

Challenges of Service Marketing in Globalized Environment

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ABSTRACT

Services have become a vital part of the world economy. Over the past decade the role of services marketing has become a prevailing feature in the service industry. A wide definition of services implies that it is originally intangible and comparatively quickly perishable activities whose buying takes place in a process of interaction intended at creating customer satisfaction, but during this interactive consumption it does not always lead to material possession. A service provider has to adjust to ever changing world economy, identify challenges, distinguish among pure services, value-added services, customer services, derived services and suitably address these service sectors.

Keywords: Service Marketing, Globalized Environment

INTRODUCTION

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.

Business dictionary (2014) defined Service marketing as the promotion of economic activities offered by a business to its clients. This might include the process of selling telecommunications, healthcare, financial services, hospitality services etc. It is considered to be a special sub set of marketing because it focuses on how rendering of services can affect both the customer attitude and the marketing strategy. Service marketing includes building public relations, advancing customer loyalty, developing quality of service, handling relationships and complaint management.

Expectedly, service marketing, like every other marketing orientation is influenced by certain factors in a globalized economy. A global market gives firms opportunities to access worldwide resources and expand into many new overseas markets thereby increasing the firm's performance. On the other hand, there are threats posed by an increasing number of competitors and an increase in intensity of competition coupled with higher market uncertainty.

REVIEW OF LITERATURE ON SERVICES MARKETING

The fundamental difference universally cited by authors (e.g., Bateson 1977; Berry 1980; Lovelock 1981; Rathmell 1966, 1974; Shostack 1977a) is intangibility. Because services are performances, rather than objects, they cannot be seen, felt, tasted, or touched in the same manner in which goods can be sensed. Intangibility, according to Bateson (1979) 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 (Regan 1963). Since the customer must be present during the production of many services (haircuts, airplane trips), inseparability "forces the buyer into intimate contact with the production process" (Carmen and Langeard 1980, p. 8). Inseparability also means that the producer and the seller are the same entity, making only direct distribution possible in most cases (Upah 1980) and causing marketing and production to be highly interactive (Gronroos 1978).

Heterogeneity concerns the potential for high variability in the performance of services. The quality and essence of a service (a medical examination, car rental, and restaurant meal) 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" (Langeard et al. 1981, p. 16). 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 can count on and try to communicate to the consumer is not a certain thing" (Knisely 1979a, p. 58).

Perishability means that services cannot be saved (Bessom and Jackson 1975, Thomas 1978). Motel rooms not occupied, airline seats not purchased, and telephone line capacity not used cannot be reclaimed. Because services are performances that cannot be stored, service businesses frequently find it difficult to synchronize supply and demand. Sometimes too much demand exists (a popular restaurant on a Saturday night) and sometimes too little demand exists (an income tax service in the summer).

CHALLENGES OF SERVICE MARKETING GLOBALIZED ENVIRONMENT

Linton (2014) opined that service firms face different challenges than companies that market physical products. Service firms are marketing something intangible that the customer cannot experience until the firm has delivered it. While some aspects of service marketing are similar to those of product marketing, the service sector needs to place special emphasis on adding value, differentiation and specialization.

VALUE

Service value is the extent to which a service is perceived by its customer to meet his or her needs or wants, measured by customer's willingness to pay for it. A service firm must demonstrate value to customers and prospects. Services such as accountancy, computer maintenance and insurance are essential to the efficient day-to-day operations of a business. However, services such as marketing, training or consultancy are more peripheral. Service firms have to demonstrate that those services can add value to the customer's business. Training, for example, can improve the productivity and performance of the workforce. A firm may also need to show that marketing services can improve a company's competitive advantage. Or that consultancy can help a company improve its operations and profitability.

SERVICE DEVELOPMENT

Development costs for service firms are high compared to those of a product company. Service firms cannot keep standard services in stock or take advantage of economies of scale. They must create a new version of a service for each assignment, customized to the needs of individual customers. To create a service, a representative discusses the customer's requirements, prepares a service specification for the customer's approval and brings together the elements needed to deliver the service.

COMPETITION

Competition for service firms is both direct and indirect. Direct competitors include other service businesses offering similar services and manufacturers who provide services that support their products. A firm offering computer maintenance services, for example, faces competition from other maintenance firms as well as the service divisions of computer manufacturers. Service firms also face a form of indirect competition from customers who provide services from their own internal resources. To persuade customers to outsource their operations, service firms must demonstrate that their offering is both superior and cost effective.

DIFFERENTIATION

Customers can only judge the quality of a service when they have used it. They cannot inspect the service in the same way they can examine a product on a shelf. Service firms must therefore find ways to differentiate themselves from competitors. Accreditation with a recognized body is one way of demonstrating professionalism. Firms aim to build their reputation by publishing authoritative articles or speaking at industry seminars. Specialization can also create a point of difference. Firm offering training services, for example, can differentiate itself by focusing on tailored training for a specific sector, such as financial services.

CONCLUSION

Services' marketing is becoming a recognized and accepted subset of the marketing discipline. Given the growth of the service sector in economies throughout the world, and the almost universal belief by scholars working in this area that services marketing is in certain key respects different from goods marketing, the rapid growth of service marketing literature in recent years is not surprising. Services are inherently intangible, inseparable, variable, and perishable. Each of these characteristics creates challenges for marketers and requires particular strategies.

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