

## Innovative Services Marketing

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### Abstract

In this paper an attempt is made to explore the possibilities of managing services and its present status. Further, the paper describes how the services are difficult than marketing of goods with 8P's framework of services marketing and challenges before marketing of services innovatively.

### • Introduction

Service Industry is a “Sun Rice Sector of the Economy, Future belongs to services”. We all are in Marketing of Services. Services form a major portion of our life:

- ✓ Whether we travel by Air, Rail, Taxi, Bus, etc.
- ✓ Ring or communicate a house keeper to up-keep our home.
- ✓ Educates our children
- ✓ Consult to a doctor for check-up.
- ✓ Go to Bank, Hotel, Restaurant, and Motion Picture.
- ✓ Insure your life or a wealth.
- ✓ Ask for repair or maintenance of an automobile.
- ✓ Go to church or foundations, stock market, financial institutions.
- ✓ Ask for Police protection.
- ✓ Go for dry cleaning, or personal care, tax legal advice or barber's shop etc. All are services.

About 50% of our Income is being spent on services like, education, medical, travelling, bank domestic services.

In US service jobs now accounts for 77% of the total employment and 70% of GDP.

In the next 10 years, it is expected that services industry would provide 90% new jobs in US. Similar picture is also found in UK, Germany, Canada and other majority of the western countries.

In India, services sector is fastest growing sector today. It provides more than 55% of the jobs and about 40% export is from service sector. Service sector provides employment with least cost, since most of the services are skill based i.e. Human Capital.

### Success formula in Service Sector

I. Business Performance = Human Performance x Physical Performance.

II. Human Performance = Ability x Attitude x Motivation.

III. Ability = knowledge x Skills.

### • Definition

Broadly Marketing is a process of retaining old customers and finding new customers, or marketing is the

performance, of business activity that direct the flow of goods and services.

**“Services”**: An act or performance that one party offer to another that is essentially intangible. It does not result in anything of ownership. Its production may or may not be tied to a physical product.

Basically Service is a Product

Service is a Support

Service is a Philosophy

Every organisation should see that services quality is to be achieved, then it is to be maintained and after that it can be improved.

- **Categories of Services**

It is difficult to define services, because of its distinct characteristics and nature of different categories of services. There are various categories of services.

- ✓ A Purer Tangible good (No service accompany the product) I.e. Salt.
- ✓ A Tangible good with accompanying minor services i.e. Automobiles – Computers etc.
- ✓ A Hybrid Services i.e. Restaurant.
- ✓ A Major services with accompanying minor goods and services i.e. Air Traveller.
- ✓ A Pure services i.e. Psycho-therapy.

- **Basic Characteristics:**

## **I. Intangibility : “Invisibility”**

Unlike physical products, they cannot be seen, touch, felt, heard, smell before they are brought. i.e. Barber, no ownership or transfer. To reduce uncertainty, buyers will look for signs or evidence of the services quality. Normally, the buyers draw inferences about services quality from the place, people, equipment, communication materials, symbols, price, letter heads, stationary etc. Thus the service provider’s task is to manage the evidence to tangible the intangible.

Suppose a bank wants to be position itself as the fast bank. It could tangible through the following number tools.

- **Place:** Physical setting must indicate quick service. Exterior, interior, should be attractive and clean sophisticated, design, layout etc.
- **Equipment:** Like computers, coping machines, desks “State of Arts”.
- **People:** Busy, sufficient in numbers, well dressed, polite, and friendly.
- **Communication Aids:** Telephone, telex, computer, fax, and internet. (If customer waits in line for more than 5 minutes he will be awarded 1000 rupees).

## **II. Inseparability: “Production & Consumption are Simultaneous”**

Services are produced and consumed simultaneously – doctor conduct check-up and consumer i.e. patient simultaneously consumes it. Hair dresser gives a haircut and the consumer consumes it. Taxi driver drives the car and the consumer consumes it. Thus, they cannot be separated from production and consumption. Training is required.

### III. Perishability: “Not Inventorable”.

Services are go waste if they are not consumed e.g. Hotel Rooms, Seats in movie, Seats in a professors class. This is

like having a running tap in a sink with no plug.

Hence, it becomes very necessary to manage the demand and supply.

Demand Side	Supply Side
<ul style="list-style-type: none"> <li>Differential Pricing</li> <li>Complimentary Services</li> <li>Cock-tail lounges to sit a while.</li> <li>Use of Modern Equipments.</li> <li>Reservation (Non Peak Demand can be cultivated.)</li> </ul>	<ul style="list-style-type: none"> <li>Deploy Part time employees. (P.T. Lectures.)</li> <li>Increase consumer participation.</li> <li>Shared services like medical</li> <li>Facilities for future expansion.</li> </ul>

### IV. Variability: “Lack of Standardisation”

Service experiences are varying with customers to customers, time to time and firm to firm. The nature and quality of service by a frontline staff member of bank tends to vary from one client to another in same working day. As a human element is service increases, the variation becomes more acute. Since they are subject to emotion, stresses, pressures, feeling, their performance tends to vary. Thus, the use of machine with some extent can solve this problem. e.g. Automatic vending, Automatic Teller Machine, etc.

Few Steps -

- Quality can be maintained through trained people, friendly, helpful.
- Service blue print, which depicts the service events & processes in flow chart.

- Monitoring customer satisfaction.
- Suggestion Box, Survey, Compare service.

### V. Customer Participation: “Inevitable in all Personal Services”

In goods production the consumer do not play a part. Though the actual product attributes of design might be based on customer feedback or consumer research. In many services customer participation is the key to the production of services. Medical treatment, Hair dressing, Beauty salons, etc. are the examples.

Before we proceed further, it would be pertinent to describe and discuss the highlights of the followings.

1. Paradigm Shift in Marketing Management and

## 2. Environmental Trades in Services Industry

### • Paradigm Shift in Services Marketing

Before 2000	After 2000
<ul style="list-style-type: none"> <li>• Just Commerce</li> <li>• Money</li> <li>• Agri. / Industrial Economy</li> <li>• Socialism Oriented</li> <li>• Procedure Oriented</li> <li>• Govt. Recognition</li> <li>• Indian Market</li> <li>• Inward Looking</li> <li>• Urban-Rural Market</li> <li>• Second Wave Thinking</li> <li>• Simple Marketing</li> <li>• Twisted Economics (No focus on Quality)</li> <li>• Consumer Satisfaction (with Relationship)</li> <li>• Promotion 1). Seniority basis</li> <li>2). 10.30am to 5.30pm</li> <li>• Motivation where is roof</li> </ul>	<ul style="list-style-type: none"> <li>• E-commerce</li> <li>• E-money</li> <li>• Knowledge Economy</li> <li>• Free Market Oriented</li> <li>• Result Oriented</li> <li>• Market Recognition</li> <li>• Global Market</li> <li>• Outward In Looking</li> <li>• Rural-Urban Market</li> <li>• Third/ Fourth Wave Thinking</li> <li>• Complex Marketing</li> <li>• Main Stream Economics (Use of TQM/BPR)</li> <li>• Delighting Consumers (E-CRM Practices)</li> <li>• Promotion 1). Merit basis</li> <li>2). No fixed timing</li> <li>• Motivation where is the sky</li> </ul>

### ➤ Emerging Trends in Services Marketing

The new emerging services coming in the limelight and challenges brought out by the socio-economic, psycho-political, legal, technological and other forces. The entire analysis is made in the light of changing role of various sectors of the economy and emerging services due to the environment changing trends.

## **Environmental Changing Trends & Emerging Services Marketing**

### **Environmental Changing Trends**

### **Services Marketing**

- |  |   |   |
|--|---|---|
| 1) <b>Consumer Affluence</b>           | : | Dine-out Habits (Hotels & Restaurants), Travel, Entertainment, Clubs, Repairs, Health Care, Carpet & Dry Cleaning, Domestic Services, Banking, Investments, Retailing, Insurance. |
| 2) <b>Working Women</b>                | : | Domestic Services, Travel, Nurseries, Fast Food Restaurants, Financial Services, Marriage Counselling, Retailing, Personal Care.  |
| 3) <b>Dinks</b>                        | : | Entertainments, Hotels & Restaurants, Career Institutes, Domestic Services, Travel Reports, Personal Care.  |
| 4) <b>Greater Life Expectancy</b>      | : | Hospitals, Nursing Homes, Entertainment, Travel Reports, Leisure Services, Investments, Banking.  |
| 5) <b>Product Innovations</b>          | : | Repair & Servicing Services (Computers), Training, Education, Sharing Services.   |
| 6) <b>Growing Product Complexities</b> | : | Expert Advice, Specialists.   |
| 7) <b>Complexity of Life</b>           | : | Travel, Legal Aid, Tax Counselling, Professional Services, Airlines, Courier Services, Insurance, Banking.  |
| 8) <b>New Young / Youth</b>            | : | Entertainment, Leasing, Fast Food, Travel, Picnic Resorts, Education Institutions, Tutorial Aids, Counselling, Retailing.   |
| 9) <b>Corporate Crowd</b>              | : | Hotels, Ads, Legal Services, Health Care, Recruitment Services, Management Counselling, Airlines, Travel Booking, Courier Services, Insurance, Banking, Marketing Research.       |

### **• Comparison of Service & Product**

In addition to the basic characteristics of services we can compare services with product by other number of characters i.e. Product features, consumer's participation.

### **A Comparison of Services and Goods**

#### **Characteristics**

#### **Services**

#### **Goods**

1. Physical Shape	Intangible	Tangible
2. Production	Spontaneous	Time Spread
3. Delivery	Along with Production; Spontaneous	Separate with Production; Scheduled
4. Demand	Fluctuating	Stabilised
5. Supply	Inflexible	Flexible
6. Producer Status	Inseparable from service	Separable from goods
7. Life	Stillborn	Longer Life
8. Title	No Ownership Possible	Ownership Possible
9. Customer Involvement	High	Low / Absent
10. Physical presence Of Customer	Absolutely necessary in most of Services	Hardly necessary
11. Labour	Tending to the High	Low
12. Type of Technology Used	Generally Soft	Generally Hard
13. Quality	Various with Time & Person	Standard
14. Role of Physical Surrounding	Important	Not so Important
15. Physical Movement	Of the Provider (except in few cases like Software package)	Of the product
16. Consumer Reaction	Spontaneous	Delayed
17. Repairs	Impossible	Common
18. Replacement	Rare	Common
19. Pricing	Labour base	Material base
20. Seasonality	Yes	Good Specific
21. Need Satisfied	More Emotional	Physical
22. Basis of Competition	Personalisation	Technology

23.	Channels of Distribution	Shorter	Longer in most cases
24.	Standardisation	Only for routine Services	All Over
25.	Facility Location	Close to Customer	Near Supply
26.	Facility Layout	To Accommodate Customer Physical & Psychological needs	To enhance production
27.	Product Design	Environment plays a Vital Role	Only Physical Product
28.	Process Design	Immediate Effect on Customer	Customer not Involved
29.	Scheduling	As per Customer Interest	As per Completion date
30.	Product Planning	Smoothing Production Results in Losses	Possible
31.	Storage	Not Possible	Possible
32.	Inventory	Personal	Raw Materials
33.	Worker Skill	Interaction Skill	Technical Skill
34.	Quality Control	Variable Quality Standard	Fixed
35.	Time Standard	Loose	Tight
36.	Capacity Planning	Capacity Increased	Average Capacity
37.	Forecasting	Short-run	Long-term
38.	Image	Corporate	Brand

Developed on "Where Does Consumer Fit in the Service Operation", R. B. Chase, Harvard Business Review, Nov.-Dec., 1978, p.137.

### • **8 P's Frame-work in Services**

**Product** –Mix, levels

**Price** –Basic, levels, factors (structures)

**Promotion** –Mix, Strategies, word of Mouth.

**Physical distribution** –Expansion, channels, extensions

Taj group Hotels, Kamat, Woodpiwala, etc.

**Physical evidence** –People,  
Place, Process, Physical Environment.

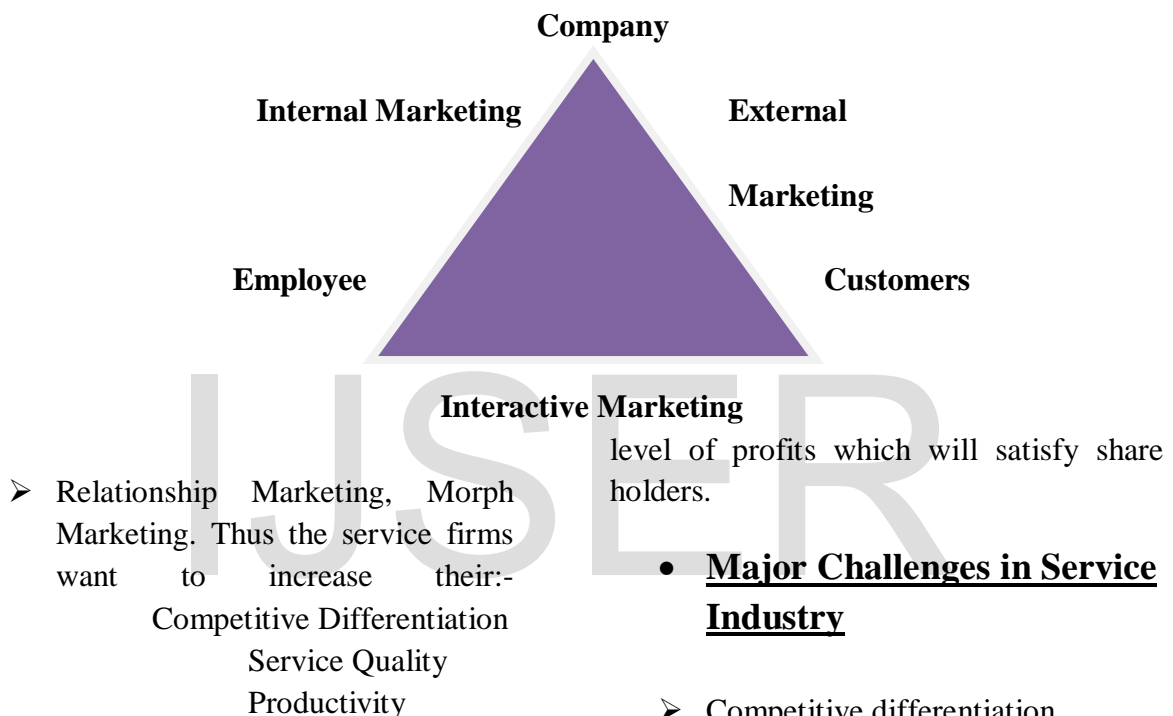
**People** –Skill,  
Knowledge, Training, Professionalism.

**Process** –Order,  
sequences of work.

**Package** –Moraph  
Marketing, customer delight.

### • Three Ways of Marketing in Services Industry

- Internal Marketing
- External Marketing
- Inter-active Marketing



- Relationship Marketing, Morph Marketing. Thus the service firms want to increase their:-
- Competitive Differentiation
  - Service Quality
  - Productivity

### • Who is Important?

- Stock holders
- Customers
- Employees

Though all the groups are important in which order of merit they should be satisfied. Most of say customers, but I find it differently. First employees must be satisfied. If employees love their jobs, and feel a sense of pride in any organisation they will serve the customer well. Dealing with happy customers, will make employees even more satisfied, resulting in better service and still greater repeat business, all of which will yield a

### • Major Challenges in Service Industry

- Competitive differentiation
- Service quality
- Productivity
- **Competitive difference** can be managed through the following ways
  - People – equipment
  - Place - Physical Environment
  - Processes

For Example, A Bank might offer its customers home banking as a superior way to deliver banking services than having to drive, park and wait in line. Further, symbols, image assessment are the



determinants of competitive difference.

➤ **Service quality** can be managed through

- Identification of customer's expectations and actual services rendered (Perceived and actual).
- Delighting customers, TQM.
- Training & skill development.
- Automation & standardisation.
- Empowering frontline employees giving them authority, responsibility, incentive, recognize, caring and caring for others.
- Complaints Box

**New Approach**

- Customer obsessed, Top Management Committeemen
- Watch service performance – sending employees for testing employees.
- Feedback performance.

➤ **Productivity** can be managed through

- Training, hiring new skills.

• **Flower of Services**

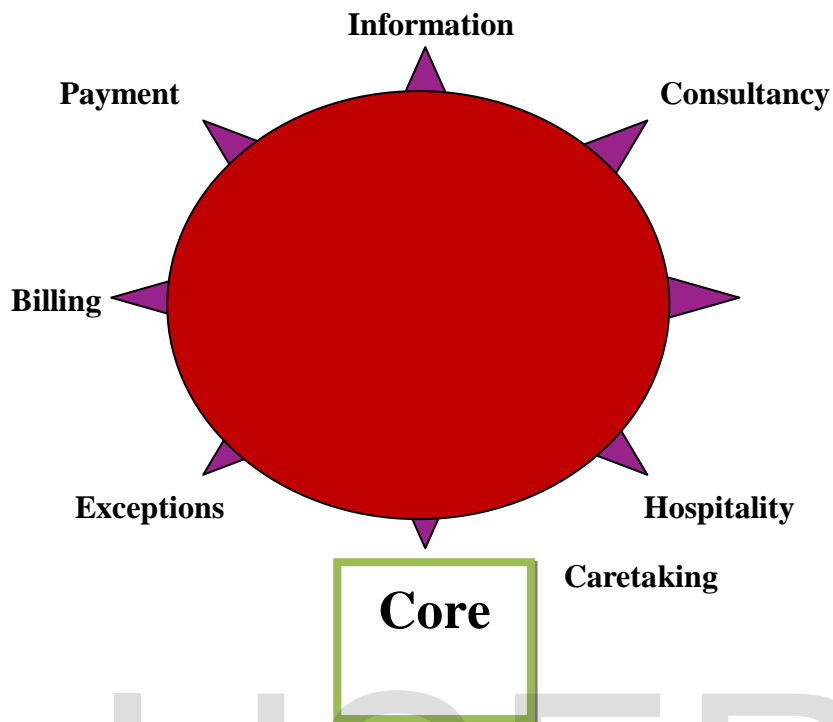
- Managing time, atomisation.
- Industrialize services.
- Adding, equipments.
- Innovations, image assessment, speed.

**Image Assessment**

The way an individual or group sees an organisation is called its organisation image. Different people have different images of the same organisation. Suppose a bank conducts M. R. to measures its image in the community.

- |                  |                 |
|------------------|-----------------|
| ▪ High Integrity | Low             |
| ▪ Innovativeness | Non             |
| ▪ Friendly       | Unfriendly      |
| ▪ Knowledgeable  | Unknowledgeable |
| ▪ Large          | Small           |
| ▪ Desired        | Actual          |

Core product surrounded by clusters of supplementary services.



### Conclusions:

It can be concluded from the forgoing analysis that innovative services marketing is a challenging task for the management due to its distinct characteristics of services namely intangibility, insurability, viability, permissibility and customer participation.

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