

Emerging Issues And Strategies In Services Marketing In The Indian Economy

Dr. R. RAJINI,

Associate Professor of Economics,
Sri G.V.G Visalakshi College for Women,
Udumalpet Taluk, Tiruppur District,
Tamil Nadu, India

Abstract

The service industry forms a backbone of social and economic development of a region. It has emerged as the largest and fastest-growing sectors in the world economy, making higher contributions to the global output and employment. Services marketing are a particular branch of marketing. It 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. Its growth rate has been higher than that of agriculture and manufacturing sectors. It is a large and most dynamic part of the Indian economy both in terms of employment potential and contribution to national income. It covers a wide range of activities, such as trading, transportation and communication, financial, real estate and business services, as well as community, social and personal services. Present article tries to shed light on the service marketing and the opportunities and challenges faced by this industry. In this aspect, this paper focuses on various promotional strategies for market services. The paper discusses the behavior of consumers. At the same time, due to problems of the services market and obstacles, companies have to face them directly and efforts are made to get a large share of the market. This is especially true in India's services market. This is indeed the market of creative marketers.

Keywords: Services Marketing, Managing service quality, Challenges, Strategies of services marketing

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I. Introduction:

The economic development of any country is directly dependent on the advancement and progress of the three sectors of the economy viz. primary sector, secondary sector, and tertiary sector. The majority of India's population is engaged in the primary sector which in turn is the main reason for underemployment in the country. Though in the last couple of years, manufacturing has been a great focus not much growth has been seen in the secondary sector (includes heavy manufacturing, light manufacturing, energy-producing, food processing, etc.) due to lack of infrastructure. So in order to quickly absorb this underemployed population, there is a need to shift to the tertiary sector.

The tertiary sector also known as the service sector involves a variety of things in its umbrella. Some of which are health and welfare, tourism, leisure, and recreation activities as well as retailing and sales of goods to the people. In the past six years, the service sector has undergone a great evolution which in turn has given it the independent status of the productive sector of the country. Moreover, this sector also provides a major impact on foreign exchange and thus contributes greatly to the modern economic development of the country.

Services marketing are different from marketing goods because of the unique characteristics of services namely, intangibility, heterogeneity, perishability and inseparability. In most countries, services add more economic value than agriculture, raw materials and manufacturing combined. In developed economies, employment is dominated by service jobs and most new job growth comes from services.

Service marketing typically refers to both business to consumer (B2C) and business-to-business (B2B) services, and includes marketing of services such as:

- telecommunications services
- financial services
- all types of hospitality
- tourism leisure
- entertainment services
- car rental services
- health care services

- professional services and trade services

In addition, delivering a service usually includes a higher level of human interaction, as opposed to a one-time transaction when buying a product (especially if purchased online).

That's not entirely accurate of course, because a service is included in each transaction, however, when talking about services as the product, the interaction and work process is much more prominent and is perceived as part of the value the customer is expecting.

Importance of Service Marketing

Services differ from each other at least as much as products do with their own features and qualities. In a highly competitive and saturated services market, marketers need to differentiate themselves from the competition and attract consumers.

The factors that differentiate your service from a competitor can be extremely impactful on the buyer's decision making and those are the ones to keep in mind when planning your service marketing. Some examples of service differentiation factors that influence the buying decision are:

1. **Affordability** - finding the right price range that your potential customers will consider acceptable for your services (and you consider profitable for your efforts)
2. **Functionality** - simply put, that your service and value promise the best fit your customer's needs.
3. **Credibility** - as mentioned above, since service is intangible, a large part of the customers' buying decision will depend on how much they trust you.
4. **Experience** - in the particular service you are offering, no. of years in the field for instance.
5. **Convenience** - how accessible and easy it is for your customers to use your service.
6. **Variety** - customers love the ability to choose, but be mindful to define the right balance between too little and too much.
7. **Self-service** - how much of control your customer has over their service experience, what they can and cannot do for themselves.

Customer profiling can provide the factors influencing the buying decision in your market for your type of service. This research is accomplished either by questionnaires, polls, designated tools, or external service providers.

II. Research Methodology

Nature and Source of the Data:

The study is descriptive in nature. Various websites and books are explored to gather the relevant information. To assess the opportunities in the services marketing, the data has been collected using the secondary data, analyzed and presented in graphical and tabular form.

Objectives

This study is conceptual based.

- ✪ To identify the unique features of services and consequential marketing problems
- ✪ To recognize the increasing importance of services in economies
- ✪ To find the means of managing the service quality
- ✪ To identify the innovative ideas in service sector
- ✪ To know the future prospects of services marketing

Analysis

Services have four unique features that distinguish them from the commodities. These features include intangibility, Inseparability, Perishability, and heterogeneity. These characteristics make tracking and measuring consumer perceptions of service quality and satisfaction in service industries difficult. The unique services features and the resulting marketing problems are cited in the tabular form (Table1).

Table 1: Unique services features and consequential marketing problems

Unique Service Features	Resulting Marketing Problems
Intangibility	Services cannot be stored
	Cannot protect services through patents
	Cannot readily display or communicate services
	Prices are difficult to set
Inseparability	Consumer involved in production
	Other consumers involved in production.
	Centralized mass production of services difficult
Heterogeneity	Standardization and quality control difficult to achieve
Perishability	Services cannot be inventoried

India's Service -wise GDP Growth

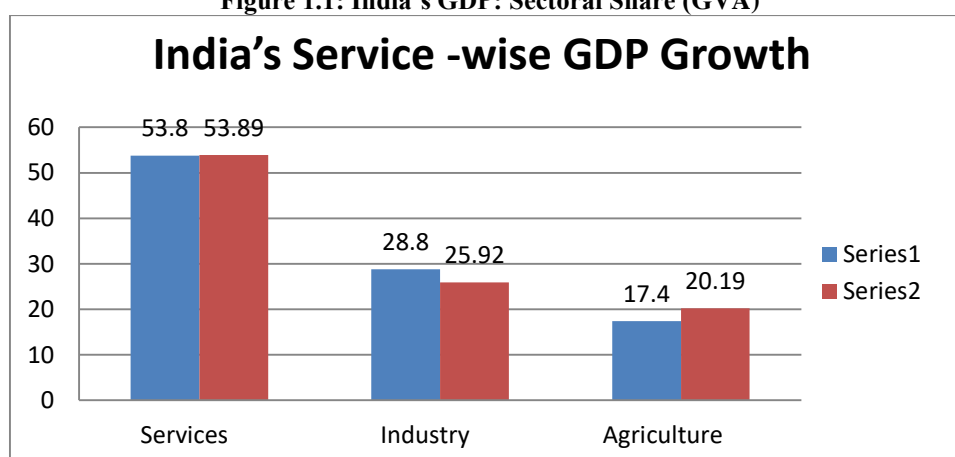
Services sector is the dominant sector in the Indian economy. More than half of the Indian economy consists of the services sector. (Figure 1.1)

Table 3: India's GDP: Sectoral Share (GVA)
(in percentage)

Sector	2016-2017	2021-2022
Services	53.8	53.89
Industry	28.8	25.92
Agriculture	17.4	20.19

The growth of the services sector has been pulling up the overall growth of the economy. Gross Value Added (GVA) at current prices for the services sector is estimated at 96.54 lakhs crore INR in 2020-21. The services sector accounts for 53.89% of total India's GVA of 179.15 lakhs crore Indian rupees. With GVA of Rs. 46.44 lakhs crore, the Industry sector contributes 25.92%. While Agriculture and allied sector share 20.19%. However, in 2016-17, services growth decelerated to 7.7 per cent in line with the deceleration in overall growth to 7.1 per cent. In H1 of 2017-18, services growth improved to 7.9 per cent despite deceleration in overall growth to 6.0 per cent. The services sector is the largest sector of India.

Figure 1.1: India's GDP: Sectoral Share (GVA)



Contribution of Service Sector in Indian Economy

The service sector is the largest recipient of FDI in India with an inflow of 83.14 billion USD between April 2000 and June 2020. Some of the services in the umbrella of the service sector are listed below:

1. Research and Development services: In the Global Innovation Index of 2020, India ranks 48 among the top 50 countries. This sector presents a significant opportunity for multinational corporations across the world due to the highly-trained Indian manpower available at competitive costs and intellectual capital available in the Indian market. For that reason, in recent years, several MNCs have shifted or are shifting their research and development part to India. It helps those MNCs to either develop new innovative products to serve the local market or help the parent company to deliver products faster to the world markets. India's expenditure in R&D is targeted to be about 2% of the country's total GDP by the year 2022.

2. Telecom services: According to FY20 by TRAI, India has an average wireless data usage of about 11 GB per month per subscriber which is expected to reach 18 GB by 2024. This, making India one of the biggest consumers of data worldwide.

3. IT Enabled Services (ITES): Owing to the socio-economic conditions of India and rapidly changing business, as well as the proliferation of the internet, the Indian ITES industry is now day by day increasing its area and has become a tough competitor for the world market. India's success in software and IT-enabled serviced exports has made it a major exporter of services with a share in world service exports rising from 0.6% to 3.3% from the year 1990 to 2013.

4. Tourism services: Due to historical heritage, variety in ecology, terrains, the rich culture, and places of natural beauty spread across the country, the Indian tourism and hospitality industry has emerged as one of the important services sectors in India. Thus, Tourism is a significant source of foreign exchange for our country. During 2019, the total contribution of travel & tourism to GDP was 6.8% of the total economy, and in the financial year 2020, the tourism sector in India accounted for 8 percent of the total employment in the country. It is expected that about 53 million jobs will be created in the Indian market by 2029.

Trends and Innovations in Service Sector

There are a lot of new innovations in service sector, with economic prices, affordable and available to everyone. Online marketing and certain services like e-learning and online coaching have become very popular in present days. Using technology and rescuing broad variety of customers has been present trend in service sector. This made various new services available to people. There are services which are provided along with the product, such as free fit of the AC along with the purchase and free servicing for many other products within specific time of purchase. Many of the present-day service institutions provide employment along with the services provided. These services bring out good capital and enhance the standard of living. Customer feedback plays a key role in services. In what way the service provided can be improved will be evaluated by feedback received by customers and it is deemed important in most of the organizations.

Table 2: A comparative analyses table of technological and non-technological innovations in multi-dimension

Service	Technological Innovations	Non-Technological Innovations
Wholesale and Retail Trade, Hotels	12.86	45.50
Transport	17.14	43.36
Post	11.51	36.17
Telecommunications	47.13	59.77
Financial Intermediation	46.36	68.5
Software	57.21	77.81
Other Computer Activities	46.79	63.54
Research and Development	70.73	71.47
Other Business Service	11.80	38.89
Public and Social Services	12.17	39.26
Average (Total Activities)	19.77	42.76

Technological innovation is pretty a distributed and dappled trend in marketplace services. Engineering, technical consultancy, computing and software rise because the most innovative sectors. Innovation expenditure in step with worker in these industries is as an alternative near the manufacturing average. Service corporations in addition to the producing ones depend on an extensive variety of innovation resources. The purchase and development of software program and investment in machinery are the maximum mentioned. Investment, R&D and software are the principal elements of firms' invention expenditure. Both in submissions and manufacturing the maximum essential goal of companies' innovation strategies encompass improving carrier/product first-class, growing marketplace stocks and reducing production costs. Major problems for introducing technological innovation in services, in addition to in production, are of an economic nature—i.e. Loss of right resources of finance and value of innovation is too high. Technological documents are taken particularly from in-house production departments as well as from out of doors providers of system, clients and customers.

Challenges in Marketing Services:

- ♣ A service cannot be demonstrated.
- ♣ Sale, production and consumption of services takes place simultaneously.
- ♣ A service cannot be stored. It cannot be produced in anticipation of demand.
- ♣ Services cannot be protected through patents.
- ♣ Services cannot be separated from the service provider.
- ♣ Services are not standardized and are inconsistent.
- ♣ Service providers appointing franchisees may face problems of quality of services.

Challenges in distributing services through electronic channels

Disadvantages, drawbacks or Challenges in distributing services through electronic channels. The service principals face the following problems in distributing services through electronic channels:

1. Customers are active and they must be enticed.
2. Insufficient control of e-environment.
3. Price competition.
4. Inability to customize with highly standardized electronic services.
5. Inconsistency due to customer involvement.
6. Changes needed in consumer behavior.
7. Security concerns.
8. Competition from widening geographies.

Managing Service Quality

The process of managing the quality of services delivered to a customer according to his expectations is called Service Quality Management. It basically assesses how well a service has been given, so as to improve its quality in the future, identify problems and correct them to increase customer satisfaction. Service quality management encompasses the monitoring and maintenance of the varied services that are offered to customers by an organization.

Services are generally attributed with three qualities, i.e.

- Search Qualities,
- Experience Qualities and
- Credence Qualities.

Search qualities are those attributes that the consumer can investigate prior to making a purchase. Experience qualities are those attributes that can be evaluated only after the purchase and consumption of services. Credence qualities attributes are most difficult to evaluate even after the services are consumed. Based on the service quality model, the researchers have identified the five major determinants of service quality, in order of importance. Reliability- the ability to perform the promised service dependably and accurately, Responsiveness- the willingness to help customers and to provide prompt service, Assurance the knowledge and courtesy of employees and their ability to convey trust and confidence, Empathy- the provision of caring, individualized attention to customers, Tangibles- the appearance of physical facilities, equipment, personnel and communication materials.

Measuring Software Quality

Software quality measurement and assurance involves processes that check if the developed software meets the standardized specifications and works accurately. SQA (Software Quality Assurance) is an integral part of the complete software development life cycle and regularly measures the different attributes of the software before it's released. This way the businesses ensure that high-quality software services are delivered to the customer on-time. Quality control is achieved through software testing, verification and validation, and other processes to detect bugs or errors and fix them appropriately. Let us now look at some of the aspects of software testing, defect tracking and measurement for better understanding of software quality measurement.

The service marketing strategies

Service marketing can be challenging without a tangible product to display, and selling is, difficult.

1. **Know the audience:** find out everything about them that is relevant to your service. It is need to use this knowledge to decide where to find them and how to approach them to be convincing.
2. **Define the service values:** this includes the end results of promise to provide, but should also include the steps in the process of getting there. keep the customer's place and to uncover the values.
3. **Build a relationship with the prospects and customers:** plan out communication channels and customer support. Nurture prospects with inbound marketing until they can make an educated purchase.
4. **Familiarize with the surroundings:** chances for service have to face some sort of indirect or direct competition. Keep an eye on the competition, their weaknesses could be used in service marketing as advantages.
5. **Continuously build trust and credibility** with customer reviews and service ratings, appearing incredible & relevant service listings, creating and sharing case studies, and encouraging customers (find the right incentive) to act as service ambassadors. Building a good reputation is a great asset to service marketing.
6. **Nail brand voice** - a brand voice is super important because it's how the brand sounds and comes across to the customer. Create customer personas, guidelines for how the brand should sound and evaluate them regularly to perfect your brand voice.
7. **Use social media research** - a lot of your research should be focused on how other service brands use social media for their marketing.
8. **Use search engine optimization (SEO)** - organic traffic from search engines is one of the largest acquisition channels for services brands. A local business should use local SEO to attract their ideal customer and that's usually the most powerful promotion there is for that business.

Table 2: Suggested marketing strategies for problems stemming from unique service features

Unique Service Features	Marketing strategies to solve Problems
Intangibility	Stress Tangible cues
	Use personal sources more than non personal sources
	Simulate or stimulate word of mouth
	Create strong organizational image
	Use cost accounting to help set prices
	Engage in post purchase communications

Inseparability	Emphasize selection and training of public contact personnel
	Manage consumers
	Use multisite locations
Heterogeneity	Industrialize service
	Customize service
Perishability	Use strategies to cope with fluctuating demand
	Make simultaneous adjustments in demand and capacity to achieve a closer match between the two.

Major challenges and market opportunities in the Cloud Service sector

The contributions of Cloud Service are vast. It drives the business through technology. Cloud is creating new market opportunities by driving Data center and Digital Transformation. Research suggests Public Cloud is poised to grow at a CAGR of 22.2 % and will aid transformation across Business functions, Industrial modernization and Marketing.

The ease of solving challenges with Cloud Technologies is one of the key drivers for Cloud adoption. Cloud has opened up platforms for born in the Cloud technology companies to build disruptive technology to solve real life problems, all the food delivery apps to some of the popular dating apps are all born in the Cloud; scale the need & pay for use has empowered the businesses to plan, build, & deliver at a speed like never before.

The key drivers for SMBs to explore Cloud today are the benefits like Pay as the use, Scale, Compliance and Resilience. While these benefits hold good for businesses running their own applications.

SMEs are adopting Cloud technology way faster in post COVID compared pre COVID. Traditional business firms have moved their core financial applications to Cloud and Co-operative banks in Tier 2 or 3 cities have embraced Cloud for their Core banking applications. With the right plan, approach and team, Cloud adoption is a path to drive business and financial ROI for SMEs are as follows:

- 1) Hire a Managed Services Partner
- 2) Work with Partner who provide Pro-active support
- 3) Spend time evaluating the partner
- 4) Quality service comes at a reasonable cost

III. Conclusion:

The service sector in India has the highest employment generation among all sectors. So it has the potential for great growth and capability to provide highly productive jobs, thus resulting in revenue generation. The Startup India initiative is a key enabler for both the manufacturing as well as the service industry in India by offering to support innovative startups. The success of services relies on the success of the communication between service providers and customers. Customers distinguish services in terms of service quality, customer satisfaction and value. 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. Services marketing are becoming a recognized and accepted division of the marketing discipline. Hence it could play a critical role in future marketplace and yet calls for lots extra innovation and improvement within the discipline.

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