

The New Service Realities: Challenges, Opportunities, and Initiatives

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ABSTRACT

Companies require superior services to succeed in the competition. They realize and understand the new service realities in the 21st century. The objective of the study is to analyze the various aspects of the reality. The methodology adopted is a conceptual analysis of the realities and the strategies and initiatives adopted by companies. The new service realities relate to increasing roles of technology, customer empowerment, customer co-production, and the need to satisfy both customers and employees. Enlightened companies adopt several strategies and initiatives to deal with the realities. Academicians should analyze the realities and suggest effective ways of dealing with the realities. Practicing managers focus on adopting strategies and initiatives which are effective in dealing with the new realities, developing effective customer relationships, and in achieving business excellence in the long run.

KEYWORDS

Customer Co-production, Customer Empowerment, Customer Satisfaction, Employee Satisfaction, Service Delivery, Service Failure, Service Recovery, Technology

1. INTRODUCTION

Companies need to differentiate their offerings to succeed in the competitive business environment (Suuronen, Ukko, Eskola, Semken, & Rantanen, 2022). Companies aim to incorporate differentiation in all their processes (Nunan & Di Domenico, 2022). Companies find it difficult to differentiate their physical products. They turn to differentiation of services (Mandal, 2022). Differentiation of services may involve several aspects. Differentiation of services may involve on-time delivery, better and faster response to inquiries, and quicker response and resolution of complaints (Rayes & Salam, 2022). Top service providers realize the advantages of service differentiation. They also understand its value in creating memorable customer experiences (Nunan & Di Domenico, 2022). Excelling in services is essential for companies. Consequently, it is critical and imperative for companies to understand the special nature of services and what that means to marketers (Hwang & Cooper, 2012).

At present, with the changing business scenario and environment, the atmosphere in services is competitive (Nayal, Pandey, & Paul, 2022). Internet penetration, technological developments, and several other factors are changing the business environment in the services industry drastically

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(Shrestha, Wenan, Gaudel, Rajkarnikar, & Jeong, 2021). Service companies should understand and accept the new service realities. They should understand the challenges and opportunities posed by such realities and should modify their operations accordingly to generate and to deliver superior services, satisfy their customers, and to achieve growth in the long run (Noordegraaf, 2015).

The scenario in the services sector is changing with many developments. Companies which wish to excel in services should understand and appreciate the new realities in services. Although the topic is important and is relevant in the current business environment, few studies have aimed to analyze the issue in-depth. The study tries to address this research gap.

The objective of the study is to understand the present scenario of services. The aim is also to study and analyze the new realities in services which companies operating in services are facing. The challenges and opportunities faced by the companies involved in services are studied and analyzed. Companies operating in services adopt strategies and initiatives to face the new services realities. These are also studied and analyzed.

The methodology adopted is a conceptual analysis of the various aspects of services in the present-day context and the new services realities faced by companies operating in services. Research papers from reputed academic journals on the topic are studied and analyzed. Primary data is not collected, and empirical analysis is not done.

The novelty and the contributions of the study lie in the fact that the new realities in services in the 21st century viz. increasing roles of technology, customer empowerment, customer coproduction, and the need for satisfying both customers and employees at the same time are analyzed. Academicians may analyze the new service realities and suggest better and effective measures, strategies, and initiatives to excel in services in the 21st century. Practicing managers should understand the new service realities and the changes required to generate and to deliver superior services in the 21st century. They may analyze the existing strategies and initiatives and suggest strategies and initiatives which will be effective in dealing with the new service realities and which will enable them to build and develop customer relationships and to achieve business excellence in the long run.

The study is structured as follows:

Section 2 highlights the new service realities in the 21st century. Increasing roles of technology in the generation and delivery of services are discussed in section 3. Sections 4 and 5 highlight the empowerment of customers and the coproduction of customers with respect to services respectively. Both customers and employees should be satisfied at the same time to deliver superior services, and this is highlighted in section 6. Enlightened companies adopt several initiatives and strategies to generate and to deliver superior services. This aspect is discussed in section 7 with sub-sections 7.1, 7.2, 7.3, 7.4, and 7.5 highlighting the different initiatives adopted by Twilio, Zappos, Hilton Hotels, Narayana Health, and Infosys respectively. The salient points of the study are discussed in section 8 with sub-sections 8.1 and 8.2 highlighting the theoretical implications and the managerial implications of the study respectively. Section 9 concludes the study with sub-sections 9.1 and 9.2 highlighting the limitations of the study and the avenues of future research respectively.

2. THE NEW SERVICES REALITIES

Service firms once lagged manufacturing firms in their understanding and use of marketing (Sun, Keh, & Lee, 2012). Service firms were small and faced large demand or little competition. However, the scenario has changed at present (Yim, Chan, & Lam, 2012). Many of the companies operating in the industry at present are service firms. Some of the most skilled marketers now are service firms (Harding, 2008).

Savvy services marketers recognize several new services realities in the 21st century. These new realities include increasing roles of technology, the importance of increasingly empowered customers, customer coproduction, and the need to engage employees as well as customers at the same time (Mandal, 2021a).

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