

Chapter 3

Marketing of Services: New Paradigm and Perspectives

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ABSTRACT

Services marketing have gone through a revolution of changes in the recent past. Managing a service requires knowledge and understanding of its characteristics must have deep insight of standard '8 Ps' of the integrated marketing mix. The objectives of the chapter are to provide clear understanding of the basic differences between goods and services; to recognize how marketing of service can be used as a competitive advantage for an organization in any sector producing variety of products; to appreciate the factors that create the customer's service experience and how organization can improve customer experience; comprehend the importance of services marketing in present scenario of global competition. This chapter reflects the challenges and characteristic of marketing of service using integrated service management, and how organization organize and design the service for delivering quality for the customer and formulate strategies to address the constrains in Marketing of Services.

INTRODUCTION

Service industry include firms that are primarily involve in providing services like retail, transport, wholesale, healthcare, education, entertainment etc. by the motive of earning revenue etc. There are number of reason to study the service marketing and its related mix to understand and evaluate the consumer preference and needs differing form place to place with different experiential aspects of the services. We

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need to discuss the importance of utilizing service as a differential advantage for tangible products that are dominant in consumer market and higher growth prospects in terms of its contributions to the national economy and transfer of technology and sustainability. According to a study from ibef.org in India, the services sector contribute around 52 per cent to the Gross Domestic Product (GDP) during the financial year 2014-15 and emerging as the largest and one of the fastest-growing sectors of the economy. The study also reveals that in developing economy, the total services sector in India contribute to GDP is around US\$ 783 billion during 2014-15 and growing at Compound Annual Growth Rate (CAGR) of 9% at a faster rate than previous years. As per particular sector and sub-sectors like financial services, real estate and specialized services contribute about US\$ 305.8 billion or 20.5 per cent to the GDP. Other large sub-segment like repair services, hotels and restaurants contributed nearly equal or US\$ 187.9 billion or 12.5 per cent to the GDP, expanding at the higher rate of 11.7% CAGR during last few years to 2014-15. The emergence of technology created on the electronic platform like e-services has transformed the service industries as a whole achieving new heights of service delivery and development. The electronic mean of service has also added to extend it's based to overcome competition, handling globalization issues and account for sustainability by developing sustainable services marketing business practices.

The service sector in India is the largest and fastest growing sector than any other. Indian service sector has the highest number of labor intense, productivity, but has not kept pace with the change in comparison with the changing global environment. The share of the sector in gross domestic product is lower than others and unable to produce the quality and desired level of specialized jobs needed for service delivery. In the past few years there has been revolution in the service industry in the global market and the global organization providing the specific services in various sectors. Many countries have changed the policy leading to growth and development. In India, not much has been done in policy that may lead to comprehensive growth. Also uncoordinated governing bodies, poor implementation and corruption have adversely affected the growth of the sector. Still past, many regulations restrict foreign direct investment, export of services, taxes and subsidies on services, access and availability of Infrastructure and concentration on only few areas and market. The contribution of service sector in the national economy has not been largely highlighted than bringing the destructive part of services. Services and marketing of this sector in India have several gaps which need to be looked urgently. These gaps are: Very little research is done by the academics, industry and the government to understand the customer's expectation, development of service standard, policy reforms need and adoption of technology in service sector to satisfy the growing customer's expectation. The second gap is the difference between service delivery and what is communicated about the service to customers by the organization.

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