



# *Marketing of Services*

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658.8 GUP/M  
CASMTVK Books  
  
208







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## Service Industry : Global Issues

### INTRODUCTION

*Growth of service industry can be attributed to the changing life style, changing world, changing industrial economies, changing population and changing technology. There is a drastic change in the industrial environment and inter-industry relationships because of two vital components viz. Service and Information Technology. Services are contributing to the development of wide spectrum of business avenues and are offering broader employment opportunities. Information technology has made the world boundaryless. J34*

*As economies advance, the service industry grows steadily in scale, volume and complexity. In major OECD countries 60-70 percent of GDP value is added by service sector in terms of employment relative to volume, while the share of manufacturing remains in the range of 30-40 percent. In industrialized countries, services contribute a major share to their National Gross Domestic Product. This share is generally more than 50 percent of the GDP. In developing and less developed countries, the contribution of services to GDP is generally lower share of GDP. The goods production, including agriculture and extraction is more dominant in developing and less developed countries. But the role of services in their economy is growing at a fast speed.*

### SERVICE: AN OVERVIEW

In the previous decade, according to Bureau of economic analysis, U.S. commerce department, the services account for over \$ 3.5 billion in output and contributed for 60 percent of U.S. Gross Domestic Product. About three fifth of U.S. spending on services is by final consumer, and the balance two fifth is by government and other non-profit organizations. The leading U.S. revenue generating industries are housing and housing operations, medical care, personal services, transportation services and repair services. More than 75 percent of the private sector U.S. work force is employed in the service sector. In Canada, Britain, France, Italy, Japan and Germany at least 50 percent of work force is employed in service sector. Figure 1.1 shows that the trend towards service sector is increasing. Despite the steady rate of very high growth of service sector, its productivity growth remains less than 1% which is relatively low compared with that of manufacturing. To improve the productivity of service driven system, output driven and customer focused concepts of productivity are essential. In this context, human factor may have extra room for improvement of productivity in terms of delivery of customer value and operational efficiency.



## About the Book

The marketing tools of analysis have gained a wide application in the process of service decision making, possibly because modern business problems have become so complex that decision maker's personal experience is no longer adequate to provide an appropriate solution. It has, therefore, become essential for persons associated with decision-making to possess at least a working knowledge of the relevant tools of analysis. The purpose of this book is to provide, in one volume, the various theories which are deemed to constitute the subject matter of marketing of services. This book is intended to explain in non-technical language, the service application concepts, tools of service design, their relevance in customer decision-making and also the influence of marketing environment on business decisions. The scope of marketing of services is still in a state of flux and it may remain so in a computer based dynamic society with modern outlook of management. It gives us great pleasure to place this book before the students, learned teachers, professionals and business executives. This book on marketing of services: Text and Cases, has been designed especially for the students of MBA, MBE, PGDBM, M.Com, BBA, BCA, BBE, BBS, BCAM, B.Com, of various Indian universities and management as well as technical institutes. The book is equally useful for students pursuing courses like B.Com, M.Com, etc., wherever Marketing of Services is taught as one of the papers. The present book covers almost the entire syllabus of the said paper taught in various universities/autonomous institutes/institutes affiliated to Indraprastha University or other universities/bodies. Though the book is primarily meant for students, yet a study of the book will also enable practicing managers to systematize and improve their Marketing skills.

## About the Author

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ISBN 978-81-910642-9-2



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