



# Challenges of Service marketing, Growing importance of service marketing

Present topic to know challenges faced by service marketing. Also it will throw light on growing importance of service sector in India.

Books: Zeithaml V.A. Bitnar, Service Marketing, 6/e, McGraw Hill Education

Lovelock CH Wirtz J and Chatterjee J , Service marketing: people, Technology, Strategy, 7<sup>th</sup> e, Pearson Education

# Latest Example: May 22, 2018

## **With a plateful of problems, many dining companies shut shop**

“With multiple factors including inflation, competition and [GST](#) (Goods & Services Tax) with no input credit, it has become increasingly difficult for the industry to stay viable,”

Some 50 mid-sized and well-known casual dining restaurants and hamburger joints across the country have closed in the past year after their profitability was hurt by the rollback of input tax credit, inflation

- For more, read
- <https://brandequity.economictimes.indiatimes.com/news/business-of-brands/with-a-plateful-of-problems-many-dining-companies-shut-shop/64267625>

# Challenges in service sector

1. Our infrastructure is inadequate not only in the rural areas but also in the urban areas. For example, power shortage and traffic congestions are very common in Bangalore, the silicon city of India. These effect the quality of services provided.
2. Though service sector has been the fastest growing sector in the last decade and has contributed more than 57% of the GDP, it provides less than 25 % of the total employment.



# Challenges in service sector...

3. India has great potential in the tourism sector. But there is a need to create proper setup for attracting tourists. Foreign tourists often get harassed and cheated in the hands of babus and officialdom, touts and conmen.
4. Etiquettes and good behavior are the hallmarks of the service sector. Indian service providers whether they are banks, hotels and restaurants, hospitals or public administration, they need to be trained thoroughly in public dealing, etiquettes, hospitality and manners.



# Challenges in service sector...

- 5. The airports, railways etc. in India are not clear and well organized. They need to be revamped and reorganized.
- 6. Our consular division also is not proper. It takes many days to issue visas. This hampers the growth of the tourism sector. For this, we need to have a system which entails single window clearance
- 7. Service trade also faces a number of problems. These include lack of setup like export promotion councils (other than for computer software), various visible and invisible barriers to service trade like visa restrictions, sector specific restrictions and preferential market access



# Challenges in service sector...

- 8. Unfair competition in the telecom sector and lack of interest, infrastructure, personal computer penetration, monitoring and customer demand, hinders the growth of e-commerce.
- 9. Service sector cannot grow in isolation. It needs strong backing of other sectors, primary and secondary. In India, such backing needs to be strengthened.
- 10. Indian service providers (like BPOs and IT service providers) are facing stiff competition from other countries. They need to improve their quality and reduce their costs.

<http://gradestack.com/CA-CPT-Exam-Prep-by-AOC/Service-Sector-in-India/Problems-Of-Service/14552-2913-1512-study-wtw>



# Importance of service sector in Indian scenario

**The services sector plays an increasingly important role** in the global economy and the growth and development of countries

Services are becoming **crucial in a country's development**, including for the achievement of the Millennium Development Goals, such as poverty reduction and access to basic services, including education, water and health services



# Importance...

- Service sector is the lifeline for the social economic growth of a country. It is today the largest and fastest growing sector globally contributing more to the global output and employing more people than any other sector.
- The real reason for the growth of the service sector is due to the increase in urbanization, privatization and more demand for intermediate and final consumer services. Availability of quality services is vital for the well being of the economy.
- In advanced economies the growth in the primary and secondary sectors are directly dependent on the growth of services like banking, insurance, trade, commerce, entertainment etc.





# Importance...

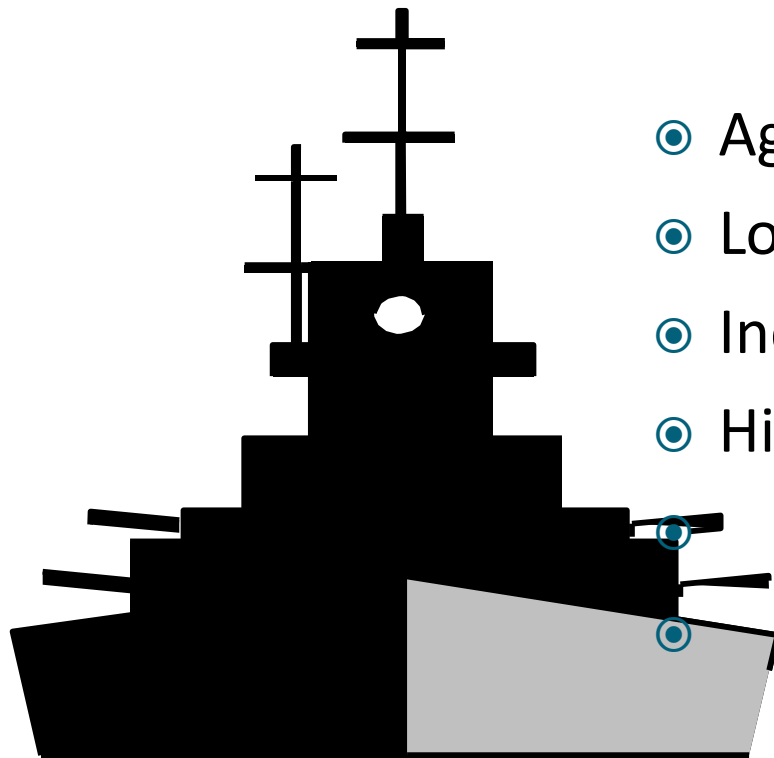
In alignment with the global trends, Indian service sector has witnessed a major boom and is one of the major contributors to both employment and national income in recent times. The activities under the purview of the service sector are quite diverse. Trading, transportation and communication, financial, real estate and business services, community, social and personal services come within the gambit of the service industry.

- One of the key service industry in India would be health and education. They are vital for the country's economic stability. A robust healthcare system helps to create a strong and diligent human capital, who in turn can contribute productively to the nation's growth.



# FACTORS CONTRIBUTING TO GROWTH

- ◉ Shift to industrialized economy
  - ◉ Movement to information age
- ◉ Aging population
- ◉ Longer life expectancies
- ◉ Increase leisure time
- ◉ High per capita income



Changing social and cultural values  
Advances in technology

Minimalists expressed a preference for digital books because they take up less physical space, researchers said. **May 24, 2018,**



**Traditional versus digital: Millennials dispel stereotype, reveal how they prefer to read**

**<https://brandequity.economictimes.indiatimes.com/news/digital/traditional-versus-digital-millennials-dispel-stereotype-reveal-how-they-prefer-to-read/64299568>**

**THANK YOU  
FOR  
LISTENING!**

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