

Effective services marketing: Need of the hour

¹Hardeep Singh; ²Bikram Pal Singh; and ³Jaspreet Kaur

^{1&2}Assistant Professor, Training & Placement Officer, Department of Training & Placement

³MTech Scholar, Department of Electronics and Communication

¹Ferozepur College of Engineering & Technology (FCET)

Ferozeshah, Ferozepur, Punjab, INDIA.

²Global Institutes, Amritsar, Punjab, INDIA.

³Amritsar College of Engineering & Technology (ACET)

Amritsar, Punjab, INDIA.

^{1, 2&3}Punjab Technical University (PTU), Jalandhar, Punjab, INDIA.

eminentsoodhi@gmail.com/geniussodhi@rediffmail.com

Abstract

*“There is no such thing as service industries. There are only industries whose service components are greater or less than those of other industries. Everybody is in service.” - Theodore Levitt. Service is the part of the product or the full product for which the customer is willing to see value and pay for it. “Services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser” (Quinn, Baruch and Paquette, 1987). Requirements of a services marketing approach include: Closing the “Gaps” (and thereby achieving customer satisfaction, retention, and brand building) with the help of the marketing instruments. The “classic” marketing concept consists of 4 instruments (“4Ps”): Product; Price; Promotion (also communication); and Place (also distribution). Two additional Ps of services marketing include Physical evidence and Process. One of the essential advantage(s) of service management and service marketing is that service development in most of the cases requires the participation of both the supplying company and the customer. Thus, services are “co-created.. The services sector has been growing at a rate of 8% per annum in recent years. Five dimensions of service quality include: Reliability (Ability to perform the promised service dependably and accurately); Assurance (Knowledge and courtesy of employees and their ability to inspire trust and confidence); Tangibles (Physical facilities, equipment, and appearance of personnel); Empathy (Caring, individualized attention the firm provides its customers); and Responsiveness (Willingness to help customers and provide prompt service). **Research Methodology** used to conduct this study is based on primary as well as secondary data. Theoretical frame*

work of this study has to be developed from the literature, data collected from the multiple sources of evidence in addition to books, news papers, journals, websites and other professional magazines. Major findings are that services marketing is an essential part of any business/organization. Second thing is that consumer/customer looks for quality services. Thirdly the people in Punjab are getting aware about services marketing but even then there is great need to create awareness about quality services marketing in Punjab.

Keywords: *Customer; Industry; Quality; Service; Marketing; Services Marketing.*

INTRODUCTION

Interest in marketing services has gained considerable momentum in recent years. The most common indicator of marketing success has been increments in the number of clients served. Organizations are significantly more likely to measure the effectiveness of marketing efforts by its services offered. The contribution of the service sector to the economy has increased as services are considered to be playing a major role in economies. Services are now playing a dominant role all over the world. In UK, Western Europe, Australia and Japan, along with the US, for instance, consumers spend more on services than on tangible goods. In fact, almost two thirds of the workforce in the UK is engaged in the service sector. Bidhi Chand, Professor and Chairman, Department of Commerce and Business Management at Punjab University, Chandigarh agrees in the book, *Marketing of Services* (Rawat Publications, 1994), edited by him that the services sector occupies an important role in modern economies and in India it is growing in importance as it accounts for as much as 40% of exports. In

general services are intangible, perishable want-satisfiers. The OECD report says, "Services are a diverse group of economic activities that include high technology, knowledge-intensive sub-sectors, as well as labour-intensive, low-skill areas. In many aspects, service sectors exhibit marked differences from manufacturing - although these distinctions may be blurring." In simpler terms, services are a diverse group of activities not related directly to manufacturing of goods, mining or agriculture. Instead, they involve the provision of human value added in the form of labor, advice, managerial skill, entertainment, training, intermediation and others. Unlike manufactured goods, which can be stored, distributed and consumed without direct interaction with the entity that produced the good, services cannot be inventoried and must be consumed at the point of production. Services' marketing is a broader function than product marketing because it is more dependent on the people factor. Requirements of a services marketing approach include: Closing the "Gaps" (and thereby achieving customer satisfaction, retention, and brand

building) with the help of the marketing instruments. The “classic” marketing concept consists of 4 instruments (“4Ps”): Product; Price; Promotion (also communication); and Place (also distribution). Due to the specialties of services (intangibility, inseparability, heterogeneity, perishability) some speak of the 5P-approach by adding a 5th instrument: “People”. Two additional Ps of services marketing include Physical evidence and Process. One of the essential advantage(s) of service management and service marketing is that service development in most of the cases requires the participation of both the supplying company and the customer. Thus, services are “co-created”. While products can sell on their own based on their features, aesthetics etc, services have to rely heavily on the service giver who is a human being. The people are where the variability part of the service characteristics comes into picture. Because no person is same, service offered by different people would differ. Though technology has minimized this reliance, the fact remains that services are inherently dependent on people. Technological advances today are narrowing the gap between services and products. Alongside, the relationship between the companies and their customers is becoming more intimate. Standardization has given way to customization and new buzzwords like ‘mass customization’ emerge by the day. Such changes have resulted in the spurt of service companies and new

businesses based on a wide variety of services have mushroomed.

WHAT ARE SERVICES?

According to Payne, services can be broadly defined as "activities that have some element of intangibility associated with them, involving some interaction with the customer or with property in his possession, and does not result in transfer of ownership.

According to Peters and Waterman services can be defined as “those separately identifiable, essentially intangible activities, which provide want-satisfaction, and are not necessarily tied to the sale of a product or another service”.

Philip Kotler says, "A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product."

WHAT IS MARKETING?

According to Jay Conrad Levinson, “Marketing is not an event, but a process . . . It has a beginning, a middle, but never an end, for it is a process. You improve it, perfect it, change it, even pause it. But you never stop it completely.”

WHY SERVICES MARKETING?

Marketing is a discipline, which is influenced by the travails of the changing business environment and the global economy. As more and more economies became service-oriented, the marketing functions also found new and unique ways of extending the discipline to the services functions. A significant amount of Services Marketing literature has been developed since the early 70's, so much so that to day, Services Marketing is a standalone academic discipline. However, the marketing of services is not just an extension to the marketing of goods. It has its own characteristic approaches, models and structures, which include a whole range of services from hotels, leisure, airlines, professional and medical services, to name a few.

SERVICES MARKETING IN PRESENT SCENARIO

Today, the service sector contributes more than 50 percent to India's GDP. This is a far cry from the situation a few decades back, when India was basically an agricultural economy. This shift from manufacturing and agriculture to services is being witnessed in countries all over the world. With the increasing prominence of services in the global economy, Services Marketing has become a subject that needs to be studied separately. Marketing services is different from marketing goods because of the unique characteristics of services, namely intangibility, heterogeneity and inseparability. These characteristics also

require the marketing mix of services to be extended, to include Process, People and Physical evidence, in addition to the four traditional Ps of Product, Price, Place and Promotion. Services marketing are a people-dependent activity, owing to the fact that there is often no tangible product that is delivered to customers. The importance of concepts like relationship marketing cannot therefore be ignored in marketing services. The supplementary services attached to a core service, add value to it and help in differentiating it from the service offered by a company's competitors. These also help in branding the service. Services marketing discuss the unique features of services and their significance to marketing, and examine each of the seven elements of the marketing mix. The book also contains chapters on different service industries in India like Information Technology and Retailing, which have been experiencing tremendous growth in the recent years. Consequently, professional services, as a business, have evolved as the mainstream business. As a business it is a plain concept clients seek the help of consultancies because they consider them are less risky, profitable or less time-consuming to use rather than relying on inside help because either they may not be equipped with the skills to handle the situation internally, or they don't have the time to do so or any other reason specific to the company. Consultancies on their part charge a fee for their services. IT consultancy services, the biggest and most profitable

one these days, have come to occupy the center stage in the global economy contributing significantly to global business. As a result, companies like Microsoft, IBM and even Hewlett-Packard are some of the big names in the field catering to a significant population of businesses around the world. Marketing for these companies rests on the pillars of price, value proposition to the client and customer relationship management.

RESEARCH METHODOLOGY:

The study was conducted through questionnaires, telephonic interactions and personal interviews. The study examines major aspects concerned with the services marketing. The data for study was collected from the marketing experts. This study is based on primary as well as secondary data. Specially framed questionnaires and interviews with Marketing Managers and Marketing Services Officers of well established organizations are to be used for survey purpose. Additionally, some support personnel (consumers and customers) were also considered. Theoretical frame work of this study has to be developed from the literature, data collected from the multiple sources of evidence in addition to books, news papers, journals, websites and other professional magazines. **Research Limitations:** There had been some problem in getting information from respondents as they had to be interviewed in a very short time and a few of them were quite busy

to give proper thought to the questions. The indifferent or unsupportive attitude of some respondents while responding to the questions also affected the final findings and observations. **Originality** of this research paper lies in the real work done by conducting interviews and surveys in the real market

EMPIRICAL DATA

Services marketing by Lenovo

When Lenovo acquired the IBM PC computing division, they realized customers were talking about their products on 3rd party forums like notebookreview.com and thinkpads.com. They felt left out of these important customer conversations. To remedy that, they took ownership and lead the customer social media interactions. They used a peer-to-peer customer service community to garner world-wide views of the customer experience. They aligned marketing, sales, service and many other departments to accelerate changes and improvements to the customer experience. This alignment lead to a 20% decrease in laptop service call volumes, an increase in customer service agent productivity, a shortened product problem-resolution cycle and an increase their Net Promoter Scores. The cost of providing customer service for digital lifestyle products is on the rise. As margins on these types of products decrease and their complexity requires more indepth customer service, a couple of customer service calls eats away at the already thin profit. Lenovo knew that

social media could help them learn, from the customer's point-of-view, the top issues with service, product features, functions, delays in shipments and all from a global perspective. In looking at best practices, Lenovo excelled at them. In particular, they determined all the stakeholders and invited them to participate in the customer service social media initiative. They invited the Legal Department to participate from the very beginning. The legal group helped determine the terms of service for the community, reviewed the rules of engagement, the moderation policies as well as the management principle of the community. And they provided the disclaimers for the liability of the information posted to the site. And community executives collaborated with public relations and corporate communications to align all the communication strategies. Lenovo also created powerful partnerships with marketing, sales, product development and engineering. They made interdepartmental collaboration "the way we do business around here." This is unusual as in most companies these functional departments are silo'd entities that don't always get along well. However, Lenovo's executive management provided the leadership and guided the partnership between marketing and service. Marketing owned the sales part of the website and the corporate blogs. The World Wide Service Organization "owned" the technical support website and the customer service online community.

And all departments were considered an integral part of the community and asked to provide insights into how their department's operations not only affected the customer experience, but how they could make it better.

Services marketing by McDonald's in India

McDonald's is a leading international fast food restaurant chain with 30,000 restaurants spread across the globe. McDonald's is a leading international fast food restaurant chain with 30,000 restaurants spread across the globe. In India, it launched its operations in 1996, with two stores. It now has 54 restaurants with a daily inflow of 500,000 customers. As per ACNielsen's Informal Eating Out (IEO) survey of branded food chains in India, McDonald's was found to be the leader in fast food chains. The caselet discusses the product strategy, pricing policy, and supply chain management practices of McDonald's in India. The caselet focuses on McDonald's emphasis on training and development of its employees. Finally, it describes the physical environment at McDonald's outlets and the promotional strategy followed by the company. It plans to add 15 more outlets by the end of 2004. As per the Informal Eating Out (IEO) survey involving the survey of branded food chains in India, conducted by ACNielsen, McDonald's was found to be the leader in fast food chains. Many factors can be attributed to the success of McDonald's Indian operations.

FINDINGS

- Services marketing acts as a tool to measure overall effectiveness of a marketing organization at all levels.
- People factor plays a significant role in services marketing.
- Services marketing is a broader function than product marketing.
- With the introduction of services marketing, the relationship between the companies and their customers is becoming more intimate.
- Services marketing add up brand value towards the offerings by an organization
- Services marketing is considered to play an important role in the national economy.

- Consumer/customer looks for quality services.
- The people in Punjab are getting aware about services marketing but even then there is great need to create awareness about quality services marketing in Punjab.

CONCLUSION

Today, Services marketing is becoming a recognized and accepted subset of the marketing discipline. Given the growth of service sector in economies throughout the world, and the universal belief by scholars working in this area that services marketing is in certain key respects different from goods marketing, the rapid growth of services marketing in recent years is not surprising.

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AUTHORS' PROFILE



Hardeep Singh

First Author HARDEEP SINGH MBA/MPhil (Management)/FRPM (Gold Medalist)/PhD Research Scholar, Rashtriya Vidya Saraswati Puraskar Awardee
The author was born at Amritsar (The City of GOLDEN TEMPLE) situated in Punjab state in INDIA on February 14th, 1976. Having graduation in Humanities in 2000 from Guru Nanak Dev University Amritsar, Punjab, INDIA, the author holds MBA degree (2002) with specialization in Personnel Management (HRM) and additional specialization in Marketing Management from Symbiosis Institute of Management Studies (SIMS), Pune, Maharashtra, INDIA and MPhil in Management in 2009 from Vinayaka Mission

Research Foundation University (VMRF), Salem, Tamilnadu, INDIA. The author has Honours Diploma in Web-centric Computing from National Institute of Information Technology (NIIT), Amritsar, Punjab, INDIA. Apart from this the author has Post MBA Diploma in Training and Development from Indian Society for Training & Development, Recognized by Govt. of India, Ministry of HRD, New Delhi, INDIA (2010). He is now pursuing Doctorate Degree in Management (PhD). The author's major field of study includes any Research related to Management Studies.

He has approximately total nine years experience (five years industry experience and four years academic experience at Baba Kuma Singh Ji Engineering College (BKSJEC) Amritsar, Punjab, INDIA affiliated to Punjab Technical University (PTU), Jalandhar, Punjab, INDIA and Approved by All India Council of Technical Education (AICTE), New Delhi, INDIA). Currently he is working as Training and Placement Officer with Ferozepur College of Engineering & Technology (FCET), Ferozepur, Punjab, INDIA affiliated to Punjab Technical University (PTU), Jalandhar, Punjab, INDIA and Approved by All India Council of Technical Education (AICTE), New Delhi, INDIA). He has earned Research Fellowship Programme in Management (FRPM) from IIMT, Hissar, Haryana, INDIA. He is doing Doctoral Degree in Management. He is in process of authoring three books titled – Human Resource Management (HRM); Total Quality Management (TQM); and Principles of Engineering Economics and Management Techniques (PEEMT) in association with his colleague Mr. Bikram Pal Singh. His individual publication includes a book titled Written & Oral Technical Communication (WOTC) (Under Process).

Assistant Professor (Mr.) Singh is a Life Member of “International Association of Computer Science and Information Technology (IACSIT)”, Singapore; Life Member of International Economics Development Research Center (IEDRC); Life Member of “The Institution of Electronics and Telecommunication Engineers (IETE)”, Delhi,

INDIA; Complementary Member of BPM Institute.org.; Life Member of “Punjab Commerce and Management Association (PCMA)”, Chandigarh, INDIA; Member of International Forum of Researchers, Students and Academicians (IFRSA); Member of International Economics Development and Research Center (IEDRC), Hong Kong; and Member of Marketing in Asia Group (MAG), Melbourne, Australia. Mr. Singh has received Gold Medal in Research Fellowship from IIMT, Hissar, Haryana, INDIA. Mr. Singh has received Rashtriya Vidya Saraswati Puraskar. More over he has received Award of Honor from DAV College, Malout, Punjab, INDIA. His outstanding achievements include “Peer Reviewer” for ICMLC 2011; “Key Note Speaker” (Invitation Letter can be produced when asked for) and Peer Reviewer of SA Journal of Human Resource Management (SAJHRM). Mr. Singh's Appreciations include Appreciation from “*International Journal of Research in Commerce & Management (IJRCM) ISSN 0976-2183*” and “*Asia Pacific International Journal of Research in Business Management*” ISSN 2229-4104”.for invaluable research papers. Mr. Singh has attended 7 (seven) International Conferences; twelve (12) National Conferences; and has 25 (twenty five) Research Papers, 5 (five) International Publications; and 15 (fifteen) National Publications.



Bikram Pal Singh

Second Author BIKRAM PAL SINGH B.Tech./MBA.

This author belongs to a well educated Amritsar based family. He has done his B.Tech. in CSE from Punjab Technical University,

Jalandhar (Punjab) before doing MBA with major specialization in Marketing Management and minor in Information Technology (IT) from ACET, Amritsar, Punjab, INDIA. He has total five years experience (six months industry experience and four years teaching experience at Baba Kuma Singh Ji Engineering College (BKSJEC) Amritsar, Punjab, INDIA affiliated to

Punjab Technical University (PTU), Jalandhar, Punjab, INDIA and Approved by All India Council of Technical Education (AICTE), New Delhi, INDIA). Currently he is working as Training and Placement Officer with Global Institutes, Amritsar, Punjab, INDIA affiliated to Punjab Technical University (PTU), Jalandhar, Punjab, INDIA and Approved by All India Council of Technical Education (AICTE), New Delhi, INDIA). His current research interest includes any area related to Management. Assistant Professor (Mr) Singh is a Life Member of “The Institution of Electronics and Telecommunication Engineers (IETE)”, Delhi, INDIA; Complementary Member of BPM Institute.org. Mr. Singh has received **Award of Honor** from DAV College, Malout, Punjab, INDIA. Mr. Singh’s Appreciations include Letter of Appreciation from “International

Journal of Research in Commerce & Management (IJRCM) ISSN 0976-2183” for invaluable research paper. Mr. Singh has attended 7 (seven) International Conferences; twelve (12) National Conferences; and has 20 (twenty) Research Papers, 3 (three) International publications.

Third Author JASPREET KAUR has done MSc Physics from Guru Nanak Dev University, Amritsar (Punjab) INDIA. Presently she is pursuing MTech in Electronics and Communication from Amritsar College of Engineering & Technology (ACET), Amritsar, Punjab, INDIA affiliated to Punjab Technical University (PTU), Jalandhar, Punjab, INDIA and Approved by All India Council of Technical Education (AICTE), New Delhi, INDIA).