



Issues and Remedies in Services Marketing

MEGHNA SINGH

M. Phil. Scholar (Marketing),

Department of Commerce, Delhi School of Economics

University of Delhi

Delhi (India)

Abstract:

With around three-fifth share in GDP of our country, service sector is an indispensable part of trade. Due to its relative novelty in research and complicated nature, it requires a close look at the issues and solutions in marketing of services. This paper is a brief review of the problems that come with the services due to the unique characteristics of services and the remedies available to it.

Keywords: *Inseparability, Intangibility, Pure Services. Service Quality, Service scape, SERVQUAL*

1. Introduction

Services marketing typically refers to both business to consumer (B2C) and business to business (B2B) services, and includes marketing of services like telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services. The range of approaches and expressions of a marketing idea developed with the hope that it be effective in conveying the ideas to the diverse population of people who receive it.

During the earlier days of trade, we were apparently presuming goods and services to be a part of the same basket. For e.g.; restaurants were a mean of providing just “food” and the ambience and hospitality wasn’t given its due importance. However, researchers in the field of marketing began to differentiate between goods and services and were able to demonstrate it with substantial evidence. A number of unique characteristics separated services from tangible goods, such as:

- 1. Intangibility-** Services cannot be touched, gripped, handled, looked at, smelled, and tasted.
- 2. Perishability-** Services have little or no tangible components and therefore cannot be stored for a future use. Services are produced and consumed during the same period of time.
- 3. Inseparability-** The service provider is indispensable for service delivery as he must promptly generate and render the service to the requesting service consumer
- 4. Heterogeneity-** Each service is unique. It is one-time generated, rendered and consumed and can never be exactly repeated.

One of the very prominent contributions in this context was by Booms and Bitner in 1981, where they extended Marketing Mix to include products that are services and not just physical things. Thus, the 4 p’s of marketing given by McCarthy (namely product, price, place, promotion) were joined by 3 other p’s which are people, processes and physical evidence.

2. Issues within the services marketing

However, while researchers were finding differences between services marketing and goods marketing, the results were often inconclusive and conflicting. Implementation of the marketing strategies required a clear distinction of whether a service was a pure service or a constituent of service and good together. Thus, a “service-good continuum” was developed with pure service on one terminal point and pure commodity good on the other terminal point. (Johnson & Gustofsson , 2003). Most products fall

between these two extremes. For example, a restaurant provides a physical good (the food), but also provides services in the form of ambience, the setting and clearing of the table, etc.

While many researchers focused on the distinction of goods and services, a few emphasized on the problems faced within the service sector. One of such work was carried by (Zeithaml, Parasuraman , & Berry, 1985). They listed down the problems as well as the possible solutions suggested by several researchers. The reason for the problems were due to the unique characteristics of services. The authors listed down that due to Intangible nature of services, they cannot be stored. (Langeard et al.,1981), they cannot be protected through patents (Judd, 1968), we cannot readily display or communicate services (Rathmell ,1974), prices are difficult to set. (Dearden, 1978).

Due to Inseparability of services from the provider, consumer are involved in production. (Booms and Nyquist, 1981) and centralized mass production of services difficult (Sasser et al., 1978). Heterogeneous nature of services make standardization and quality control difficult to achieve (Upah, 1980). Also, Services cannot be inventoried because they are perishable in nature (Bateson, 1977).

3. Remedies

However, in spite of complicated characteristics of services there are many remedies available to use them in a successful manner. The ways of dealing with these problems were given by many researchers. To overcome the issues related to intangibility we can stress tangible cues (Berry, 1980), (Booms & Bitner, 1982), we can use personal sources more than non-personal sources. (Donnelly, 1980) and Simulate or stimulate word-of-mouth communications. (Davis, Gultinan, & Jones, 1979). Since setting of prices is difficult for services, we can use cost accounting to help set prices (Beard and Hoyle, 1976). However, price as a strategic tool is not as important for service retailers as it is for product retailers because pricing is often more difficult for service managers (i.e. they cannot add standard markups), it is important for service managers to have more leeway in their pricing policies. This allows for the service retailer to maintain prices under uncertainty, without having to respond to every competitive or environmental shift. Service retailers may therefore wish to price according to their specific supply and demand rather than that of the market. For example, a theater may have different prices for each movie, regardless of the price of the competition. (Reardon, Miller, Hasty , & Waguespack, 1996).

Emphasis on selection and training of public contact personnel (Gronroos, 1978), Managing consumers (Lovelock, 1981), Using multisite locations (Carman & Langeard, 1980) can help deal with inseparable nature of services. Perishability can be dealt by use of strategies to cope with fluctuating demand. (Lovelock, 1981) and making simultaneous adjustments in demand and capacity to achieve a closer match between the two (Sasser, 1976).

Many researchers also propagated a new way of dealing with issues in services and their marketing by giving a concept of “service-scape”. The concept was initially developed by Booms and Bitner . Service-scape emphasizes the impact of the physical environment in which a service process takes place. The concept of service-scape can help assess the difference in customer experience between a fast-food franchise restaurant and a small, family-run restaurant. Whereas the quality of the food may be the same, the customer may perceive higher quality in the latter over the former based on the environment in which the service is provided. The service-scape includes the facility's exterior (landscape, exterior design, signage, parking, surrounding environment) and interior (interior design and decor, equipment, signage, layout, air quality, temperature and ambience) (contributors, 2014). Service-scape is “the environment in which the service is assembled and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service” (Booms & Bitner, 1981). Interestingly, in service organizations the same physical setting that communicates with and influences customers may affect employees of the firm (Baker, Berry, and Parasuraman 1988).

Simultaneously, where one aspect is marketing the services correctly, another solution to providing services better was giving better service quality. The evolving nature of service firms world- wide necessitates that marketing researchers cautiously approach future investigations of the strategic questions related to service quality, consumer satisfaction, and service value information (Taylor, 1993). A suggestion offered by the authors is the use of quality as a strategic tool. While current wisdom indicates that quality should be standardized, the potential for instead using it as a strategic tool seems limitless. Service retailers can essentially engage in price discrimination through changes in quality. Instead of adjusting prices to obtain consumer surplus (i.e. changing the price each customer pays), the service retailer can adjust the quality level for each customer at the same price level. This allows for revenue and profit maximization through changes in costs. In other words, a service provider can effectively satisfy each customer without including extraneous and costly services. This allows for some of the reduction in cost to be passed on to the consumer. Conversely, if the service provider standardized the offering, this extra level of service would be given to every customer whether needed or not (Reardon, Miller, Hasty , & Waguespack, 1996).

4. SERVQUAL

In spite of acknowledging the importance of service quality as a strategic tool, there was no conclusive framework for defining “quality”. Different definitions were given, however, a prominent framework was developed by a group of American authors, Parasuraman, Valarie Zeithaml and Len Berry, in 1988. The framework was known as “SERVQUAL”. It highlights the main components of high quality service. The SERVQUAL authors originally identified ten elements of service quality, but in later work, these were collapsed into five factors - reliability, assurance, tangibles, empathy and responsiveness - that create the acronym RATER.

Organizations using SERVQUAL as a benchmark to measure quality and customer satisfaction use two parameters which are customer expectation of the service and customer perception of actual service received. When customer expectations are greater than their perceptions of received delivery, service quality is deemed low and customers are dissatisfied. If they are equal, they are satisfied and if it's lesser it means customers are delighted.

In addition to being a measurement model, SERVQUAL also became a management model. The SERVQUAL authors identified five Gaps that may cause customers to experience poor service quality.

Gap 1: between consumer expectation and management perception

This gap arises when the management does not correctly perceive what the customers want. Key factors leading to this gap are Insufficient marketing research, poorly interpreted information about the audience's expectations, research not focused on demand quality and too many layers between the front line personnel and the top level management

Gap 2: between management perception and service quality specification

Although the management might correctly perceive what the customer wants, they may not set an appropriate performance standard. It may occur due to the following reasons- insufficient planning procedures, lack of management commitment, unclear or ambiguous service design, and unsystematic new service development process

Gap 3: between service quality specification and service delivery

This gap may arise through service personnel being poorly trained, incapable or unwilling to meet the set service standard. The possible major reasons for this gap are Deficiencies in human resource policies such as ineffective recruitment, role ambiguity, role conflict, improper evaluation and compensation system, ineffective internal marketing, failure to match demand and supply or lack of proper customer education and training

Gap 4: between service delivery and external communication

Consumer expectations are highly influenced by statements made by company representatives and advertisements. The gap arises when these assumed expectations are not fulfilled at the time of delivery of the service. The discrepancy between actual service and the promised one may occur due to the following reasons Over-promising in external communication campaign, failure to manage customer expectations and failure to perform according to specifications

Gap 5: between expected service and experienced service

This gap arises when the consumer misinterprets the service quality. (Parasuraman, Berry, & Zeithaml, 1988)

Although, SERVQUAL model has been criticized, yet it is the most widely used model.

5. Conclusion

Service sector is a growing sector and inspite of twisted challenges it poses, it offers a wide range of innovative techniques that can be used to kick up the growth of services organization. There is a wide scope available that can be tapped by creative thinking in serving customers.

Using service scape to create a pleasant experience for customers as well as employees, using service quality model to keep the customers delighted, stressing on tangible cues, etc are effective tools in the hands of service organizations.

References

1. Booms, B., & Bitner, M. (1981). Marketing strategies and organisation structures for service firms. *Marketing of Services*.
2. contributors, W. (2014, May 21). Servicescape. Retrieved from [www.wikipedia.com: http://en.wikipedia.org/wiki/Servicescape](http://en.wikipedia.org/wiki/Servicescape)
3. Johnson, M. D., & Gustofsson, A. (2003). *Competing in a Service Economy*. 7.
4. Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1988). Servqual. *Journal of retailing*.
5. Rathmell, J. M. (1966). what is meant by services? *Journal of Marketing*, 32-36.
6. Reardon, J., Miller, C., Hasty, R., & Waguespack, B. (1996). A Comparison of Alternative Theories of Services Marketing. *Journal of Marketing Theory and Practice*, 61-71.
7. Taylor, S. A. (1993). The Roles of Service Quality, Consumer Satisfaction, and Value in Quinn's (1992) Paradigm of Services. *Journal of Marketing Theory and Practice*, 14-26.
8. Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1985). Problems and Strategies in Services Marketing. *Journal of Marketing*, 33-46.