



---

## SERVICE MARKETING STRATEGIES IN PRESENT ERA OF GLOBALIZATION

Dr. D. Seeetha Naik\*

---

**Abstract:** *This paper highlights the service marketing strategies in various segments. It focuses on differences of physical goods and services, reasons for the growth of service sector. The paper describes traditional elements and Indian service sectors.*

**Key words:** *Marketing Strategies, Physical Goods. Segments, Service sectors, Traditional Elements*

---

\*Faculty, Dept of MBA, University of Mysore, Mysore



## **INTRODUCTION**

Marketing of services is perhaps the most tedious or complicated phenomenon and since services sector in India is gradually gaining ground in the present era of globalized world, service-marketing strategies need to be explored comprehensively. Marketing of services is not as simple as marketing of goods. Services are relatively intangible, produced and consumed simultaneously and often less standardized than goods. In this paper, an attempt is made to develop and identify the basic elements of an optimal service marketing strategy. The entire discussion is studied in three sections. Section - I deals with the basic segments of service sector, which is growing stronger in India, and its unique characteristics of services which have specific marketing implications in the form of challenges. Besides, service marketing, its need and significance are also discussed. Section – II deals with the traditional elements of marketing mix and extended marketing mix. In this Section an optimal service marketing strategy is also defined and an attempt is also made to work out the basic elements of the optimal service marketing strategy. Section - III is devoted to the brief discussion of the scope of Indian services sector against the background of barriers to trade in service. This section also deals with the few implications pertaining to globalization and service marketing strategy.

## **MEANING OF SERVICES**

During past decades services have increasingly assumed an important role in Indian economy. Ever since this trend was set in the nineties, services have gained dominance with the globalization. The competition simultaneously in service organization is becoming intense and severe. As a result these organizations have to have a more professional approach to manage their business.

Defining service is quite a complicated phenomenon. Various researches have been defining it over the last four decades. On a simplistic note one can say that services are activities or benefits that one party can offer to another and these are essentially intangible and do not result in the ownership of anything. Hence services are different from goods. Notable differences between physical goods and services are evident from Table-1



Table -1

**Differences between physical goods and services are evident**

Sr.	Physical Goods	Services
1	Tangible	Intangible
2	Homogenous	Heterogeneous
3	Production and Distribution are separated from Consumption	Production, distribution and consumption are simultaneous process
4	A thing	An activity or process
5	Core value produced in factory	Core value produced in buyer seller interaction
6	Customers do not participate	Customers participate in production
7	Cannot be kept in stock	Cannot be kept in stock
8	Transfer of ownership	No transfer of ownership

## VARIOUS SEGMENTS OF SERVICES

In short, today one can find a large variety of services being offered in the market by service providers. The services are extremely heterogeneous and varied. GATS (General Agreement on Trade in Services) identified as many as 155 as services and classified them in the following 11 major categories.

1. Business Services
2. Constructions and Engineering
3. Education
4. Finance
5. Tourism
6. Transport
7. Communication
8. Distribution
9. Environment
10. Health
11. Recreation

Market researches have also proposed their classification of services which not only demonstrate the diversity of services but also helps in analysis of services as evident from Table-I and it also calls for service marketers to adopt appropriate marketing strategies. Since there exist the spectrum of services the marketing challenges are obviously complex.

## REASONS FOR THE GROWTH OF SERVICE SECTOR

It is evident from the development history of every nation that growth of service sector is axiomatic. Some of the factors responsible are as follows:



1. **Affluence:** The increase in per capita income (from 1.8% in 1951 to 5.9% in 2004 is) an indicator of the increase in general affluence level. This increase in affluence has given rise to services like pest control, personal security, interior designer etc.
2. **Life Expectancy:** The health programs have significantly contributed to an increase in life expectancy, giving rise to services like old age homes, health care etc.
3. **Leisure Time:** People do get some time to travel on a holiday and therefore there is a need for travel agencies, resorts, hotels and entertainment therefore.
4. **Working Wives:** As more and more women have started working, the need for day care for children has increased, and so is the case with packed food and home money.
5. **Life's Complexity:** As the daily routine gets busier, individuals find it difficult to manage things on their own. This leads to an obvious need for tax consultants, legal advisors, property advisors, etc.
6. **Product Complexity:** A large number of products are now being purchased in households which can be serviced only by specialized persons like water purifiers, microwave ovens, home computers, etc., giving rise to the need for services like 'after sales service' agents for durable, maintenance service providers etc.
7. **New Products:** The development in information technology has given rise to services like PCO, Pager service providers, web Shoppe etc. It is implied from above that services are largely provided by human beings, are varied and diverse and unlike in the manufacturing sector where production, distributions and consumption are separate activities, in service sector these three are simultaneous processes.
8. **Resource Scarcity And Ecology:** As the natural resources are depleting and need for conservation is increasing, we have seen the coming up of service providers like pollution control agencies, car pools, water management etc.

## **SURVEY OF THE EXISTING ELEMENTS OF SERVICE MARKETING**

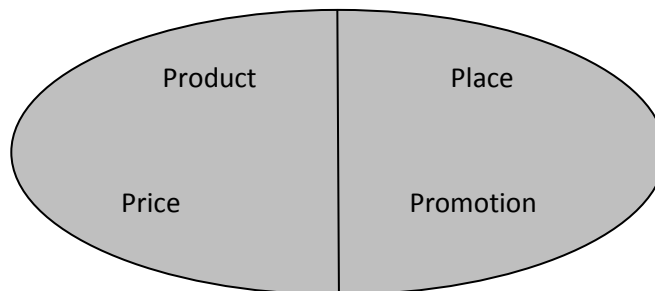
### **Strategy**

This section deals with the existing basic elements of the marketing strategies, which with slight variations have been applied to the marketing of services as well. Prof. Neil Borden initially had given twelve concepts- 1. Product Planning 2. Pricing 3. Branding 4. Channel of Distribution. 5. Personal Selling 6. Advertising 7. Promotion 8. Packaging 9. Display 10.

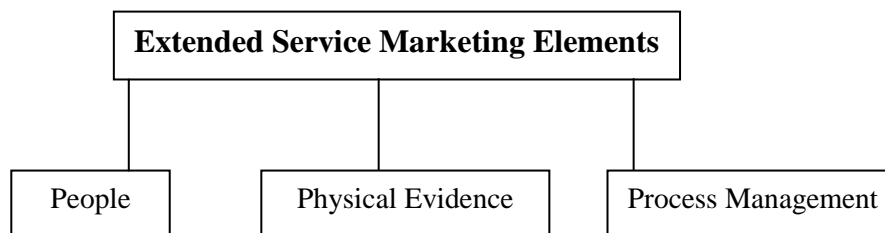


Servicing 11. Physical Handling 12. Fact Finding and Analysis, which were summed up by McCrathy into four elements-Product, price place and promotion.

### Traditional Elements of Service Marketing



But it was observed that these traditional elements of service marketing are inadequate in present globalised scenario. Main reason behind this is that service marketing is not as simple as product marketing and four elements, which were meant purely for manufacturing industries, do not serve the real purpose for the cause of service marketing. Therefore Boom, Judd, Magarth and Bitner suggest the concept of extended marketing mix. They have devised three additional P's as elements and these are:



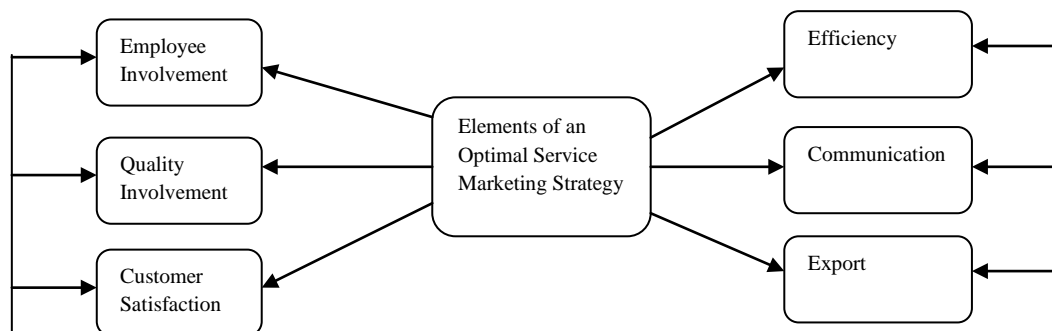
- 1. People:** This P is added by Judd ,who argues that it is the employees of an organization which represent the organization to the customers. In case, these employees are not trained and trimmed as to how to go about the face to face customer contact, the whole marketing exercise is futile.
- 2. Physical Evidence:** Physical evidence in fact the physical environment. According to this P, emphasis should be given on physical facilities, which are visible to customer who approaches for services. It includes furniture, layout, colour of interiors, carry bags, tickets, cash memos etc.
- 3. Process Management:** Process Management is to do with assuring service availability and consistent quality. Balancing of service demand and supply is very difficult. It is



because, services cannot be inventoried and therefore it becomes essential to find out ways and means to handle peak load to optimize different customer needs.

These three additional elements too are the most suitable for manufacturing industries and their simple extension to marketing of services is not justified. We have to look for the most appropriate elements consistent with modern highly globalised competitive environment which are essential for implementing the optimal service marketing strategy. Restructuring of the existing elements in the light of optimal service marketing strategy is a necessary step in this direction.

### ELEMENTS OF AN OPTIMAL SERVICE MARKETING STRATEGY



Numerous economic thinkers and marketers have emphasized three E's for attaining success- excellence, efficiency and exports. In Our approach to optimal service marketing strategy, we, therefore, have incorporated exports as one of the elements of service marketing strategy.

### INDIAN SERVICE SECTOR

It is the economic history of the world that during the process of development, the share of service sector in national income increases. As a matter of fact, the share of service sector in gross domestic product has risen from 40% in 1947 to the current level of 70% in the developed world. These are presently called 'Service Economies" rather than "Industrial Economies". Today service industries generate over 2/3rd of GNP and employment in developed countries. One of the areas recommended in the meetings of WTO has been liberalization in trade-in services. The sectoral composition of national income showing highest share of services, in prominent countries of the world is shown in table 1.



**Table-1**  
**Percentage Share of Different Sectors in Gross Domestic Product**  
**at Factor Cost (2011-2012)**

Country	Primary Sector Agriculture	Secondary Sector Industries	Tertiary Sector Services
UK	1	29	70
Germany	1	31	68
Japan	1	32	66
Misher	17	34	49
Pakistan	25	23	51
India	27	24	49

Source : Economic Survey (2012-2013)

The European union continues to be the largest exporter of commercial services with 40% of all services trade. Asia's share of world services exports reached 21 % in 2012 with Japan and China producing 5% and 2% of world trade in services respectively.

India's place in the globalization of services is clear from the fact that in 2000-2010, India's total services trade was estimated at about \$ 30 billion. In 2011-2012, the share of Services in the country's GDP was 49% up from the 46.2% recorded in 2000-2001 and it increased up to 56% in the year of 2012-13.

Table 2 shows the rising trend of the services sector share.

**Table 2**  
**Contribution Of Different Sectors in National Income**

Country	Primary Sector Agriculture	Secondary Sector Industries	Tertiary Sector Services
1950-51	61	14.5	24.5
1960-61	56.6	17	26.4
1970-71	48.5	20.6	30.9
1980-81	41.8	21.6	36.6
1990-91	33	27	40
1998-99	29.1	24.7	46.2
1999-2000	27.5	24.6	47.9
2011-12	27	24	49
2012-2013	22.2	21.8	56

The huge prominent segments of service sector in India are:

1. IT sector (IT software and services)
2. Entertainment services



3. Health services
4. Traditional Indian System of Medicine
5. Education

## **CONCLUSION**

On the basis of the above discussion, it is concluded that in the present era of globalization, service marketing strategy is quite complex and needs restructuring. The broad elements of an optimal service marketing strategy in the form of EQC & ECE are proposed in this paper. These elements constitute theological foundation of optimal service marketing strategy. It is also true in the context of Indian Services Sector. Besides, India needs to develop specific services like legal services, accounting, architecture and design, construction and engineering, tourism and educational and training services on professional/ managerial lines which are consistent with the elements of optimal service marketing strategy. We must therefore employ technologies that reduce transaction costs and establish a more streamlined cost structure along with global access and competitiveness. So we should focus on new segments of service sector such as traditional Indian system of medicine, education management consultancy and fashion outsourcing.

## **REFERENCES**

1. Kotler, Philip (1991) "Marketing Management: Analysis Planning Implementation and Control", New Delhi: Prentice Hall.
2. Gronross, Christian (1990) "Service Management &Marketing", Massachusetts: Lexington Books.
3. Judd,V.C., "Differentiate with 5" P. People", Industrial Marketing Management, No.16 PP 241-247.
4. Dixon, D.F. & Blois, K. J. (Oct. 1974) "Some Limitations ofthe 4Ps as a Paradigm for Marketing", Journal of Marketing.
5. R George & Hiram C Barksdale (Oct. 1974) "Marketing Activities in Service Industries", Journal of Marketing.
6. Canton, Irving D (March, 1989) "Retrain Product Marketers to Market Services", Marketing News
7. Keidecker, Joel K. & Bruno, Albert V (February 1984)" Identifying and Using Critical Success Factors", Long Range Planning, Vol. 17.