, S., & Parkinson, S. (1993). Marketing for service industries: A review. *The Service Industries Journal*, 13(3), 19-39.

McDougall, G. H. G., & Snetsinger, D.W. (1990). The intangibility of services: Measurement and competitive perspectives. *Journal of Services Marketing*, 4(4), 27-40.

Shostack, G.L. (1977). Breaking free from product marketing. *Journal of Marketing*, 41(2), 73-80.

Solomon, M.R., Surprenant, C.F., Czepiel, J.A., & Gutman, E.G. (1985). A role theory perspective on dyadic interactions: The service encounter. *Journal of Marketing*, 49 (1), 99-111.

Vargo, S.L., & Lusch, R.F. (2004a). Evolving to a new dominant logic for marketing. *Journal of Marketing*, 68(1), 1-17.

Vargo, S.L., & Lusch, R.F. (2004b). The four service marketing myths: Remnants of a goods-based, manufacturing model. *Journal of Service Research*, 6(5), 324-335.

Zeithaml, V., & Bitner, M.J. (2003). *Services marketing: Integrating customer-focus across the firm* (3rd ed.). New York, NY: McGraw-Hill.

Zeithaml, V.A., Parasuraman, A., & Berry, L.L. (1985). Problems and strategies in service marketing. *Journal of Marketing*, 49(2), 33-46.