CHAPTER - 1

INTRODUCTION
Developed countries are becoming a predominantly service society or service economy. Most of the western nations have attained the status to be called so. A service economy according to a popular definition introduced three decades ago, such an economy is characterized by the fact that, more than half of gross national product is produced in service sector. Statistical data published by GATT (General Agreement on Trade and Tariffs) show that, in 1984 the service sector of economy counts for, on the average, 66% in the United States, where as the figure for EEC countries is 58.

In the last decade i.e. in 1990s, this sector gained an increasingly important role in the Indian economy. The growth was fuelled by economic liberalization policy of the government and is gaining dominance. Therefore we can see that the competition, in the service organization in becoming intense and severe. To cope up with the market changes and tough competition, the service organization to be successful and healthy, have to have a professional approach to manage their business. Here we can say that gone are the days when the perception of services remained confined to work with only service motto, without charging any fees or without accepting any gratification or obligation. Now days, competition is very
close. Among the keys to competing effectively in this new and challenging environment are skills in marketing strategy and execution areas which most service firms have traditionally been weak, or had never thought about.

In 1973 Bell, described the service society as a "game between persons". Although this metaphor does not capture all the characteristics of service activities, it seems to describe the essence of this post industrial era as compared with the previous era, which Bell labels "game against fabricated nature" (The time following the industrial revolution up till now), and "game against nature" (The time before the industrial revolution). In short, "the game against nature" is characterized by the struggle of the mankind to cope effectively with nature, where as "the game against the fabricated nature" following the industrial revolution changes the relationship of man and woman to work. A new relationship between people and machine emerged, a new form of organization solution, coordination of job activities and management skills concerning, for example, overall management, marketing and organizational behaviour were required.

Today, is the "game between persons", the critical importance of managing the relationships between people – between service firms employees and their customers and among the employees of service firm alike – receives a totally new and upgraded attention. As Norman (1984) in
a straight forward manner puts it "A typical feature of service company is that one of their outputs is new social relationships and that they have to extend their organizing well outside their own company".

Service marketing has increased in importance over the last decade with the advent of competition. A decade ago competition was relatively less important to firms in service business. However competition has gone up at an alarming rate in most service sectors.

The service organizations in the market are quite varied. They differ from each other in a number of ways. But for simplicity we can put them into four categories. First, it is the public agency sector, which includes post office, police and fire departments, water and electricity authorities etc. Secondly, the private non profit sector running charities, foundations, old age homes or various societies involved in issues related to women, literacy, family welfare etc. Thirdly, the business sector comprising banks, hotels, airlines, travel agencies, tour operators, courier services, insurance, consultancy – legal, management etc. Lastly, the manufacturing sector, which provides services to those involved in manufacturing of physical product. This includes those firms providing security personnel, accountants and auditors, computer operators and software consultants etc, which help the manufacturing firm in their operations.
In addition, to these there are a number of other types of services. In the modern society the manufacturing firm has to offer a variety of services so as to make it apart of the total offering. This we can say that it is a substantial “hidden service sector” along side the “official service sector” and that it also must be included in the discussion of services. The other type being various auxiliaries offered to customer to hold them with the company. Thus manufacturers have to realize that they are also the part of the service company. As Sir John Harvey Jones, retired chairman of the huge British chemical empire ICI (Imperial Chemical Industries), says, “Increasingly as the world becomes more and mere competitive and as skills of the manufacturer becomes more easily replicated, the selling of a defined product against a formula becomes, from a competitive point of view, a matter of cost and ability to command a market position……… it could be, and indeed it is my belief, that the chemical industries of 20 years hence will be more of a service industry and less of a manufacturing industry. One can easily see trends in this direction”.

There are other types of services. These are available on a charge; like the availability of baby sitter, the household services, birthday or wedding services, the real state brokers, the post office deposit agent, the LIC agent, and the stock exchange agent etc. Thus we can see that there are a variety of services and all manufacturing firms even have to perform
some service exercise. Hence at this point it becomes necessary to develop on what a service basically is and the reasons for their growth.

**SERVICES MARKETING IN THE DEVELOPED COUNTRIES**

All most all the developed countries have made a significant contribution to the development of services sector, however the contribution made by the USA tops the list. In USA about 85% of the job created comes from the services sector. This has been possible due to an innovative Marketing approach for the services. The transformation of potential buyer into the actual customer is a difficult task. This requires a transformation in the approach of the entrepreneurs. Management shows interest in satisfying the actual customer by making available quality services.

**SERVICES MARKETING IN THE DEVELOPING COUNTRIES**

Developed countries have accorded overriding priority to the service sector to conserve the natural resources for the coming generation. They have done so to make an optimal utilization of different sectors, they have done so to diversify their development programme and they have done so to raise the level of income of the general masses. Undoubtedly, they have succeeded in achieving their desired goals and have transformed the way and style of their society. While utilizing the service sector, they have applied marketing strategies. It is in this background that the success story of these developed countries may help the developing countries in
searching a suitable path. Fortunately, the developing countries in general and India in particular have adopted the same path and their attention on the services sector has delivered positive results.

**Indian scenario:**

Has India also become a service economy is a big question today. The answer to this question is NO. Will it become a service economy in near future? The answer is YES. This is precisely the reason why marketers should take a closer look at the change and capitalize on the emerging opportunities. If consumer spending is going to be more on consumption of intangibles, it is better to be in the business of intangibles, and to excel unit in it before others jump on the bandwagon.

The service sector in the Indian economy accounted for 28% of the GDP at constant price, in 1960-61 the same increase to 31%, in 70-71 to 37% and 80-81 to more than 40% by the end of the decades 1980s. It was found that 1950-51 the share of services was 15% in India’s gross national products. However from 1980-2000 the weightage of service sector has been increasing in the overall gross domestic product. This growing share
of service sector is an indication that in future, India's GDP growth will be influenced considerably by the service sector.

Fig 1.1
Changing face of Indian Economy

<table>
<thead>
<tr>
<th>GDP AT CURRENT PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81: Rs. 122,127 Crore</td>
</tr>
<tr>
<td>Industry 26%</td>
</tr>
<tr>
<td>Service 36%</td>
</tr>
<tr>
<td>Agriculture 38%</td>
</tr>
</tbody>
</table>

| 1995-96: Rs. 985,787 Crore |
| Industry 30% |
| Service 42% |
| Agriculture 28% |

Source: CMIE, Monthly Review of Indian Economy, Jan 1997

The service sector in India has out performed the other sectors of economy in recent years, and by wide margin than in the 1980s in response to the reform programs undertaken since 1991. The report entitled India "Economic Reforms and Growth", looks at reform programs in India since 1991 and the response of the economy to the various liberation and
stabilizing measures. The report indicates that response to liberalization has probably been more in service sector, partly because of power fixed investment requirements. Reduced restrictions on private sector involvement have played an important role in the growth of this sector. Fig shows that the annual growth rate in services has generally outperformed the overall GDP growth rates and the trend is likely to continue in future.

Fig 1.2

Growth Rates: Projections and Performance

Source: The India Infrastructure report 1996

Trends indicate that the future belongs to intangibles. As disposable income resister increase, a bigger proportion is going to be spent on travel tourism, personal care, entertainment, restaurants,
education, repairs etc. These are sunrise business activities. This growing trend is also proved by looking into the financial details of the ten largest service companies of India.

Table 1.1

Top ten service companies in India, 1995 – 96

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company Name</th>
<th>Total Income</th>
<th>Gross Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Figures in Rs. crore for year ending march 96)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>12,958.57</td>
<td>918.59</td>
</tr>
<tr>
<td>2</td>
<td>IDBI</td>
<td>4,851.93</td>
<td>1,394.66</td>
</tr>
<tr>
<td>3</td>
<td>VSNL</td>
<td>4,434.24</td>
<td>749.59</td>
</tr>
<tr>
<td>4</td>
<td>MTNL</td>
<td>3,448.12</td>
<td>1,674.58</td>
</tr>
<tr>
<td>5</td>
<td>ICICI</td>
<td>2,890.28</td>
<td>713.87</td>
</tr>
<tr>
<td>6</td>
<td>SCI</td>
<td>2,113.97</td>
<td>555.80</td>
</tr>
<tr>
<td>7</td>
<td>IFCI</td>
<td>1,955.70</td>
<td>501.87</td>
</tr>
<tr>
<td>8</td>
<td>BSES</td>
<td>1,573.68</td>
<td>245.81</td>
</tr>
<tr>
<td>9</td>
<td>Ganapati Exports</td>
<td>1,359.21</td>
<td>84.13</td>
</tr>
<tr>
<td>10</td>
<td>CESC Ltd</td>
<td>1,163.86</td>
<td>155.34</td>
</tr>
</tbody>
</table>


The importance of service sector in Indian economy can be further gauged by the fact that majority of new employment in the organized sector
has come from the service sector only. Table below give statistics of employment in organized sector in India.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>1994</th>
<th>1991</th>
<th>1981</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31</td>
<td>27375</td>
<td>26734</td>
<td>22879</td>
<td></td>
<td>17473</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1428</td>
<td>1447</td>
<td>1321</td>
<td>1074</td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>1116</td>
<td>1099</td>
<td>948</td>
<td>586</td>
<td></td>
</tr>
<tr>
<td>and quarrying</td>
<td>6414</td>
<td>6333</td>
<td>6047</td>
<td>4761</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>978</td>
<td>945</td>
<td>718</td>
<td>481</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>1218</td>
<td>1222</td>
<td>1161</td>
<td>1019</td>
<td></td>
</tr>
<tr>
<td>water</td>
<td>16221</td>
<td>15689</td>
<td>12684</td>
<td>9552</td>
<td></td>
</tr>
</tbody>
</table>

Source: Statistical outline of India, 1996-97, Tata Services Limited.

The higher growth of employment in service sector is partly because with the growth of economy and modern technological developments, manufacturing sector needs smaller proportion of workforce. As can be seen from the table – above – whereas the total employment in the organized sector in the last 25 years has increased by about 57%, the
increase in employment in service sector in the corresponding period has been around 70%. With the changing pattern of Indian economy, a shift in employment pattern is bound to happen. The demand for specialized services and professionals like bankers, accountants, and lawyers is bound to increase. The service sector is further subdivided into several groupings. The details of some of the fastest growing sector in India are given below –

**Fig 1.3**

<table>
<thead>
<tr>
<th>Service Sector</th>
<th>42%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade, Transport &amp; Communication</td>
<td>22%</td>
</tr>
<tr>
<td>Finance, Real Estate etc.</td>
<td>8.7%</td>
</tr>
<tr>
<td>Community, Social &amp; Personal Services</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

- **Trade & hotels**: 14.2%
- **Transport Storage, Communication**: 7.7%
- **Banking & insurance**: 5.8%
- **Real Estate, Business etc.**: 8.7%
- **Public Admin & Defense**: 5.3%
- **Other services**: 6%

**Tourism and Travel**: Tourism and travel sector is today second largest foreign exchange earner for India. One of the important parts of the tourism industry is the hotel industry. As on June 30, 1995, there were a total of 959 hotels with total number of rooms being 56,904. Against this, to
meet the target tourism arrivals in future a total of around 1.25 lacks hotel rooms are required.

Another closely related industry to tourism and hotel is the air transport. The open sky policy of the government introduced in the aviation sector resulted in rapid growth of passenger air traffic

<table>
<thead>
<tr>
<th>Year</th>
<th>Forex Earning ($) million</th>
<th>Foreign Tourist Arrivals (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991 – 92</td>
<td>1977.36</td>
<td>1.78</td>
</tr>
<tr>
<td>1992 – 93</td>
<td>2098.33</td>
<td>1.82</td>
</tr>
<tr>
<td>1993 – 94</td>
<td>2075.70</td>
<td>1.82</td>
</tr>
<tr>
<td>1994 – 95</td>
<td>2347.96</td>
<td>1.90</td>
</tr>
<tr>
<td>1995 – 96</td>
<td>2928.27</td>
<td>2.19</td>
</tr>
</tbody>
</table>

Source: Business Standard, October 9, 1996.

**Financial Services:** The role of financial services is stimulating and sustaining economic growth is well known. A distinct feature of Indian financial system is the dominance of public sector institutions in practically all areas like banking, term lending and insurance etc. one of the most
important segment of the financial system is commercial banking. A number of banks from private sector have come in inducing greater competition. This growing competition coupled with higher customer expectation and greater use of technology is bound to give totally new shape to the banking system in India. In Indian context, the main financial markets are -

- The organized credit market (dominated mainly by commercial banks)
- The money market.
- Capital market.
- Debt market.
- Gilt-edged market for government securities.
- Housing finance market.
- Hire purchase and lease finance market.
- Insurance market.
- Foreign exchange market.

**Telecommunications:** Telecommunications sector has witnessed a total transformation throughout the world in the last two decades due to rapid technological advances. Basic services included in this sector are telex communication, data communication, fax and value added services like cellular, paging, e-mail etc. The private sector is going to play an increasingly important role in this sector. The details of investment in telecom during last 47 years have been showed in the figure below.
Health Services: India's target of 'health for all' though seems out of reach, yet it shows extent of activities and growth taking place in this area. Indian health care market has primarily been a seller's market with demand for out stripping the supply. The setting of corporate hospital with use capital investment has let to more competition and marketing efforts. With the growing population, the health services are going to increase at fast pace with more participation coming from the private sector.

Information Technology: Within this sector, the software industry has emerged as one of the area in which India has international competitive advantage and can very well become a world leader. The software industry would also gain from the reduced custom duty on components meaning thereby, lower hardware costs. The leader in this field includes companies like Tata Unisys Ltd., Digital equipments (India) Ltd., Infosys Technology Ltd.

Services sector has been billed as fastest growing sector in India since 1996. In fact, service industries like media and knowledge-based process industries, recorded as high as 20 to 50 percent annual growth in the last five years. Some other growing services in India are:

- Home delivery service: - A home delivery, where milk, bread, cheese, fruits and vegetables are served at the door-step daily, will be a boon for working women.
• **Home banking service:** - Time being crucial factor in the modern living, banking at the doorstep would revolutionize money transactions. Home banking is small banking catering to a hundred or two hundred homes in a locality.

• **Home health service:** - Barefoot doctors are an idea tested under the inspiration of Moa Zedong. Here instead of the sick waiting in a long cue for the doctor, the doctor would visit the sick. Home health services will comprise of doctors who will deliver services at the doorsteps i.e. the service is delivered at people's residence.

• **Home food service:** - With more and more women taking up executive jobs, they will have to give up cooking delicious foods at home. A food prepared to match the taste of home food can be marketed easily.

• **Home library service:** - In the competitive society it is required to keep oneself updated with the latest information. Everyone should update his knowledge, should be competitive and innovative to be well employed and to stay in his job. Supply of books at door step for all members of family – self learning books for growing up children, leisure and entertainment books' for housewife and professional books for adults would do a good business.

• **Home bill payment service:** - Is a growing business in small cities also. An organization will obviously liked if it takes care of its customer's bills i.e. electricity, telephone and water bills, LIC and GIC installments, babies
school fees. To be even more liked they can also provide electrician, plumber and mechanic services.

- **Home security service:** - There is an immediate need for home security service to ensure the safety of your life and limb. Persons need security from, kidnapping for ransom and many such activities, which has become a business for underworld.

- **Home tutors service:** - parents spend very wisely on their children's education. Home tutors will be required who will improve the proficiency in child and lay the proper foundation of child's career and prepares him for a livelihood.

- **Home cleaning and washing service:** - Housewives will be eternally grateful to an agency, which takes over her cleaning and washing at home. These services are bound to be popular and economically viable, especially when domestic servants are more often unhygienic.

- **Home travel service:** - It is a logical extension of existing travel agency but with service rendered at home.

- **Baby care service:** - In the Indian context where labour is cheap and in most cases the grand parents are available the situation is different from the developed countries. But there is potential for the baby care service industry to expand.
- Match making and horoscope consultancy: When weddings are becoming a catered affair in more sense than one, a match-making
- Divorce consultancies
- Management consultancies.
- Mental health consultancy.

Globalization: Globalization has led to an increased demand for communication, travel and information services. This globalization is possible due to rapid changes brought by new information technology. The following graph will make it clear that in the economies of industrial societies, service sector has been increasing at a fast rate. As the economies shift from developing to developed stage they will show more and more shift towards services.
The growing importance of service sector in industrial society

Fig 1.4


Globalization of service sector is also getting immense importance in present world scenario, especially when domestic market in some countries reaches the stage of maturity. Globalization is likely to assist in the process of diffusing new service developments across national boundaries. The large and rapidly growing service sector in most nations has resulted in the emergence of a new breed of larger, more sophisticated service companies. World's leading service companies can be separated into eight categories:

- Diversified services.
- Commercial banks.
- Diversified financials.
- Savings institutions.
- Life insurance.
- Retailer
- Transportation.
- Utilities

These major service firms are now increasingly looking to international markets in the search for future profitability. Today, the fastest growing segment of the United States economy is services. The economies of other developed countries are also dominated by services. Growing dominance of the services has been so strong that some people term it as The Second Industrial revolution. As the development takes place, the role of agriculture in the economy declines and that of services rises. Highly developed countries have more than 50% of contribution to GDP and new employment derived from services. The reason behind the development of service employment over time is that the service sector is less sensitive to business cycle fluctuations.
United states, and most of the west European countries as well as Mediterranean countries are net exporters of services. Singapore is also one of the prominent net exporters of services. Germany, Japan, most of the south East Asian countries, and Canada are net importers. The third world countries are also net service importers. Each nation has their own leadership in different service industries, and table below shows this pattern:

<table>
<thead>
<tr>
<th>Country</th>
<th>Leading Position in Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Fast Food, Education &amp; Training, Health care Services and Hospital Management, Hotels, Car Rentals, Accounting, Advertising, Commercial Banking, Money Management, Information, Trading, Entertainment.</td>
</tr>
<tr>
<td>U.K.</td>
<td>Specialty Store, Auctioneering, Trading, Money Management</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Trading, Commercial Banking, Money Management.</td>
</tr>
<tr>
<td>Italy</td>
<td>Design Services.</td>
</tr>
</tbody>
</table>
Trade in service is comparatively more difficult to measure because of following reasons:

- There is no detailed international classification of trade in services.
- Method used to value services is not identical in all countries.
- Certain transactions are not regarded as service by all nations e.g. construction operation carried out abroad and lasting more than a year are treated as direct investment rather than services by some countries.

Service industries of developed countries have definite level of competitiveness in international trade, where as, for most developing countries service industries are at various stages of development ranging from low to intermediate. International talks on trade, which before mid 80's focused only on merchandise trade. Keeping in view the growing importance of trade in services, included discussion on it in the Uruguay round. The eight round of multilateral trade discussions under the General Agreement on Trade and tariff (GATT). The world trade organization (WTO), which came into being on Jan 1, 1995. On culmination of the Uruguay round the countries also adopted a general agreement on trade in services (GATS). GATS seek to establish a multilateral framework of rules
and principles for trade in services to promote expansion of such trade under conditions of transparency and progressive liberalization.

The General Agreement on Trade in Services (GATS) is the first ever set of multilateral, legally enforceable rules covering international trade in services. It was negotiated in the Uruguay Round. Like the agreements on goods, GATS operates on three levels: the main text containing general principles and obligations; annexes dealing with rules for specific sectors; and individual countries’ specific commitments to provide access to their markets.

Unlike in goods, GATS has a fourth special element: lists showing where countries are temporarily not applying the “most-favoured-nation” principal of non-discrimination. These commitments — like tariff schedules under GATT — are an integral part of the agreement. So are the temporary withdrawals of most-favoured-nation treatment.

A WTO Count for Trade in Services oversees the operation of the agreement. Negotiations on commitments in four topics have taken place after the Uruguay Round. A full new services round started, as required in GATS, in 2000.

Basic principles

- All services are covered by GATS
Most-favoured-nation treatment applies to all services, except the one-off temporary exemptions

National treatment applies in the areas where commitments are made

Transparency in regulations, inquiry points

Regulations have to be objective and reasonable

International payments: normally unrestricted

Individual countries’ commitments: negotiated and bound

Progressive liberalization: through further negotiations

The framework: the GATS articles GATS’s 29 articles cover all services sectors. They the general obligations that all members have to apply.

Total coverage The agreement covers all internationally traded services. This includes all the different ways of providing an international service — GATS defines four:

- Services supplied from one country to another (e.g. international telephone calls), officially known as “cross-border supply”

- Consumers or firms making use of a service in another country (e.g. tourism), officially known as “consumption abroad”

- A foreign company setting up subsidiaries or branches to provide services in another country (e.g. foreign banks setting up operations in a country).

- Individuals traveling from their own country to supply services in another (e.g. fashion models or consultants), officially “presence of natural persons”
Most-favoured-nation (MFN) treatment

Favour one; favour all. MFN means treating one's trading partners equally. Under GATS, if a country allows foreign competition in a sector, equal opportunities in that sector should be given to service providers from all other WTO members. (This applies even if the country has made no specific commitment to provide foreign companies access to its markets under the WTO.)

MFN applies to all services, but some special temporary exemptions have been allowed

What about national treatment?

National treatment — equal treatment for foreigners and one's own nationals — is treated differently for services. For goods (GATT) and intellectual property (TRIPS) it is a general principle. In GATS it only applies where a country has made a specific commitment, and exemptions are allowed.

Transparency

GATS say governments must publish all relevant laws and regulations. Within two years (by the end of 1997) they have to set up inquiry points within their bureaucracies. Foreign companies and governments can then use these inquiry points to obtain information about regulations in any service sector. And they have to notify the WTO of any
changes in regulations that apply to the services that come under specific commitments.

Regulations: objective and reasonable

Since domestic regulations are the most significant means of exercising influence or control over services trade, the agreement says governments should regulate services reasonably, objectively and impartially. When a government makes an administrative decision that affect a service, it should also provide an impartial means for reviewing the decision (for example a tribunal).

Recognition

When two (or more) governments have agreements recognizing each other's qualifications (for example, the licensing or certification of service suppliers), GATS says other members must also be given a chance to negotiate comparable pacts. The recognition of other countries' qualifications must not be discriminatory, and it must not amount to protectionism in disguise. These recognition agreements have to be notified to the WTO.

International payments and transfers

Once a government has made a commitment to open a service sector to foreign competition, it must not normally restrict money being
transferred out of the country as payment for services supplied ("current transactions") in that sector. The only exception is when there are balance-of-payments difficulties, and even then the restrictions must be temporary and subject to other limits and conditions.

**Specific commitments**

Individual countries' commitments to open markets in specific sectors — and how open those markets will be — are the outcome of negotiations. The commitments appear in "schedules" that list the sectors being opened, the extent of market access being given in those sectors (e.g. whether there are any restrictions on foreign ownership), and any limitations on national treatment (whether some rights granted to local companies will not be granted to foreign companies.)

These commitments are "bound": like bound tariffs, they can only be modified or withdrawn after negotiations with affected countries — which would probably lead to compensation. Because "unbinding" is difficult, the commitments are virtually guaranteed conditions for foreign exporters and importers of services and investors in the sector to do business.

**Progressive liberalization**

The Uruguay Round was only the beginning. GATS require more negotiations, the first to begin within five years. The goal is to take the
liberalization process further by increasing the level of commitments in schedules.

**Marketing research**

Marketing research is often needed to ensure that we produce what customers really want and not what we think they want.

There are two main approaches to marketing. Secondary research involves using information that others have already put together. For example, if you are thinking about starting a business making seats in aeroplane for tall people, you don’t need to question people about how tall they are to find out how many tall people exist—that the Government has already published information. Primary research, in contrast, is research that you design and conduct yourself. For example, you may need to find out whether consumers would prefer that your soft drinks be sweeter or tarter.

Research will often help us reduce risks associated with a new product, but it cannot take the risk away entirely. It is also important to ascertain whether the research has been complete. For example, Coca-Cola did a great deal of research prior to releasing the New Coke in many countries, and consumers seemed to prefer the taste. However, consumers were not prepared to have this drink replace traditional Coke.
Several tools are available to the market researcher—e.g., mail questionnaires, phone surveys, observation, and focus groups. Each have their own advantages and disadvantages and are used as the need be.

Focus groups are useful when the marketer wants to launch a new product or modify an existing one. A focus group usually involves having some 8-12 people come together in a room to discuss their consumption preferences and experiences. The group is usually led by a moderator, who will start out talking broadly about topics related broadly to the product without mentioning the product itself. For example, a focus group aimed at sugarfree cookies might first address consumers' snacking preferences, only gradually moving toward the specific product of sugarfree cookies. By not mentioning the product up front, we avoid biasing the participants into thinking only in terms of the specific product brought out. Thus, instead of having consumers think primarily in terms of what might be good or bad about the product, we can ask them to discuss more broadly the ultimate benefits they really seek. For example, instead of having consumers merely discuss what they think about some sugarfree cookies that we are considering releasing to the market, we can have consumers speak about their motivations for using snacks and what general kinds of benefits they seek. Such a discussion might reveal a concern about healthfulness and a desire for wholesome foods. Probing on the meaning of wholesomeness,
consumers might indicate a desire to avoid artificial ingredients. This would be an important concern in the marketing of sugarfree cookies, but might not have come up if consumers were asked to comment directly on the product where the use of artificial ingredients is, by virtue of the nature of the product, necessary.

Focus groups are well suited for some purposes, but poorly suited for others. In general, focus groups are very good for getting breadth—i.e., finding out what kinds of issues are important for consumers in a given product category. Here, it is helpful that focus groups are completely "open-ended:" The consumer mentions his or her preferences and opinions, and the focus group moderator can ask the consumer to elaborate. In a questionnaire, if one did not think to ask about something, chances are that few consumers would take the time to write out an elaborate answer. Focus groups also have some drawbacks, for example: They represent small sample sizes. Because of the cost of running focus groups, only a few groups can be run. Suppose you run four focus groups with ten members each. This will result in an n of 4(10)=40, which is too small to generalize from. Therefore, focus groups cannot give us a good idea of:

What proportion of the population is likely to buy the product?
What price consumers are willing to pay?
The groups are inherently social. This means that:
Consumers will often say things that may make them look good (i.e., they watch public television rather than soap operas or cook fresh meals for their families daily) even if that is not true.
Consumers may be reluctant to speak about embarrassing issues (e.g., weight control, birth control).

Some cautions should be heeded in marketing research. First, in general, research should only be commissioned when it is worth the cost. Thus, research should normally be useful in making specific decisions (what size should the product be? Should the product be launched? Should we charge Rs1.75 or Rs2.25?)

Secondly, marketing research can be, and often is, abused. Managers frequently have their own "agendas" (e.g., they either would like a product to be launched or would prefer that it not be launched so that the firm will have more resources left over to tackle their favorite products). Often, a way to get your way is to demonstrate through "objective" research that your opinions make economic sense.

**The Big Boom Ahead**
Around the world, the service sector of the economy is going through a period of almost revolutionary change in which established ways of doing business continue to be shunted aside. At the beginning of the new
millennium, we are seeing the manner in which we live and work being transformed by new developments in the services. Innovators continually launch new ways to satisfy our existing needs and to meet needs that we did not even know we had (how many of us, ten years ago, anticipated a personal need for e-mail).

The winds of change are battering the very core of the socio-psycho economic values around which Indian society has been knit for hundred of years. The change in the value system is forcing the emergence of new life styles, consequently over hauling our consumption pattern. The forces of technology, communication networks, flood of information, rising education levels, exposure to western life styles and increase in incomes are some of the change agents apart from changes in life styles, other factors which explain the increasing demand for services include increasing affluence which allows consumers to spend more on dry cleaning, repairs, security services, travel, entertainment, hotels, restaurants, personal care etcetera career consciousness among the youth and children creates a demand for educational institutions and tutorial bureaus. As more and more women join the work stream, there will be less and less time available for domestic jobs. This holds promise for childcare services, domestic and household services, nurseries and away from home meal services. Growing life expectancy among Indians is a potential market for old people homes,
nursing homes, and health care institutes. As products become more complex, the need for technicians, skilled specialists and repair shops will grow. Also as life in general becomes more complex because of complicated rules and regulations, the demand for professional services like lawyers, consultants, travel agents, marriage counselors, legal advisors, employment services, transportation, telecommunication and courier services will boom. Further as people get more leisure, the demand for travel services, airlines, railways, taxies, hotels, restaurants, travel resorts, long distance communication entertainment, and game clubs will also increase.

Thus, it is rightly said that it is an age of service sector. Now, if we have to make a stand in this service sector, we must be known to the problems of this sector and we must have to formulate the strategies to overcome these problems. Because of these reasons I have chosen the topic "problems and Strategies of Services Marketing", for my research work I have made a hard work for studying in this area.

**Objective of study**

If the first industrial revolution made possible large-scale manufacture because of mechanical power, it is human enterprise, which is
now bringing about a second industrial revolution in the form of services. Much of the world, including India, is changing from goods-producing to a service economy, creating opportunity for self employment for many and, of course, new job also. These service organizations will constantly scan and identify the market for services required and be very careful about the value of time and specialization.

Keeping this view in mind the researcher has to summarize the conceptual framework of services. What are its unique characteristics? How do they differ from the physical products? Attempts have been made to simplify these and explain the characteristics in detail. So that marketers can make use of them in multiplying their business.

The researcher then tries to find out what are the problems that stem out of these special characteristics of services. These problems are unique to the services therefore they have to be understood in detail to solve them. The basic thing is that to solve a problem you have to understand it in detail, and then diagnose the problem with proper scanning. After proper diagnosis only a proper and adequate solution can be provided. So attempts have been made to bring out these unique problems.

The problems being unique and different from ones faced earlier, appropriate solutions are required to solve these. Therefore, attempts have
been made to design appropriate strategies to overcome these problems. A service provider can win his customers and satisfy them if he is able to formulate and apply special measures. Therefore a set of strategies has been formulated and suggested.

Though much of literature is not available but whatever scarce literature is available, are they sufficient to solve the problems of individuals or firms. A comparison will be made with the literature available and those reported by the service provider. The comparison will bring about some of the new strategies suitable to solve the specific problems of these service providers.

Finally attempts shall be made to develop services marketing thought. Attempts shall be made to provide implications for further research. It shall try to give some strategies but that are not all, as sample business do not comprise the whole universe or the entire market. So new studies can suggest strategies to solve these problems.

**Academic research in services**

One reason for services marketing getting less attention than marketing of physical goods is that services have not been well defined. The other is, the range of services is too broad to allow meaningful, in-depth analysis of the entire field in one study. The opposite extreme of focusing on a single industry has been there in areas like, transportation,
banking, finances, tourism and hospitality etc. But these approaches suggest different solutions. And they fail to generate the insight gained from comparing and contrasting marketing applications in several related industries.

Development of greater sophistication in services marketing will be aided if we can find new ways to group services other than current industry classifications. An approach that could be more useful is to segment into cluster than to share certain marketing-relevant characteristics in common, and then to examine the implications for marketing action.

Research Methodology

The proposed study is exploratory and descriptive in nature. It is exploratory because it aims at extracting relationships, new combinations that do not exist in literature by now. It is descriptive because it aims at covering broad-spectrum services in detail.

1. Data – The proposed study aims to utilize the primary and secondary data both. The secondary data would be gathered from different relevant sources while for primary data two different sets of information shall be collected for the purpose. One set being of the professionals involved in production and distribution of services (Individual and firms) and the second set shall comprise of the consumers of different service business.
Two different sets of questionnaire will be prepared for consumers and service marketers. The mode of communication of the questionnaires will comprise of personal interview, telephonic interviews as well as postal communication.

2. Sample – A non-probability method of sampling will be adopted in Faizabad region. Out of which two most prominent districts of Faizabad and Sultanpur has been selected for study. More specifically quota sampling approach will be adopted. For this purpose the services have been classified into four categories, (a) Financial services, (b) Hospitality services, (c) Health services, and (d) others. Under each category 100 samples would be gathered. Each category will have the distribution of 25% and 75% of service producer and service users respectively. It will enable to have a deeper view and insight into the objectives of the study.

3. Proposed statistical tools – Relevant statistical techniques would be used to derive conclusion from data.

Hypothesis

1. Services and tangible goods marketing are the same.

2. It is easy to price services.

3. Service providers are ignorant above selling inputs.

4. Front line service providers should be good in human relations.