



Marketing of Services: Challenges & Opportunities in Context of the Globalization of Business

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ABSTRACT

Service is any act or performance that one party offers to another that is essentially intangible and does not result in any ownership. The majorities of the challenges in service marketing arises from the basic characteristics of services like intangibility, heterogeneity, inseparability and perish ability and are constantly known as IHIP. These characteristics have been staples of service research for more than two decades. All of these characteristics poses specific challenges and requires explicit strategies. This paper presents a conceptual frame work summarizing the exclusive characteristics of services, the challenges occurs from these characteristics and strategies suggested as appropriate to conquer the issues. Today almost every service organization is facing the marketing challenges in global business environment due to the basic characteristics of services. In spite of the fact that various studies have been conducted in the area of services marketing, there is a great need to further authenticate different models and recommendations due to considerable changes in business environment. Most of the studies focus on comparing differences in buyer characteristics and only few compare how goods and services relate to their markets based on these differences. Even the literature, providing marketing implication arising out of the goods-services distinction and suggesting marketing strategies, suffers from certain drawbacks. The services marketing literature doesn't uncover the most critical problems facing most service firms today. This paper is a pure academic attempt to uncover these critical problems faced by many firm today.

Keywords-- Marketing of services, Intangibility, Heterogeneity, Inseparability, Perish ability

I. INTRODUCTION

Today almost all of the challenges in service marketing arise from the basic characteristics of services like intangibility, heterogeneity, inseparability and perish ability and are consistently cited as IHIP. These

characteristics have been burning issue of service research for more than two decades. Apiece of these characteristics poses definite challenges and requires specific strategies. These burning challenges swivel around understanding customer needs and prospect for service, tangibilizing the service offering, dealing with a multitude of people and delivery issues, and keeping promises made to customers (Zeithaml and Bitner, 1996). The unique characteristics of services deceit difficulties in customer assessment direct to superior unpredictability in operational inputs / outputs and highlight the significance of time factor.

II. DEFINITIONS OF SERVICE

"A service may be defined as a change in the condition of a person, or of a good belonging to some economic unit, which is brought about as the result of the activity of some other economic unit, with the prior agreement of the former person or economic unit." (Hill, 1977)."Any purchase of services by an economic agent B (whether an individual or organization) would, therefore, be the purchase from organization A of the right to use, generally for a specified period, a technical and human capacity owned or controlled by A in order to produce useful effects on agent B or on goods C owned by agent B or for which he or she is responsible." (Gadrey, 1992)."Service is a transformation of existence mode and/or dispositions of the person himself, of his body and his mind. While goods modify the existence conditions, services modify the existence modes, where goods are only supports." (Zarifian, 2001)."An elementary service is the result or the output of the servuction system, in other words, the result of an interaction between physical support, personnel and customer." (Eiglier & Langeard, 1975)."A service is any act or performance that one party can offer to another that is essentially intangible and does not result in ownership of anything. Its production may or may not be tied to a physical product." (Kotler, 1987)."A

service is an act (or a succession of acts) of duration and localization defined, achieved thanks to human and/or material means, implemented for the benefit of an individual or collective customer, according to processes, codified procedures and behaviors." (Dumoulin & Flipo, 1991)

As explained by Scheneider(2000), the fundamental archetype in services marketing since the 1980's has been that services are different from goods, a assert supported by an in-depth literature review (Fisk, Brown and Bitner, 1993), who concluded that —[four] features- intangibility, inseparability, heterogeneity, and perishability- provided the underpinnings for the case that services marketing is field separate from goods marketing. Shostack's (1977) work gives impetus to the discussion that services marketing is unique. Gronroos, (1978); Gummesson, (1979) Berry (1980) and Lovelock (1981) explained that a special management approach is essential for services marketing efforts. Intangibility is not only the most common difference between goods and services but also has been described as the serious distinction from which all other differences come out (Bateson, 1979). Bateson tracked the difference between physical intangibility, that which is unreal or cannot be touched and mental intangibility, that which cannot be grasped mentally.

Intangibility of services holds the challenge of storing service and protecting new services through patents. Also because of the characteristics of intangibility, services cannot be willingly displayed or easily communicated and pricing decisions also become hard. Services are parallel produced and consumed (Inseparability) and the client is present in the production process that makes mass production very difficult. The excellence of service and customer fulfillment depends on what happens in "real time" including action of employees and interactions between employees and customers (Bitner, 1996)". Because the customer must be present during the production of many services, inseparability —forces the buyer into close contact with the production process (Carmen and Langeard, 1980; Norman and Ramirez, 1993). Inseparability moreover means that the producer and the seller are the same entity, making only direct distribution possible in most cases (Upah, 1980) and causing marketing and production to be highly interactive (Grönroos, 1978).

Heterogeneity reveals that no two services are exactly alike. The quality and strength of service can differ from customer to customer and from producer to producer and from day to day. Heterogeneity holds a challenge of maintaining steady quality as behavior and performance vary not only among service workers but even between the same employee_s interactions from one customer to another. Service recital from the same individual may also differ. Services are Perishable and therefore cannot be stored (Bessom & Jackson, 1975; Thomas 1978). Service

marketers assert that services cannot be stored for reprocess at a later date, sold or returned (Edgett & Parkinson 1993; Zeithaml, Bitner & Gremler 2005; Lovelock & Wirtz, 2006; Kotler & Keller, 2006). Service organizations frequently find it hard to coordinate supply and demand. Perishability leads to the confront of inventorying the service and calls for strong convalescence techniques for service failures.

These special characteristic of service leads to explicit troubles for marketers of services and necessitate the use of special strategies for dealing with them (Zeithaml, Parasuraman, and Berry, 1985; Lovelock, Gumbeson, 2004). Bonier & Schneider (1985) explained that traditional managerial functions should be distorted because of the unique characteristics of services. The perceptive of how intangibility, heterogeneity, inseparability and perishability affected many services led a host of service researchers on several continents to identify that knowledge about marketing in manufacturing was inadequate to understand services marketing (e.g. Grönroos, 1984; Gummesson, 1993; Rust, Moorman, and Dickson 2002; Zeithaml, Parasuraman, and Berry, 1990). New concepts are necessary if service marketing is to succeed (G Lynx Shostack, 1977). Verma (2003) in his study opines that service firms cannot survive if they rely on conservative reactive approach and marketing need to shift from customer satisfaction to customer delight.

Nevertheless recently many authors (Enis and Roering 1981; Lovelock and Gummesson 2004; Vargo and Lusch 2004) have challenged the uniqueness of service principally with advancements in technology and therefore the services- marketing-is-different dispute has surfaced again. It is argued that these differences are based more or less on generalizations of concept. It is also argued that these differences of degree have shrunk over time, for many kinds of services Further there is a increasing view in literature that all firms compete on the basis of service (Grönroos 2000, 2007; Zeithaml and Bitner, 2000; Bitner, Brown and Meuter 2000). This has necessitated the need to resume the concept of uniqueness of services_.

In spite of the fact that a variety of studies have been conducted in the area of services marketing, there is a great need to further authenticate different models and recommendations due to major changes in business environment. The majority of the studies center on comparing differences in buyer characteristics and only few compare how goods and services relate to their markets based on these differences. Even the literature, providing marketing inference arising out of the goods-services distinction and signifying marketing strategies, suffers from definite drawbacks. The services marketing literature doesn't reveal the most critical problems facing most service firms today.

Yet given the succeeding development of service markets, offerings, and technologies, it seems suitable to pose the question: If scholars were starting from scratch

today to expand the field of services marketing, would they utilize the same underlying assumptions and widen broadly similar conceptual frameworks? As a first step, we require to examine the legitimacy of the current core

standard of services marketing, namely the declaration that four specific characteristics—intangibility, heterogeneity, inseparability, and perishability—make services uniquely different from goods

Table 1.1
Differences between physical goods and services

Physical Goods	Services
A thing	An activity or process
Tangible	Intangible
Homogeneous	Heterogeneous
Production and distribution are separated from consumption.	Production, distribution and consumption are simultaneous process.
Core value produced in factory	Core value produced in buyer-seller interactions.
Customers do not participate in the production process	Customer may participate in the production
Can be kept in stock.	Cannot be kept in stock.
Transfer of ownership.	No transfer of ownership.

Source: Christian Gronross, Service management and Marketing, Massachusetts : Lexington Books, 1990, p. 28.

III. FUNCTION OF SERVICES IN ECONOMY

There is a rising market for services and increasing supremacy of services in economies worldwide. Services are a dominant force in countries around the world as can be seen in the global feature. The marvelous growth and economic contributions of the service sector have pinched increasing attention to the issues and problems of service sector industries. There was a time when it was believed that the industrial revolution was the only solution to the problems of poverty, unemployment and other ills of society. Now, however, the service sector promises to fulfill the task. Services stroke the lives of every person every day whether it is in the field of food services, communication, leisure services, maintenance services, travel, amusement parks, to name only a few. Services are gradually more being used by the corporate as well as the household sector. This prominence on services and its increasing use has not happened overnight - it started in the

twentieth century especially after the end of World War II. Due to large scale obliteration during the war, a lot of economic activities had to be carried out to bring the war torn economies back on road. World War II

marked as milestone in the fiery rise of service industries. Throughout the second half of the twentieth century services industries have attained considerable growth in most western nations. After Green Revolution and Industrial revolution, the next possible popular revolution will be in the field of service sector. In Green revolution the man learnt to use, exploit and interact with nature (i.e., land and natural resources

IV. OBJECTIVES OF THE STUDY

The key objectives of the present study are as follows:

- 1) To study the concept of service marketing in more comprehensive manner.
- 2) To investigate the major challenges stemming from the basic characteristics of services in today's global marketplace.
- 3) To discover the most decisive problems/challenges faced by marketers while marketing the services in today's global business environment.

V. RESEARCH METHODOLOGY

This study is entirely based on secondary data collected from different sources. The data are generated by

responsible authorities of the departments and published research by various researchers provided on their site/reports. Apart from these, data has been taken from different Books, Journals, Research Papers and other print media. The present study was undertaken to understand the challenges of service marketing in today's global competitive business environment.

Qualitative research builds its grounds on inductive, rather than deductive analysis. It is from the observational rudiments that cause questions that the researcher attempts to elucidate. There is no beginning point of truth or any established assumptions from which the researcher can begin. In the present study, qualitative research method is used to generalize the challenges stemming out from the unique characteristics of services and also to implement the findings of this research in global marketplace by different service firms. As service marketing research is often conducted with the help of qualitative research methods by different researcher, so I have used the qualitative method of research to get better results.

VI. RESULTS & DISCUSSIONS

In this way we can say that global marketers are facing major problems due to unique characteristics of services Unlike products it is very difficult to make marketing strategies for marketing of services. Intangibility is the major drawback in service marketing. It is now clear that most economies, the world over, are increasingly becoming service economies and, therefore, there is a need to manage services in the best possible way. Services are activities which are intangible in nature; therefore, standardization is one of the major issues in services. Also, services are characteristically delivered by employees of the service providers, therefore, there is also a requirement to manage the human resources. In adding, unlike in the manufacturing sector where production, distribution and consumption are separate activities, in service sector these three are concurrent processes. In fact services are so assorted and dissimilar that one needs to classify them to recognize selected areas which need to be managed deliberately.

Most of the accessible literature is conquered by discussions of the differences between goods marketing and services marketing. Much less has been written about the differences among service firms. Respondent companies were classified based on: —primary customer group, duration of benefits to the customer, and need for customers presence during service production. Many considerable differences surfaced among service firms when classified according to these criteria, particularly with respect to usage of practices and strategies. Firms marketing to institutional customers vary from firms marketing to end consumers in a number of important ways. Advertising appears to be less significant part of

institutional firms marketing programs. With respect to goods firm practices, institutional firms seem to be more marketing leaning. They are more apt to contact consumers, and to frequently collect information about customer needs. Possibly customers are few and each customer spends more in the institutional market than in the end consumer market. Institutional firms are also more insistent in responding to low demand period as well as high demand periods.

VII. RECOMMENDATIONS

It is predictable that globalization has become the standard in the service industry. This is evidenced by a growing number of businesses that a service firm operates in more than one country. Those have since evolved their business practices. The changes in the world economy and business practices have determined the focus on service: the fact that services dominate the modern economies of the world; the center on services as competitive business crucial; specific needs of the deregulated and proficient service industries; the role of new service concepts increasing from technological advances; and the understanding that the unique characteristics of services result in unique challenges and opportunities. A service provider has to adjust to ever changing world economy, identify challenges, distinguish among pure services, value-added services, customer services, derived services and suitably address these service sectors.

VIII. CONCLUSION

Services have become a vital part of the world economy. Over the past decade the role of services marketing has become a prevailing feature in the service industry. The continuous shift to an information society escort to an increase in service demand from customers, meaning that organizations no longer regard services as an alternative but rather as a necessity to gain a competitive advantage. A wide definition of services implies that it is originally intangible and comparatively quickly perishable activities whose buying takes place in a process of interaction intended at creating customer satisfaction, but during this interactive consumption it does not always lead to material possession. Services have five unique characteristics that are not founds in goods, i.e. intangibility, inseparability, variability, perishability and ownership. The intangibility characteristic of services seems to be the leading one in the definition of services. These unique characteristics create frequent challenges for service marketers to draw new customers and hold current customers The service marketing triangle and the service mix are but two concepts used to address the challenges of service marketing. The service marketing triangle focuses on three marketing processes that need to be successfully carried out to ensure service success. The success of

services relies on the success of the communication between service providers and customers. Customers distinguish services in terms of service quality, customer satisfaction and value. Very few organizations have succeeded without taking customer needs into concern. Individual customers have individual expectations of services. From the customers' point of view the interaction with the service provider is the most vivid impression they have of the service quality therefore the initial communication of customers with the service employees can be decisive for the organization in any repeat purchase and in achieving a reputation for better quality.

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