

A STUDY ABOUT SCOPE OF SERVICE

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Abstract:- Kotler defines a service as “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.

“*Adrian Payne* defines it as “an activity which has some intangibility associated with it, which involves some interaction with customers or with property in their possession, and does not result in a transfer of ownership. A change in condition may occur and production of the service may or may not be closely associated with a physical product”.

Keywords:Service, Scope, Types.

INTRODUCTION

The concept of the marketing, in the initial stages dealt with the selling of physical products only. Though many people argue that there is no such thing as a “*Service marketing*”, one cannot ignore the service component in the sale of many goods.

Conceptually, marketing of services and marketing of other goods are essentially same. There are substantial similarities in the target markets and the marketing mix. Yet there are certain basic characteristics differentiating services from other products requiring different strategies and tactics for services marketing. For me, services are people oriented activities. They are, by their nature, difficult to observe or measure, to classify or standardize.

CLASSIFICATION BASED ON SKILLS AND EXPERTISE REQUIRED

•**Professional Services:** These services require the service provider to be formally trained to deliver the service. The service rendered by a doctor, a pilot, an IT consultant or a corporate trainer are examples of professional services.

•**Non – Professional Services:** These services do not require the service provider to undergo any training to deliver the service. For example, baby – sitting and housekeeping are examples of non – professional services and can be delivered without the need for formal training.

CLASSIFICATION BASED ON THE BUSINESS ORIENTATION OF SERVICE PROVIDER

•**Non – For – Profit Organizations:** These are services in which the main objective of the service provider is to serve society and not to make profits. For example, government schools and social service organizations are not in the business to make a profit.

•**Commercial Organizations:** These are services in which the main objective of the service provider is to earn revenues and make profits. Airlines, insurance firms and restaurants charge customers for the services they offer and attempt to continuously improve their services and profitability.

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CLASSIFICATION BASED ON THE TYPE OF END – USER

•**Consumer Services:** These services are purchased by individual customers for their own consumption. For example, beauty care, physiotherapy and hair cutting are examples of consumer services.

•**Business To Business (B2B) Services:** These services are purchased by organizations. For example, market research, consultancy and advertising are some of the B2B services.

•**Industrial Services:** Industrial services are generally based on a contract between organizations and service providers. Machine installation and plant maintenance are some examples of such services.

SCOPE OF SERVICE

- Performance
- Features
- Reliability
- Responsiveness
- Competence
- Conformance
- Access
- Durability
- Courtesy
- Communication
- Perceived Quality
- Security
- Knowledge and concern about the customers and
- Physical evidence of the service.

CHARACTERISTICS OF SERVICES

There were many attempts to differentiate physical products from services by defining characteristics which are present in services but are absent in physical products or by classifying activities or outputs as belonging to either the services or the physical goods.

Stanton points out that the special nature of services stems from several distinctive characteristics and he singles out four for particular comment. They are:

1. Intangibility,
2. Inseparability,
3. Heterogeneity, (Kotler terms this as variability) and
4. Perishability.

These four have been identified by Kotler also as the major characteristics greatly affecting the design of marketing programme for services.

KEY ISSUES IN SERVICE ORGANIZATION

The unique characteristics of services, namely intangibility, perishability, heterogeneity and inseparability, present certain key marketing issues before a service provider. These include.

- Managing differentiation among services.
- Managing productivity.
- Managing service quality.

MANAGING DIFFERENTIATION

The intangible nature of services makes it difficult for services providers to differentiate themselves from their competitors on aspects other than price. Services such as recreation (theatres,

game clubs, laundry services, etc), food and hospitality (hotels and restaurants), financial services (insurance companies, banks, brokerage service, etc), business services (consultancies, law firms, advertising agencies, etc) and repair services need to differentiate themselves from other service providers in the same business.

1. Service premise.
2. Packaging.
3. Service personnel.
4. Tools and equipment used.
5. Customers.
6. Convenience.
7. Name of the service establishment.

SERVICE PERSONNEL

The appearance and grooming of the employees of a service firm and their behavior help the firm to differentiate itself from its competitors. Service firms may improve the appearance of their employees using a well – designed uniform or a specific dress code. They may also improve the appearance and grooming of their employees by establishing standards related to their age, height, weight, hair length, personal hygiene and make up. Such standards are strictly observed in the airline industry.

For example, in Air India, airhostesses who are overweight are not allowed to fly. In addition, in order to present young and beautiful women as the face of Air India, the company does not allow airhostesses above 50 years of age to fly and instead assigns their ground duties. However, such standards for the employees in service firms may sometimes be perceived as an invasion of privacy.

Further, the mannerisms of service personnel in the form of courtesies, and their behavior with customers help differentiate the service business. Mc Donald's is the best example of a company that differentiates itself on the basis of the behavior of its service personnel. In addition to maintaining uniformity among its service personnel in terms of age, McDonald's also ensure uniformity in the service delivered to its customers by making the employees follow a scripted producer in performing every task involved in the job. Such task include assembling the orders, arranging the food on the tray, collecting the money and giving back the change, and even thanking the customer.

TOOLS AND EQUIPMENT USED

Service firms may differentiate themselves on the basis of the quality, quantity and sophistication of the tools and equipment used to provide the service. These reflect the efficiency and expertise of the service provider and serve as good differentiators. For example, a photo studio may use sophisticated color – printing technology and the latest equipment to provide a better finish to the photographs processed in the studio.

NAME OF THE SERVICE ESTABLISHMENT

The use of personal names by a service firm helps to convey the impression of personalized attention and service to its customers. For example, the use of names such as The Leela Kempinski for a hotel conveys a feeling of personalized service. The name of the service establishment should be unique, distinct, easy to read, remember and pronounce. Further, the name of service firm should convey the intended feeling regarding the service.

FACTORS INFLUENCING THE GROWTH OF THE SERVICE SECTOR

The demographic changes taking place in a country have a significant influence on the growth of the service sector in the country. There are three phases of demographic growth, which have relevance to the growth of services. In the *first phase*, the rate of mortality and fertility decrease. As a result, the number of births per year decrease and people live longer. In the *second*

phase, the proportion of young people in the population increases. If the country is able to provide employment opportunities for these young people, they will have enough disposable income to spend after having purchased essential commodities. This provides an opportunity for service industries to market their services to the young. In the *third phase*, the number of aged people in the country increases. Increased awareness prompts people to save money for the time when they are no longer able to earn. Therefore, in the stage of demographic development, old people who have enough money and leisure to spend their savings form an important segment for the service industry.

Most developed countries like the US, the UK and Japan are either in the late second phase or early third phase of demographic growth. But most developing countries are in the first phase or early second phase. India has just entered the second phase of demographic growth. According to one estimate by 2020, young population (15 – 49) is estimated to constitute 900 million of the total population of about 1.8 billion. India thus offers a lucrative market for service industries. This explains the phenomenal growth in service industries like banking, insurance, airlines and the hospitality industry in India.

SOCIAL CHANGES

The standard of living of people around the world has improved significantly. This also holds for several developing countries. In India, more and more women are entering the workforce thus increasing the number of double – income households among the middle class. As a result, the disposable incomes of middle – class families have increased phenomenally creating a host of opportunities for service industries. Child care service provision has risen because of the increase in the number of working mothers. There was an increase of 11.9% in the growth of services like hotel, transport and communication in the second quarter of the financial year 2003 – 2014. The health care, education and entertainment industries are also growing fast and so is retailing. There are many more takers for convenient shopping in malls on account of the busy lifestyle of working people in urban areas. These malls make available a variety of products and services under one roof, and the consumption of products as well as services expands. Shopper's stop and lifestyle are two leading retailers in India; they have outlets in several cities across the country.

As more people in developing countries now work in multinational companies or have business that takes them abroad, they are exposed to high – quality service providers, and become consumers of similar services in their home market. The media has also helped increase public awareness of high – quality service. People compare the services offered by various service providers and select the best. This has compelled players in the service industry to improve the quality of their services. In India, liberalization of the service sector and the entry of foreign players have contributed to an increase in competition among service providers and have thus led to an improvement in the quality of services offered to customers. Improvement in the quality of services also involves generation of a larger amount of money through services, resulting in a higher proportional contribution of services to the country's GDP.

ECONOMIC CHANGES

In the 20th century, many socialist countries like Russia transformed themselves from socialist economics to capitalist economics. As a government in these countries withdrew control over services such as finance and real estate, there was an surge in demand for these services, which was met by the growth of private companies in the service sector. Prior to this transformation, the governments of these countries limited the supply of these services and curbed the growth of service sector. Globalization is one of the major factors that have contributed to the growth of service sector. Since several developing countries have removed cross – border trade barriers, there has been a large inflow of capital from developed countries to developing countries. More and more MNCs have started opening their shop in India.

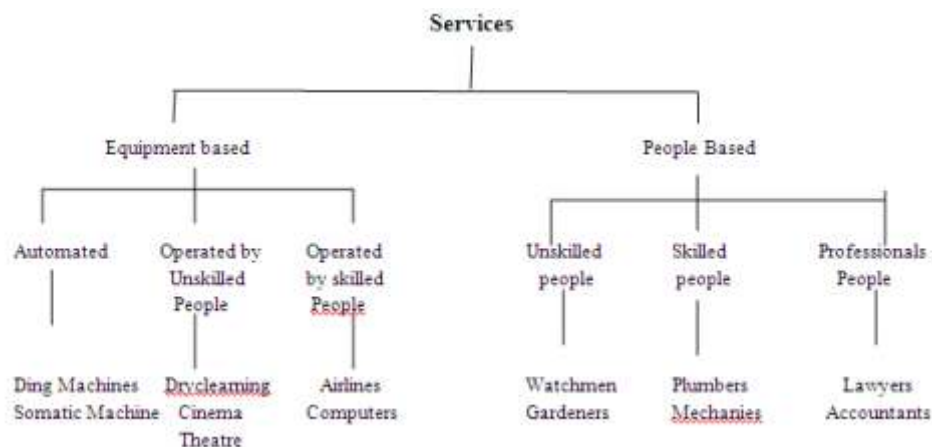
The series of steps initiated by RBI (Reserve Bank of India) have resulted in interest rates coming down and as a result, the demand for personal finance services has also increased. For example, there has been a tremendous growth in the demand for home, educational and other personal loans. As more and more Indian firms are now able to enter other countries due to reduced

trade barriers and exploit the opportunities there, the demand for services of Indian firms has also increased.

TECHNOLOGICAL CHANGES

Advances in information technology have also facilitated the growth of the service sector. In the past, the responsibility of a company ended once it shipped the product to the customer. But now, firms have realized that they can differentiate themselves from their competitors by offering after – sales support services. For, example, Federal Express, a leading US – based shipping company, not only ensures that the items sent by its customers reach the destination on time, but also enables customers to track the shipping status of the consignment from time to time on its website. With the help of sophisticated technology, Firms like Dell and Microsoft offer valuable support services to their customer. Dell enable customers to seek online assistance from its expert technicians to resolve system related problems. All these technological advancements contribute to growth of services in an economy.

TYPE OF SERVICES



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