2.1. Introduction

Development of professional skills in marketing management requires the ability to look across a broad cross-section of marketing situations, to understand their differences and commonalities, and to identify appropriate marketing strategies in each instance. In the manufacturing sector, many experienced marketers have worked for a variety of companies in several different industries, often including both consumer goods and industrial firms. As a result, they have a perspective that transcends narrow industry boundaries.

But, exposure to marketing problems, strategies in different industries is still quite rare, among managers in the service sectors. Not only is the concept of a formulated marketing function still relatively new to most service firms, but service industries have historically been somewhat inbred.
The net result of such narrow exposure is that, it restricts a service provider’s ability to identify and learn from the experience of the organisations facing parallel situation in other service industries and, from marketing experiences in the manufacturing sector. Conversely, marketers from the manufacturing sector who take positions in service industries often find that their past experience has not prepared them well for working on some of the problems that regularly challenge service marketers.¹

Marketing thinking and practice has, however, achieved some utilization in banks and airlines and to a lesser degree in Insurance, Commission agents and Public transportation and still less in Legal firms, Accounting, Consulting, Medicine, Architecture, and Engineering. Marketing, far from being a minor negligible function in managing a professional services firm, is one of the most important function for helping such firms meet the unprecedented challenges they are facing.²


2.2 Relevant Literature

Service and the unique requirements for marketing have received great attention in United States and Western Europe, and in recent years, in India there is a greater awareness of the need for these services and marketing on account of competition. There has consequently been a vast change in the service sector. In order to focus attention of intellectuals, professionals, educationists, businessmen, industrialists, managers and students, the MBA programme centre of the University of Poona organised a two day seminar, "mark serve 88" on 15th and 16th April, 1988, which showed the beginning of an active interest in the field of service sector by intellectuals and industrialists in India. This marks the beginning of interest in service marketing in India.

However, review of published research materials on service marketing, showed that much research are carried out in America and few in Britain, and over 70% of the references cited were dated between 1975 and 1980.¹

Much of the writing in service marketing has been concerned with building the argument that services are different from products and that these differences necessitate special marketing consideration.¹

The authors of these research went on saying that the concepts developed in marketing were biased towards product marketing and not necessarily applicable in the service realm. The rationale for a separate treatment of service marketing centres on the existence of a number of characteristics of services which are consistently cited in the literature like: Intangibility, Inseparability of production and consumption, heterogeneity, and perishability, which also make services different from products.

As Whckham et al (1975)² argue that service marketing is not materially different from Product Marketing and point out that perishability differences between products and services are merely short term differences. It is a difference of degree, not kind. This was later on clarified by Uhl and Upah (1983)³ in their research, who argues that Wyckham et al., understate the magnitude of this key difference between products and services. All service capacity is perishable and further more perishes with every instant of non use. However, recent work in this

¹ Sanjiv Mittal, Marketing of Professional Services. A case study of CAS in Delhi City, 1995 P 47
area has dealt not so much with arguing the issues of product-service differences and resulting differences in marketing, instead many have accepted (or possibly avoided) the different arguments and goes on to develop positive as well as normative theory for service marketing practices.

Alfred Marshall (1842-1924) also observed that, both manufacturers and traders produced utilities whether they were formed from tangible or intangible components.¹ Levitt, (1972) put in more recently "..... there is no such thing as service industries. There are only industries whose service components are greater or less than those of other industries. Everything is in services."²

As Levitt, (1981) further states that, "Everybody sells intangibles in the market place, no matter what is produced in the factory:"³ Stanton, (1981) also observed that, "the product is a set of tangible and intangible attributes which the buyer may accept as offering satisfaction of wants and needs".⁴ It is apparent from the above that a universally acceptable definition of service has so far proved elusive. As Smith,⁵ observed, "No criteria are likely to provide a clear cut distinction between the two sectors (goods and services)".

⁵ Smith, Wendell R, "Product Differentiation and Market Segmentation" as Alternative.
The suggestion of Ryans and Wittink (1977), is to move forward with the development of better strategic planning models to guide service marketers. In essence, what is significant about services, whether they are the object being marketed, is the relative dominance of intangible attributes in the make of the “Service Product” (Donald Cowell, 1984).¹

Wilson (1972)² “…… Services of all types are taking an increasing part of both organisational and personnel budgets, but those engaged in service industries must necessarily lean on product-marketing methods because of the lack of information on the marketing of service. This applies to services which are professional, such as banking, consultancy, architecture, accountancy, or broking, industrial, such as contract maintenance, security, transport, or design, or tourism, entertainment or personal care. All engaged in the sales of intangibles, know, if only instinctively, that the marketing strategy and tactics for services are applied in very different ways from those for products”.

<table>
<thead>
<tr>
<th>Unique Service features</th>
<th>Resulting Market problems</th>
<th>Selected References citing problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Intangibility</td>
<td>1. Services can not be stored (sampling difficult)</td>
<td>Bateson (1977), Berry. (1980); Eigler and Langeard (1977)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Langeard et al. (1981), Sasser (1976), Gronroos (1980), Shostack (1977)</td>
</tr>
<tr>
<td>Places strain on</td>
<td>3. Cannot readily display or communicate services</td>
<td>Rathmell (1974)</td>
</tr>
<tr>
<td>promotional elements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of Marketing Mix</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Prices are difficult to set (difficult to judge price and quality in advance)</td>
<td>Deardan (1974), Love-lock (1981), and Thomas (1978)</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Centralised Mass production of services difficult</td>
<td>Sasser et al. (1978); Upah (1980)</td>
</tr>
</tbody>
</table>

1 Sanjiv Mittal, Marketing of professional Service - A case study of CAS of Delhi City, 1995. P-57
<table>
<thead>
<tr>
<th>3. <strong>Heterogeneity</strong></th>
<th>1. Standardization and quality control difficult to achieve</th>
<th>Berry (1980); Booms and Bitner (1981); Kinssley (1979(a)); Langeard et al. Berry (1975); Shostack (1977)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. <strong>Perishability</strong></td>
<td>1. Services cannot be inventorized</td>
<td>Bateson (1977); Sasser (1976); Besson and Jackson (1975); and Thomas (1978).</td>
</tr>
<tr>
<td>Unique Service features</td>
<td>Market Strategies to solve problems</td>
<td>Reference citing strategies</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Intangibility</td>
<td>2. Use personal sources more than non-personal sources</td>
<td>Sonnelly (1980), Johnson Berry (1975), George 1977, Sasser and Abell (1976)</td>
</tr>
<tr>
<td></td>
<td>5. Use cost accounting to help set prices</td>
<td>Board and Holye, (1976), Dearden (1978)</td>
</tr>
<tr>
<td>Inseparability</td>
<td>1. Emphasize selection and training of public contact personnel</td>
<td>Berry, (1981); Davidson (1978); George (1977); Gronroos, (78).</td>
</tr>
<tr>
<td>Heterogeneity</td>
<td>1. Industrial Services *</td>
<td>Levitt (1972, 1976)</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------</td>
<td>------------------</td>
</tr>
<tr>
<td></td>
<td>2. Customize service</td>
<td>Bell (1981); Berry (1980); Johnson (1981); Regan (63); Sasser and Arbein (1978).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perishability</th>
<th>1. Use strategies to cope with fluctuating demand</th>
<th>Lovelock (1981)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Make simultaneous adjustments in demand and capacity to achieve a close watch between the two</td>
<td>Sasser (1976).</td>
</tr>
</tbody>
</table>

Levitt suggests specific techniques (Hard, soft and hybrid technologies) to substitute organised preplanned system for the individual service operations (e.g. a travel agency could offer prepackaged vacation tours to obviate the need for the selling, tailoring, and haggling involved in customization). This strategy is the opposite of customization.

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The above discussion shows that several authors have concerned themselves with the implications of the intangibility of services for different treatment from goods marketing and marketing services.

Table 2.3

Some Constraints on the Management of Services and Ways of Overcoming them

<table>
<thead>
<tr>
<th>Characteristics of Service</th>
<th>Some Implications</th>
<th>Some Means of Overcoming Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Intangibility</td>
<td></td>
<td>1. Sampling difficult</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2. Places strain on promotional elements of marketing mix</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>3. No patents possible</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>4. Difficult to judge price and quality in advance</td>
</tr>
<tr>
<td>Inseparability</td>
<td>1</td>
<td>1. Require presence of producer</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2. Direct Sale</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>3. Limited scale of operations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Difficult to assure quality</td>
<td>2. Ensure standard are monitored.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perishability</td>
<td>1. Cannot be stored</td>
<td>1 &amp; 2 Better match between supply and demand (e.g. price reduction off peak)</td>
</tr>
<tr>
<td></td>
<td>2. Problems with demand fluctuations.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Customer has access to, but not ownership of the activity or facility</td>
<td>1. Stress advantages of non-ownership (e.g. easier payment system).</td>
</tr>
</tbody>
</table>

2.5 Studies on Service Marketing Practice

Most of the research dealing with particular marketing problems of firms in specific service industries have been undertaken in America and Western Europe. Few are undertaken in Britain. The Marketing of various service organisations covered are:

1. Organisations providing accounting services (Kotler and Connor, 1977; Mahon 1978; Birrer, 1986; Denney, 1983; professional Services in General (Wilson, 1972; Wheateley, 1983; Kotler and Bloom, 1984; Legal 198

2. The performing Arts. (Currim et.al., 1981); The Health Care (Alan Andreason, 1979); Cooper and Murphy, 1978.

3. Service Industries in General. (Rathmell, 1974; Donald Cowell, 1984; George and Barksdale, 1974; Donald M. Parker, 1960; McDowell, 1953).

These studies of marketing in the United States service industries employed case studies, personal interviews, trade publications and the like, and concluded that many service organisations/firms were not market oriented but showed their zeal to meet customer needs (Johnson E.M., 1964).

Studies dealing with particular Marketing problems in various Service Industries

Other studies have dealt with the common service marketing challenges faced by the firm across service industries. Sasser, (1976) and Lovelock and Young,
(1977) deal with the need for, and procedures used to more closely match supply and demand for services. Levitt (1972 and 1976) discusses means by which service organisations can improve productivity through the increased mechanization of service operations. Sasser and Arbeit, (1976) then go on to discuss the potential problems in employee alienation as a result of the use of increased structure in mechanization of service tasks.

In marketing, there has been a number of approaches used to clarify what are services. The varying approaches are:

a) Definition of services

b) Classification of services

c) Reasons for growth of services

d) Characteristics of services

e) Functional differences between services and products

f) Bases for competition in marketing of services

g) Special consideration in the marketing of services

h) Status of marketing in the service sector
According to US Government’s Standard Industrial Classification, “Establishments are primarily providing a wide variety of services to individuals, business and government establishments and other organisations, hotels and other lodging places, establishments providing personal services, repair and amusement services, educational institutions, membership organisations and other miscellaneous services.”¹

From the above definition of the Standard Industrial Classification, it is clear that different types of services are an important base for the services establishments offering services to both categories of customers, the individuals as well as the organisations.

According to Sir William Beveridge, “Service refers to social efforts which include even government to fight five giant evils, e.g. want, disease, ignorance, squalor and illness in the society.”²

This opinion focuses on the organisations offering social services, where hospitals or Medicare or health centres, communication organisations, educational institutions that are found important.

² Robert Johnston and Graham Clark, "Service operations and Management, Prentice Hall, 2001."
According to A.V.S. Rao, Service can also be defined as, "a human effort which provides succour to the needy. It may be a food to a hungry person, water to a thirsty person, medical services to an ailing person and education to a student, loan to a farmer, transport to a consumer, communication aid to two persons who want to share a thought, pleasure or pain." \(^1\)

The above definition explains that services are human efforts. The focus is on the point that services are not meant for the sake of services or say, services without charging any fee.

Finally, American Marketing Association defines services in the following way. "Services are activities, benefits or satisfaction which are offered for sale that are provided in connection with the sale of goods."\(^2\) This definition makes it clear that services are activities, benefits or satisfaction and we find their uses for selling products which may be tangible or even intangible.

Services are those separate identifiable, essentially intangible activities, which provide want-satisfaction, and are not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of tangible goods. However, when such use is required, there is no transfer of title (permanent ownership) to these tangible goods." Therefore, activities like repairs.

---

entertainment, hotel accommodation, medical care, transportation, personal care, dry cleaning, consultancy, hotel services, education are all services.

Table 2.4

Service Firms and their Service Offers¹

<table>
<thead>
<tr>
<th>Colleges, schools and other institutions of learning</th>
<th>Education, training research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>Risk coverage</td>
</tr>
<tr>
<td>Banks</td>
<td>Credit, security</td>
</tr>
<tr>
<td>Beauticians</td>
<td>Personal and beauty care</td>
</tr>
<tr>
<td>Hotels and Restaurants</td>
<td>Accommodation and convenience</td>
</tr>
<tr>
<td>Cinemas, Theatres</td>
<td>Recreation and entertainment</td>
</tr>
<tr>
<td>Drycleaners</td>
<td>Cleaning services</td>
</tr>
<tr>
<td>Travel agencies and firms</td>
<td>Conveyance and transportation</td>
</tr>
<tr>
<td>Lawyers and Solicitors</td>
<td>Legal advise</td>
</tr>
<tr>
<td>Police</td>
<td>Security and protection</td>
</tr>
<tr>
<td>Management Consultants</td>
<td>Professional advise</td>
</tr>
<tr>
<td>Computer / Equipment service Bureaus</td>
<td>Maintenance and repairs</td>
</tr>
<tr>
<td>Posts / Couriers</td>
<td>Communication and delivery</td>
</tr>
</tbody>
</table>

The popularity in the service sectors has been accompanied by considerable disagreement and debate as to what constitutes a service and whether service marketing is a distinctive subject area. Many authors have sought to develop definitive descriptions of a service, yet no adequate agreed definition has emerged. A service is an activity which has some element of intangibility associated with it, which involves some interaction with customers or with property in their possession, and does not result in a transfer of ownership. A change in condition may occur, and production of the service may or may not be closely associated with a physical product. **There is no uniformity of thought over terminology in this area.** We view a product as an overall package of objects and processes which provide some value to customers, whilst goods and services are subcategories which describe two types of products. However, there is no widely used convention and even within the same service industry, terms such as ‘product’, ‘service’ or ‘service product’ may be used interchangeably.

The ‘service’ product cannot be stored, is difficult to demonstrate, and cannot be resold and depends heavily on the staff ‘delivering’ it. The consumer is participating in a social interaction when receiving a health service or an educational service. The quality of the service may be perceived by the consumer in terms of how well the interaction is managed. This is the essential factor in ‘service’ product design. However, carefully a training
programme for company staff is designed, it will not succeed unless the trainees are happy with the way in which it is delivered by the tutors / facilitators.

According to T.J. Hannagan, service quality\(^1\) is an elusive concept because it depends upon the expectations of the consumers, and for complex services, such as health and education, these expectations may be different for each consumer. Total quality includes the corporate image and the technical attributes of the organisation. It is a major influence on the level of demand for a service and it is a major factor in positioning an organisation in relation to its competitors.

The success of a service may depend on its:

- Availability;
- Reputation;
- Cost;
- Fashionability;
- Uniqueness;
- Reliability;
- Personal value;
- Outcomes;

• Quality;

• Delivery

People may return to an organisation because of their perception that the staff are:

• helpful;
• friendly;
• cheerful;
• knowledgeable;
• attentive;
• professional;
• punctual;
• competent.

Most of the organisations are concerned with total quality, image and reputation in the development of their product/service mix. The reputation of one product will affect that of others. A hospital would want all its departments run efficiently, a school would aim to have every class well taught of and a college would want every course delivered excellent.

The term ‘service’ means the, ‘business and professional service such as advertising, marketing research, banking, insurance, computer-
programming, legal and medical advice.' Then there are services which are
provided by professionals but consumed for reasons not for business, rather for
leisure, recreation, entertainment and fulfilment of other psychological and
emotional needs such as education, fine arts, etc.

1. Utilities

Electricity
Water Supply

2. Legal Protection and Defence Service

Police
Army
Air Force
Navy
Judiciary
Civil Administration
Municipal Services
(Sewage, disposal of corpses, maintenance of roads, parks & public buildings)

3. Transport & Communication

Railways (Passenger & Freight)
Air Transport (Passenger & Freight)
Post & Telegraph
Telephone & Telecommunication Broadcasting (All India Radio)
Telecasting (Doordarshan)

4. Distribution
Wholesale Distribution
Retail Distribution
Dealers, Agents

5. Banking Activities
Banks
Share & Stock Brokers

6. Business Activities
Advertising
Marketing Research
Consulting
Accountancy
Legal
Medical
Educational
Research

Maintenance & repairs (of plants, machinery & equipment)

Leasing

Computer Programming

Employment Agencies

7. Entertainment

Cinema, Theatre

Clubs, Gymnasiums

Restaurants, Hotels

Video Game Parlours

Casinos

Self-improvement Courses

8. Miscellaneous

Beauty Parlours

Health Clubs

Domestic Help

Drycleaning

Matrimonial Service

Figure - 2.1

Concept of Services

Performed by
Individuals
(Baby sitter, domestic help)
Machine
(Vending machine, TM)
Individual & Machine
(Taxi, beautician)

Service is:
An activity
Act
Deed performance efforts

Directed to:
Customers
(Men, women etc)
Customer's possessions
(Money, property, car)
Business users
(Advertising, insurance, Transportation)

Rendered: for profit
(Banks, airlines)
Not for profit (public hospitals and schools)

Classification of Services: Services are categorized by market, degree of tangibility, skill of the service provider, goal of the service provider, degree of service regulation, labour intensiveness and the amount of customer contact. The classification system is a useful way of showing the diversity of service marketing.

Table - 2.5

<table>
<thead>
<tr>
<th>Classification of Service¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. By market type</td>
</tr>
<tr>
<td>Consumer Service</td>
</tr>
<tr>
<td>Industrial Service</td>
</tr>
<tr>
<td>2. By degree of Tangibility</td>
</tr>
<tr>
<td>Rental goods</td>
</tr>
<tr>
<td>Non rental goods</td>
</tr>
<tr>
<td>3. By skill of Service provider</td>
</tr>
<tr>
<td>Professional</td>
</tr>
<tr>
<td>Non professional</td>
</tr>
<tr>
<td>4. By goal of Service provider</td>
</tr>
<tr>
<td>Profit</td>
</tr>
<tr>
<td>Non profit</td>
</tr>
<tr>
<td>----</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>6.</td>
</tr>
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<td></td>
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<tr>
<td>7.</td>
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<td></td>
</tr>
</tbody>
</table>

There is a need to develop service classification schemes that enable service managers to compare their firms with those in other service industries sharing common characteristics and to learn from them. Christopher Lovelock suggests the following key issues with respect to the classification of services.¹

Service industries remain dominated by an operation perspective with managers insisting that their service industry sector is different from other service industry sectors.

---

¹ Source: Christopher Lovelock. 'Services Marketing'. Prentice Hall, 1999.
A managerial mindset evident in many service sectors argues, for example, that the marketing of airlines has little in common with the marketing of banking, insurance, hotels or hospitals.

Simple classification schemes of services are not sufficient—they should offer strategic marketing insights if they are to have managerial value. The researchers have been concerned with classification schemes that give insight into the strategic dimensions of service marketing.
<table>
<thead>
<tr>
<th></th>
<th>Reasons for growth of Service sector¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Increasing affluence</td>
</tr>
<tr>
<td></td>
<td>Greater demand for service (activities which customers Used to perform themselves) such as interior decoration, Laundry, care of household, products such as carpets, maintenance of gardens etc;</td>
</tr>
<tr>
<td>2.</td>
<td>More leisure time</td>
</tr>
<tr>
<td></td>
<td>Greater demand for recreation and entertainment Facilities, travel resorts, adult education and self improvement courses</td>
</tr>
<tr>
<td>3.</td>
<td>Higher percentage of women in labour force</td>
</tr>
<tr>
<td></td>
<td>Greater demand for creches, baby sitting, household domestic help</td>
</tr>
<tr>
<td>4.</td>
<td>Greater life expectancy</td>
</tr>
<tr>
<td></td>
<td>Greater demand for nursing homes and health care Services</td>
</tr>
<tr>
<td>5.</td>
<td>Greater Complexities of Products</td>
</tr>
<tr>
<td></td>
<td>Greater demands for skilled specialists to provide maintenance for complex products such as air conditioners, cars, personal computers</td>
</tr>
<tr>
<td>6.</td>
<td>Increasing complexity of Life</td>
</tr>
<tr>
<td></td>
<td>Greater demands for specialists in income tax, labour laws, Legal affairs, Marriage counseling, Employment services.</td>
</tr>
<tr>
<td>7.</td>
<td>Greater concern about Ecology and Resource scarcity</td>
</tr>
<tr>
<td></td>
<td>Greater demand for purchased or leased services car Rental, travel, resorts with time sharing rather than Ownership basis.</td>
</tr>
<tr>
<td>8.</td>
<td>Increasing number of New products</td>
</tr>
<tr>
<td></td>
<td>The computer sparked development of such service industries such as programming, repairing and time Sharing.</td>
</tr>
</tbody>
</table>
The entrepreneur should identify the customers’ needs for framing marketing mix.

**Characteristics of services**

**Intangibility** - The services are to a large extent abstract and intangible.

**Heterogeneity** - The services are non standard and highly variable.

**Inseparability** - The services are typically produced and consumed at the same time, with customer participation in the process.

**Perishability** - It is not possible to store service as inventory.

The emphasis on each of the four service characteristics can vary for a given service, and can also be a source of competitive differentiation. A service, whose benefits are more easily assessed, may have a distinct advantage over a less tangible service.

A continuum for each of the four Service characteristics.¹

Functional differences between products and services

There is a need for contrasting service marketing as goods marketing. The work of Judd (1968) provides the following differentiating features between goods and services marketing: services cannot be stockpiled.

- Channels of distribution for services, where they exist, are short and lack patent protection.
- Services lack the use of packaging.

• Services cannot be sampled.

• Economic concepts of supply and demand and cost are difficult to apply to services because of their intangible nature.

• Monetary values are more likely to be expressed in terms other than of "price".

• Symbolism derives from performance in the case of services rather than possession.

Bases for Competition

As a service firm cannot demonstrate a product, its reputation for dependability, skill and creativity becomes its chief promotional aid. It should be noted that the defective or unsatisfactory service cannot be "returned". The consumer in that case has no recourse but to try another vendor.

Special considerations in Service marketing are:¹

1. The entire service mix is usually not visible to the consumer.

2. The intangibility of services makes pricing and promotion difficult.

3. The existence of direct service organization-consumer relation makes employee-public Relation skill important.

4. Services often have high cost and low reliability.

5. Peripheral services are frequently needed to supplement the basic service offers.

6. Production and consumption are simultaneous, direct sales are possible.

7. Tangible products are assets, while service products are expenses.

8. Services are expressed in terms of rates, fees etc:

**Status of Marketing in Service sector**

- The dominant intangible nature of service products may cause more difficult marketing problems as compared with physical items.

- Some service businesses are opposed to the idea of marketing for eg: professional services.

- Many service organizations are small and in direct contact with the customers consider marketing techniques as irrelevant eg: hair dressers.
• Some service organizations have enjoyed more demand for their services than they could cope with (e.g., Hospitals, universities) and had not tried as hard to service customer needs as other enterprises.

• Ethical constraints may limit marketing in service areas (e.g., private accounting and other professional services).

• Some organizations have enjoyed monopoly position in their field and failed to realize that competition exists. (E.g., Gas)

Central assumptions in Modern Service marketing are:

1. Every organization itself is a service.

2. The primary purpose of any organization is to satisfy its customers.

3. The customer requirements are constantly changing.

The marketing mix for service consists of 7 ps. They are:

Product,
Promotion,
Place,
People,
Processes,
Price,
Provision of customer services.

(Physical Appearance)

**Fig. 2.3**

Marketing mix for services

To be a successful entrepreneur, one should identify the basic needs which are being fulfilled by the service provided by the provider and secondly, find ways and means to differentiate it from that of the competitors so that the entrepreneur can increase the number of customers, retain the existing customers and their loyalty and to make them Evangelists.

*Adrian Payne, Essentials of Services Marketings, Prentice Hall, 1993, p.24*
According to Ronald T Rust,¹ the latest view of service marketing complements the traditional view. The new approach includes mainly the principles of customer service, customer orientation, and quality management, which became widely applied now. The latest view is well suited to a world in which even product companies must compete on the basis of service and in which the environment is changing rapidly. The emphasis of the emerging paradigms of continually improving services to increase customer satisfaction and thus revenue, market share and profits.

Service Marketing Continuum

Customer service levels should be determined by research based measurement of customer needs & competitors performance & must recognize needs of different market segments.

Quality must be determined from the perspective of the customer based on regular research and monitoring.

The total quality concept should influence both the Process elements (e.g. engineering out failure points) and people elements (e.g. managing moments of truth in the customer encounter.)

The key to success in service businesses include the following:

- The notion of service as time-bound-often with real time performance.

• The importance of understanding, coordinating and managing the operational processes that underly creation and delivery of services.

• The need to ensure that customer understands the roles that they must play in participating in the service processes.

• Recognition of the contribution made to customer satisfaction and relationship building.

• The desirability of managing contacts between employees and customers.

• The need for organizations to balance corporate concerns relating to operational productivity against those relating to high service quality, as perceived and desired by customers.

• The burgeoning role of technology as a factor in reshaping both the nature of services and the manner and speed with which they are delivered to customers.

These keys indicate that customers are closely involved in the creation and delivery of many services.

Customers' satisfaction with a service may be conditioned as much by the processes in which they are involved-including interactions with operating systems, service providers, and even other customers-as by the
outcome of those processes. This means that unlike the situation that often prevails in manufacturing, the marketing function in services cannot be separated from operational and human relation management. Hence unification of these processes is essential.

Fig. - 2.5

[Diagram showing the Service Management Trinity]

The Service Management Trinity

Therefore, the synergistic services marketing mix can be as depicted in the figure given as below.

 Fig.2.6

 Synergistic Services Marketing mix

To conclude, in this chapter, an attempt has been made to review the literature with main focus on Service marketing. In this context, it is found that many authors have observed that the Service marketing includes Professional, Banking, Consultancy, Architecture, Accounting, Tourism, Entertainment, Health care etc. It is also found that there are certain unique service features like intangibility, inseparability, heterogeneity, and perishability which form the core of Service marketing. It is also observed that the authors have found some constraints on the management of the services and ways of overcoming them. The various service firms and their service offers are given in the Table 2.4.

The concept of service marketing has been explained and the classification of Service has been shown in the Table 2.5.

From the above discussion and review of literature, the researcher has identified some areas of Service marketing for the survey.

In short, an overall scenario about the Service marketing, based on the review of literature, has been attempted in this chapter.