Chapter I: INTRODUCTION

Services dominate the modern economy. The service sector is going through a revolutionary change, which dramatically affects the way in which we live and work. New services are continually being launched to satisfy our existing needs and to meet needs that we did not even know we had. Not even ten years ago, few people anticipated a personal need for email, on line banking, web hosting, and many other new services. Today many of us feel we cannot do without them. (Lovelock et al, 2004)

Technology is a key driver of Service Innovation

The term technology, as commonly used, refers to the practical application of cutting edge tools and procedures. Innovative service providers are interested in how they can use new technological developments to automate and speed up processes, reduce costs (and perhaps prices), facilitate service delivery, relate more closely to their customers and offer them more convenience, add appeal to existing products, and make it possible to develop new types of services. Technology plays an important role, especially information technology-in driving service innovation. (Lovelock et al, 2004)

The ability of firms to generate business through technology driven service innovations is often dependent on customers having access to the necessary equipment and infrastructure. It’s predicted that the growth of broadband telecommunications, which speeds customers’ interactions with web sites, will provide a powerful stimulus for use of Internet channels. (Mullaney et al, 2003); (Lovelock et al, 2004)
Distribution channels take various forms

As a result of advances in computers and telecommunications, especially the growth of the Internet, electronic delivery of services is expanding rapidly. Any information-based component of a service can be delivered instantaneously to anywhere in the world. Thanks to e-mail and Web sites, even small businesses can offer their services inexpensively across vast geographic distances. (Lovelock et al, 2004)

One such new service launched in the field of health care is Telemedicine. The use of telecommunications to improve the delivery of healthcare is not a new concept. Physicians and nurses have been providing healthcare over voice telephone lines for many decades. However, over past few years the interest in using telecommunications in health care, now termed telemedicine, has increased greatly. The reason for the increased interest has stemmed from the recent advances in telecommunications technology. Available bandwidth has increased, allowing real time, two way video, audio and data signals to be passed through regular analog telephone lines. Compression technologies continue to improve, resulting in a maximization of available bandwidth to present the clearest video and audio signals and reducing the error in data transmission to a minimum. These improvements in technologies have not gone unnoticed in their ability to improve the quality of healthcare, while at the same time decrease healthcare costs. (Malagodi et al, 1999)

Telemedicine can be defined as the use of telecommunication and computer technologies for the purpose of delivering health care to patients. Telemedicine is a way to diagnose,
from the provider. Telemedicine technology has the potential to significantly change the
delivery of health care. (Binshan et al, 2000)

The World Health Organization defines telemedicine as the delivery of health care services,
where distance is a critical factor, by health care professionals using information and
communication technologies for the exchange of valid information for diagnosis, treatment
and prevention of diseases and injuries. (The Independent, 2000)

Developments in computer technology, the Internet, and wireless and satellite
telecommunications have led to major innovations in the nature and delivery of health care
that will have broad implications for the way people receive health information and
treatment in the future. Health care systems are now linked into broad computer networks,
which allow them to expand their reach and effectiveness by bringing medical services to
the patient instead of the patient having to go to them. In addition, technology may now be
able to provide much-needed medical information and services to rural and underserved
populations. (Chepesiuk et al, 1999)

**Motivation for the study undertaken by the researcher**

Telemedicine centers were launched in India, for example Goa, Maharashtra, Karnataka
etc. These centers were needed to make accessible the health care expertise that existed in
urban areas.

Tertiary care hospitals such as district or state level hospitals are few and concentrated in
pockets and large segments of the population have no access to them. The increasing
availability of excellent telecommunications, infrastructure and video conferencing equipment helps in providing a physician where there was none before through remote health care centres.

Telemedicine can thus avoid unnecessary travel and expense for the patient and the family, improve outcomes and even save lives. Once the "virtual presence" of the specialist is acknowledged, a patient can access resources in a tertiary referral centre without the constraints of distance.

Services have credence properties, which are characteristics that customers find difficult to evaluate even after consumption, because they are purchasing expertise in areas in which they are not very knowledgeable themselves.

The remote health care service is a high involvement high complexity service delivered through an impersonal channel. When a service is complex and it is high stakes, the channel of service delivery also becomes important. Even if disease is cured, the patient may still be dissatisfied with the service if it does not meet some process requirements, like if there is no face-to-face interaction between the provider and recipient, there maybe no satisfaction. This is an under-researched area in the service sector and requires due research. A research study in this direction is therefore required.
Organization of the thesis

Hence Chapter one gave an Introduction about Distribution channels for services and Motivation for the study.

The literature review provided in Chapter two offers the reader with a theoretical background for the study, an explanation of the theoretical rationale of the problem being studied, what research has been already done, how the findings relate to the problem at hand, and finally the research objectives and the conceptual framework.

Chapter three provides theoretical support for the hypotheses culled from the review of literature. The methodology used for testing these hypotheses, analysis, along with the preliminary results are also presented in Chapter three.

Chapter four presents the findings and results from the preceding chapter in a summary. First the main conclusions from the quantitative study are summarized and later the findings are discussed. This chapter also discusses the implications and possible future research extensions of this thesis.