

MBA- III semester, Specialisation- Marketing Management, Paper - Service Marketing, Paper code- MC 02, TOPIC-Introduction to Service and Concept of Service Marketing.

1.INTRODUCTION

Economists have divided all industrial and economic activities into three main groups: primary, secondary, and tertiary. Primary activities include agriculture, fishing and forestry. Secondary activities cover manufacturing and construction; tertiary activities refer to the services and distribution.

In the pre-industrialised era, primary activities were the mainstay of the economy. The Industrial Revolution marked the beginning of increasing importance of secondary activities and the gradually decreasing the status of agriculture and allied activities.

The period following World War II saw USA become the world's first 'service economy' with more than 50 per cent of the working population employed in producing services and today 80 per cent of the US economy is service-oriented. This led a New York Congressman to remark that America is becoming a nation of people who are "serving each other hamburgers or taking in each other's' laundry". However, the US service industry is a very technical and sophisticated one comprising computer and software development, business consultancy, telecommunication, banking and insurance.

This pattern of economic development is not universally applicable to all countries. In many African and Asian countries, the agricultural sector is till the dominant one. In countries like India, we can observe the growing importance of the manufacturing and service sectors while agriculture still continues to retain its stronghold on the economy. The manufacturing and service sectors are growing not only in volume but also in sophistication and complexity. The wide array of services found in the metropolitan cities in India compare favourably with those

found anywhere in the world. Denial Bell, in his book 'The Coming of the Post-industrial Society' called this period of dominance by the service sector as the post-industrial society, according to him: "if an industrial society is defined by the quantity of goods as marking a standard of living, the post-industrial society is defined by the quality of life as measured by the services desirable and possible for everyone.

1.2 THE CONCEPT OF SERVICE

Widespread interest in the effective management and marketing of services as well as the inconclusive debate on how distinct is the marketing of intangible services from that of the tangible products, have enriched the literature by highlighting the service characteristics as that of intangibility, immediacy, individuality, perishability, heterogeneity, ownership, inseparability of production from consumption, and being experimental. In common parlance, these characteristics are also referred as:

- Services are performed, not produced.
- Services are more people-based than technology-based.
- Services supply cannot be easily changed to meet the suddenly changed market needs.
- Service demand has greater elasticity.
- Services face unique quality control issues and a larger number of problems in customer servicing.
- Service quality is an amalgam of services.

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