



Certified Financial Services Marketing Professional Sample Material

V-Skills Certifications

**A Government of India
&
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V-Skills



1. UNDERSTANDING SERVICE PHENOMENON

1.1 Introduction

In layman's language, services are activities or benefits that one party can offer to another that are essentially intangible and do not lead to ownership of anything. The service industry has been growing with leaps and bound since a long time. With the increased globalisation, industrialisation and mechanisation of life, the service sector has become extremely important to provide us with services that have value for us.

Past decades have encountered the service industry in playing an extremely vital role in the development of Indian economy. The service industry has gained increasing dominance and acceptance due which to huge competition is seen between organizations. Over a period organizations are developing in a much professional and proficient manner for managing businesses better.

Some of the common myths about service industry are,

- ✓ Service economy produces services at the expense of other sectors
- ✓ Service production is labor intensive
- ✓ People satisfy their product need before the need for services
- ✓ Service businesses are cottage industries and service jobs are low paying

1.2 Service Industry - Growth and Current Condition

The continuous growth of service industry is due to a variety of reasons that have been discussed below

1.2.1 Affluence

Economic Affluence has a key role to play in the growth of the service industry in India. The per capita income has risen sharply from Rs. 12,416 from 2005-06 to Rs. 53,331 in 2010-11. The size of the middle income consumer is rising at a fast pace and the percentage of the poor household's is falling continuously. The Economic Liberalisation Process has had a positive impact on the Indian households and on their incomes as well as their expenditure which has been pushed to create increasing demands for many goods and services.

1.2.2 Leisure Time

Each of us has leisure time to spare. We get holidays and want to enjoy these either by going out to beautiful locations to relax our body and mind or by indulging in career building or recreational activities. This calls for services of travel agencies, resorts, hotels and entertainment. People also utilise their time in enhancing the career prospects by enrolling themselves in different courses. The various distances learning school, part-time courses and certifications help these aspirants.

1.2.2 Life Expectancy

An increasing amount of emphasis on the health programmes have significantly contributed to increased life expectancy that has led to rise in the services of old age homes, nursing homes, health care, etc.

1.2.3 Product Complexity

The application of the new and advanced technology in different products have led to increased complexity in the products that requires the services of those people that have the specialised knowledge about the product to provide you the various installation, demonstration and after sales services.

1.2.4 Changing Role of Women

The role of Indian women in the society has changed. With the increasing number women going out to work in offices, there has been a rising trend in the services of day care for children, packed food and home delivery, maid servants to look after and clean the house. The demand by woman is forcing service organisations to be more innovative in their approach.

1.2.5 Life Complexity

The life of a working individual has become more complex as it was a decade ago. He has a number of roles to play and hence the complex and busy lifestyle of individuals has given rise to a variety of services like tax consultation, legal advisors, property advisors, etc.

1.2.5 Cultural change

Indian Culture has been constantly undergoing a transition from time to time. The new developments and cultural factors give rise to different new services. With the increased trend of nuclear families the need for the more entertainment services has risen. There has' been a marked

change in the thought processes of people in the context of investments, leisure time perception and many more which has created a huge demand for services.

1.2.6 Resources Scarcity and Ecological Imbalance

With the excessive burden on the natural resources that has led to depletion of the resources and other ecological imbalance in nature like pollution. This calls for different services of pollution control, car pools, water management, electricity management etc.

1.2.7 New Products

The constant development of the IT industry has led to development of various services that range from PCO's pager service providers, mobile connections, internet connections, internet cafes, online shopping etc. The growth in the IT industry is one of the major reasons for the growth in the service sector as it has helped in the development of many services.

1.2.8 Rampant Migration

We see a large number of people migrating from the rural areas to semi-urban and urban areas which has led to increased demand of education, health care and other entertainment products. Increased city set ups have led to increased demand of various service industries.

1.3 How are goods different from services?

It is very important to distinguish between goods and services to study the nature of each one of them. The major difference between the goods and services are listed below:

1.3.1 Tangibility

The most basic difference between goods and services is that goods are tangible i.e. they have physical presence and can be touched but the services do not have physical presence and hence cannot be touched and only felt.

1.3.2 Nature

The goods may be homogeneous or heterogeneous in nature but services are heterogeneous that is the services are tailor made to suit the needs of the customer. This is not always the case in consumer goods.

1.3.3 Distinction between production, distribution and consumption

The production of goods takes place at a different place and is separated from the points of distribution and further consumption. In goods, these functions are independent functions that are performed in isolation from each other. However, the services are produced distributed and consumed at the same place simultaneously. The service provider provides the customer with the services that will suit his needs and is consumed by the consumer at the same time.

1.3.4 Object or Process

A good is a thing which has physical dimensions and can be seen but services are an activity or a process which does not have dimensions but may have steps.

1.3.5 Development of core value

The core value of the good is developed in the place of production i.e. in the factory. However, with services it is not the same. The value of the service is build through the buyer-seller interactions that take place during the services are provided.

1.3.6 Perishability

Goods may or may not be perishable i.e. they can or cannot be stored depending on the good type. Food products are non-perishable and stand the risk of getting destroyed easily. Services are not perishable in nature since they do not have a physical existence that can be affected by natural or artificial factors.

1.3.7 Storage

Goods can be stored for future use in godowns or by a customer in his own premises. Perishable or non perishable goods have a certain time frame till which they can be stored but services cannot be stored for future use at all.

1.3.8 Transfer of Ownership

Goods once sold or given to the distributor for distribution imply that their ownership has shifted from the owner to the concerned person. The transfer of ownership can take place only in case of the goods but not in the case of services.

1.3.9 Provider

A service also has a service provider attached to it who provides the customer with the service but goods may not always require a person to provide the benefits. It is imperative for a service to have service provider without which services cannot be provided.

With these attributes we have successfully understood the nature of services.