

Service management and marketing A Customer relationship approach

Harpreet Kaur

Assistant Professor, Department of Commerce, Khalsa College for Women, Sidhwan Khurd, Punjab, India

Abstract

Service include all economic activities whose output is not a physical product or constructive, it generally consumed at a time. It is produced and provides added value in forms. There are various examples of services like Medical services, IT services, Educational services, Automobile services, Transport services, Banking & Insurance services and many more. For the survival & success of these services organization there is a need of professional approaches and guidance to manage their business. The contribution of services to the development of every national economy is in progress, they becoming the major contributor to the gross national product of most countries. In this way there is a need of proper management and good marketing in this sector. These sectors provide employment to a large number of public and improve standard of living. The service sector provides an opportunity to make an optimal utilization of untapped valuable resources by marketing services. On the other hand service management is also required to understand the utility the customers receive by consuming or using the service offered by service-providers.

Keywords: service, consumer, customer, management, marketing, utilization

Introduction

Characteristics of Services

Services have number of distinctive characteristics, which create special marketing challenges and opportunities:

- **Intangibility:** Because services are intangible, it is impossible for customer to taste, feel, see, hear or smell a service before buy it. The task of service provider is to tangibilize the intangible. There are some strategies that may be used to suggest service benefits Visualization, Association, Physical representation and Documentation.
- **Inseparability:** Services are produced and consumed simultaneously. Due to inseparability of production and consumption, provider-client interaction become a special feature of service marketing.
- **Heterogeneity:** It is impossible for service industry to produce a standardize output. Each unit of service is somewhat different from other units of the same service. By providing professional training to their personnel service industry can tackle this problem.
- **Perishability:** Services are highly perishable they cannot be stored. On the other hand, due fluctuation in demand service firm face difficulty. They put a challenge to marketers of services for product planning, pricing and promotions ^[1].

Concept of Service Marketing

The perception of service marketing focuses on selling the services in the best interest of users/customers. Marketing a service is meant marketing something intangible. It is marketing a promise. In the marketing of services, we go through a number of problems directly or indirectly influencing the business index. The problem like market segmentation, market information system, behavior management are studied minutely which simplify the task of formulating a sound mix for marketing, such as product mix, promotion mix, price mix and place mix. It is important to

mention that we find people an important mix of marketing services.

Concept of Service Management

Management of services is essential for service providers because it help in understand the utility the customer receive by consuming the service provided by the organization and how the organization will be able to produce and deliver this utility. It help the organization to develop and properly manage so that the intended quality of services can be achieved and delivered services at good quality on continuous basis ^[2].

Marketing Mix for Services

Customer service is one of the most important ingredients of the marketing mix for products and services. High quality customer service helps to create customer loyalty. Customers today are not only interested in the product they are being offered but all the additional elements of service that they receive from the greeting they receive when they enter a retail outlet, to the refund and help that they receive when they have a complaint about a faulty product that they have paid for. There are 7 P's of marketing mix for services and these are as follows:

- **Product:** In case of services, the 'product' is intangible, heterogeneous and perishable. Moreover, its production and consumption are inseparable. Hence, there is scope for customizing the offering as per customer requirements and the actual customer encounter therefore assumes particular significance. However, too much customization would compromise the standard delivery of the service and adversely affect its quality. Hence particular care has to be taken in designing the service offering.
- **Pricing:** Pricing of services is tougher than pricing of goods. While the latter can be priced easily by taking into account the raw material costs, in the case of services,

attendant costs - such as labor and overhead costs - also need to be factored in. Thus, a restaurant not only has to charge for the cost of the food served but also has to calculate a price for the ambience provided. The final price for the service is then arrived at by including a markup for an adequate profit margin.

- **Place:** Since service delivery is concurrent with its production and cannot be stored or transported, the location of the service product is important. Service providers have to give special thought to where the service will be provided. Thus, a fine dine restaurant is better located in a busy, upscale market in comparison to the outskirts of a city. Similarly, a holiday resort is better situated in the countryside away from the rush and noise of a city.
- **Promotion:** Since a service offering can be easily replicated, promotion becomes crucial in differentiating a service offering in the mind of the consumer. Thus, service providers offering identical services such as airlines or banks and insurance companies invest heavily in advertising their services. This is crucial in attracting customers in a segment where the services providers have nearly identical offerings.

The final three elements of the services marketing mix - people, process and physical evidence - are unique to the marketing of services.

- **People:** People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Thus, a restaurant is known as much for its food as for the service provided by its staff.
- **Process:** The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers.
- **Physical Evidence:** Since services are intangible in nature most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience. Therefore, restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests ^[3].

Dimensions of Customer Expectations

Understanding customer expectations is a prerequisite of delivery superior service. The range of customer expectations may be displayed in five dimensions of the services, each one identically important.

- **Reliability:** Customers expect the services providers have the ability to perform the desired service dependably, accurately and consistently. This involves keeping the service promise and the reputation.
- **Tangibles:** The way the physical facilities, like equipment appearance of personnel and the communication materials, are used by customers to judge the service. Tangibles influence service quality perceptions by offering indirect clues about the nature and quality of the service itself, and indirectly, by the usage of physical aspects in the production of service. The customers expect all these to be like they are promised and have the quality they appreciate.
- **Responsiveness:** The customers appreciate the willingness of services providers to provide the service promptly and efficiently. To be responsive to customers

means help them keeping informed, buying and post buying, too.

- **Assurance:** This is caused by the employees, knowledge, courtesy, competence and ability to convey trust and confidence in customers. Every customer believes the reability must be doubled the trust. Assurance depends more on the outcome. The customers trust the providers who meet their expectations. The tangible, responsiveness, reliability, and empathy are the parts of the provision by services, but contribute the outcome.
- **Empathy:** The customers want to be very well understood by services providers. Thus, they expect the provision of caring, individualized attention, speak to them in language they can understand and listen to them ^[4].

Service Customer Relationship Management

Attracting and maintaining the customers are the primary goals for the professional management and marketing. Maintaining and increasing the customer base into the service provider's portfolio is aimed to intensify the efforts for the lost customers' replacement. Service customer management should take into account the relationship character of the service marketing. The focus on retaining actual customers is the first objective, goal of the service relationship marketing. In order to reach this goal, service companies should be prepared to spot customers who leave and then analyze and act on information they provide. In other words, the service customer relationship management should pay attention to the specific things that are causing customers to leave ^[5].

Service quality as support for performance in marketing

- The reliability involves consistency of performance and dependability, i.e. the firm performs the service right the first time, accuracy in billing, keeping records correctly, and performing the service at designated time.
- The responsiveness concerns the willingness of employees to provide service. It involves timeliness of service, i.e. mailing a transaction ship immediately, calling the customer back quickly, giving prompt service, e.g. setting up appointments quickly.
- The competence depends upon possession of the required skills and knowledge to perform the service, i.e. knowledge and skill of the contact personnel knowledge and skill of operational support personnel, research capability of the organization.
- The access consists in the approachability and ease of contact, i.e. the service is easily accessible by telephone (free lines no holding), the waiting time to receive service is not extensive e.g. at a bank the convenient location of service facility
- The courtesy is in relation with politeness, respect, consideration and friendliness of contact personnel, clean and neat appearance of public contact personnel.
- The communication means keeping customers informed in language they can understand and listening to them. It may mean that the company has to adjust its language for different consumers, increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice, i.e., explaining the trade-offs between service and cost, assuming the customer that a problem will be handled.

- The credibility is the result of the trustworthiness, believability, honesty and having the customer best interests at heart. Contributing to the credibility and company name and reputation, personal characteristics of the contact personnel, and the degree of hard sell involved in interactions with the customer.
- The security is viewed as the freedom from danger, risk or doubt, i.e. physically safety while using service, financial security and confidentiality.
- Understanding and knowing the customer are important in terms of customer perceptions and satisfaction. This means to make the effort to understand the customer's needs, i.e. learning the customers' specific requirements, providing individualized attention and recognizing the regular customer.
- The tangibles, as element of service quality, are the physical facilities, appearance of personnel, tools or equipment used to provide the service, physical representations of the service, e.g. plastic card or bank statement

Thus the contribution of services to the development of every national economy is in the progress, they are becoming the major contributor to the gross national product of most countries. In this way, the customers become more demanding and powerful in their relationship with service providers. The appropriate marketing looks to engage the customer interactively in the many steps of creating value which is later shared between service provider and customer. Service management provides a chain between the actual sales and customer's perceptions. Service management improve customer satisfaction & help in increasing service revenue and in this way indirectly it helps in increasing the standard of living.

Due to change in the attitude of people their likings & disliking, change in the technology and many other factors which effect customer demand the need for marketing the services so that this sector's earning will increase day by day and contribute large part in our gross national product. IT companies, Tourism industry, Telecom industries & Educational service are some of the examples of leading employer in India's service sector. By marketing services we can utilize resources which remain unutilized. In order to reach the goal of retaining actual customers and utilized full resources, service companies should be prepared to spot customer who leave and then analyze and act on information they provide.

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