ROLE OF SERVICE SECTOR AND IT’S CHALLENGES

Dr. Mukunda Sonawane
Associate Professor, HOD of Business Practices
Ness Wadia College of Commerce, India
Email: sonawanemukanda@gmail.com

ABSTRACT

Services industry or sector involves distribution, transport and sale of goods from producer to consumer. The service sector also includes the supply of a service like entertainment and cleaning services. Principal characteristic of a service industry is people to people interaction. Goods, however, may also be transformed when providing a service. For example, a restaurant cooks the food before serving it to customers. Country economies tend to progress from agriculture to industry to services. The service industry is seen to be more opaque to international competition compared to manufacturing. Nations which undergoes faster economic development have greater labor costs than those countries lagging behind in the economic development road. This results shrinking of manufacturing in more developed economies force those nations to adopt services as a leading employment source.

Keywords: Service Sector

INTRODUCTION

In the era of globalization service sector become very important. In age of increasing product commoditization, service quality & one of the most promising sources of differentiation & distinction. Giving good service is the existence of practicing a customer orientation. Service management till how has been relegated to the background while product marketing service management can be the main drive for profit. Without effective service management your business will not be in profit. Yet many companies view service as a pain, a cox, as something to minimize companies rarely make it easy for customer to make enquiries submit suggestion, or lodge complaints. They see providing service as a duty & an overhead, not as an opportunity & a marketing tool.

India stands out for the size and dynamism of its services sector. The contribution of The services sector to the Indian economy has been manifold: a 55.2 per cent share in gross domestic product (GDP), growing by 10 per cent annually, contributing to about a quarter of total employment, accounting for a high share in foreign direct investment- (FDD inflows and over one-third of total exports, and recording very fast (27.4 per cent) export growth through the first half of 2010-11.

Types of Industry in Service Sector

Service industry or service sector includes portions of a country's economy like tourism, banking, social services, social services and education. Persons working in the service sector collaborate to do work effectively. Knowledge is utilized to increase workplace performance and also for corporate sustenance. End product of service industry is advice (consultancy services), experiences (movies), attention (hospitality industry like hotels and restaurants), and discussion (interactive TV or radio programs). Examples of service sector are:

- News media
- Business services
Consulting
Health care like hospitals
Real estate valuation
Personal services
Franchising services
Legal practice like lawyers
Disposal of waste

Service Sector Regarding Brand
Basic materials producers such as steel makers, paper companies, food producers energy suppliers, and telecommunications providers are increasingly thinking about building brands. What they lack, however, are the distinct product benefit required to build brand equity. Many, that is to say, have only a name, and are searching for a brand. But there are a number of encouraging success stories. To illustrate what can be achieved, and by way of contrast with the failure of Foxy Lettuce, consider what Frank Perdue did for chickens.

Before Frank Perdue entered the US chicken producing market, most produce thought of their product as a commodity. But by differentiating his chickens, Perdue was able to command and sustain premium prices. He started by developing distinctive value proposition, raising a hybrid chicken with an even skin color (indicating tender, tastier meat) and using turbine blowers to remove any feathers that remained after plucking. He delivered the chickens to the store fresh, not frozen as was then the norm.

Create distinctiveness. The major challenge for commodity companies is to decide in what way they will be distinctive and how they can bring that about. Many companies believe that bundling services to provide one-stop shopping (by offering energy and cable television services together, for example) is the way. Research suggests, however, that bundling works only if companies add genuinely new benefits beyond an integrated bill and a small bundled-price discount.

Instead of thinking what disparate offerings they can put together, companies should work with customers to understand where opportunities exist to create real value. They must also build marketing skills they currently lack so as to communicate with customers about precisely how they are distinctive - often in the face of new, aggressive, and sophisticated competitors with comprehensive marketing abilities.

OBJECTIVES
Every business is service business generally the companies go through the below mentioned developmental stages.

Stage I) Product Development- The organization focuses mainly on product development, Engineering & Manufacturing.

Stage II) Product plus- The organizations go a little beyond manufacturing & offer same support service.

Stage III) Services- The organization provides more & better services in order to retain the customers.

Stage IV) Solutions- The product & services capabilities are tightly integrated in this stage. The organization develops same packages to meet the need of the customers.

Businesses planned for service are apt to succeed business planned for profit apt to fail. Even our days what service level should a company deliver & Good service is not enough. Nobody talks about good
services. Even this is a new thought "our goal as a company is to have customer service that is not just the best but legendary”

The service industry is gaining momentum every day; companies have stored realizing that strong services management capabilities will not only boost their revenues but will also strengthen their hold on them.

**Importance of the Services Sector for India**

The importance of the services sector can be gauged by looking at its contributions to different aspects of the economy.

**Services GDP** The share of services in India's GDP at factor cost (at current prices) increased rapidly: from 30.5 per cent in 1950-51 to 55.2 per cent in 2009-10. If construction is also included, then the share increases to 63.4 per cent in 2009-10.

The ratcheting up of the overall growth rate (compound annual growth rate [CAGR]) of the Indian economy from 5.7 per cent in the 1990s to 8.6 per cent during the period 2004-05 to 2009-10 was to a large extent due to the acceleration of the growth rate (CAGR) in the services sector from 7.5 per cent in the 1990s to 10.3 per cent in 2004-05 to 2009-10. The services sector growth was significantly faster than the 6.6 per cent for the combined agriculture and industry sectors annual output growth during the same period. In 2009-10, services growth was 10.1 per cent and in 2010-11 requisite infrastructure and equipment, coaching facilities, scientific back-up, nutritious diet, and exposure to competition.

The 19th Commonwealth Games (CWG), a mega sporting event held every four years, in which 71 countries and territories participate, were organized successfully by India. The event has significantly contributed to employment generation, infrastructure development, tourism inflow, and growth in national income. The Sports Ministry had undertaken a massive and unprecedented training programme for the top sportspersons of India, to prepare the Indian contingent for CWG 2010. A Scheme for Preparation of Indian Athletes for CWG 2010 was put in place for providing comprehensive and intensive training and exposure to Indian sportspersons, both domestically and abroad. In this effort, 170 Indian and 30 foreign coaches and 78 supporting technical personnel were involved, This has resulted in the best-ever performance by India in any major, multi-disciplinary sports event with a haul of 101 medals (38 gold, 27 silver, and 36 bronze), which is more than double the medals India won at CWG, Melbourne, 2006. This achievement placed India second in medals tally after Australia and ahead of major sporting countries such as England, Canada, and South Africa.

**Challenges**

Given the myriad activities in services, supporting its growth will require careful and differentiated strategies. The opportunities in this fast-growing, employment-oriented, FDI attracting sector, with vast export-potential are striking. However, the challenges are also many.

One of the challenges in this area is to retain India’s competitiveness in those sectors where it has already made a mark such as IT & ITeS and Telecommunications. Their deeper and broader use in the domestic sectors would also have a dramatic potential to increase the efficiency and productivity of other goods and services.

The second challenge lies in making inroads into some traditional areas such as tourism and shipping where other countries have already established themselves, but where the potential for India is nevertheless very high.

The third challenge is in making forays into globally traded services in still niche areas for India, such as financial services, health care, education, accountancy, and other business services where India has a large domestic market and has also shown recent signs of making a dent in the international market, but only a very small part of the full potential has been tapped. There are also challenges related to collecting better data and developing a better coordinated strategy to pull together all the dispersed
information. Regulatory improvements will also be important as many domestic regulations and market access barriers could come in the way of fully tapping this growth-accelerating sector. Since there are diverse sectors within services, the issues and policies cannot be separated into watertight compartments. Addressing these challenges and issues could further strengthen the services sector which is the driving force for India to realize double-digit growth potential, both overall and at state level, while providing more and better jobs, to help achieve more inclusive and balanced growth.

CONCLUSION

Service management at times can be costly. Companies should analyze the costs & benefits keeping the other investment in view. Sending the technicians all the time for repair or providing telephonic support can become a costly affair. You can check on the service quality of your organization by becoming a customer for a day phone your company as if you are a customer & put same questions to the employer. Go into one of your stores & try to buy your product. Call about returning a product or complaining about it & see how the employee handles it. You are boned to be disappointed.

The organization has to provide better services after sales. If the better services provided ultimately customers will increased & attracted towards your product. That's why the organization must pay attention on service marketing effectively efficiently.

1. From make & sell marketing to sense and respond marketing, Your company will perform better if you view the marketing challenge so that of developing a superior understanding of your customer needs rather than as simply out your products better.

2. From focusing on customer attraction to focusing on customer retention: Companies need to pay more attention to serving and satisfying their present customers before they venture in an endless race to find new customers. Companies must move from transaction marketing to relationship marketing.

3. From pursuing market share to pursuing customer share: The best way to grove your market share, namely to find more products and services that can be sold to the customers.

4. From marketing monologue to customer dialogue: You can create stronger relationship with customer by listening to and conversing with them by only sending out one-way messages.

5. From mass marketing to customized marketing: The mass market is splintering into mini-markets and your company now has the capability of marketing to one customer at a time.

6. From owning assets to owning brands: Many companies are beginning to prefer owning brands to owning factories. By owning fewer physical assets and outsourcing production, these companies believe they can make a greater return.

7. From operating in the market place to operating in cyber space: Smart companies are developing a presence online as well as offline. They are using the Internet you buying, selling, recruiting, training, exchanging and communicating.

8. From single-channel marketing to multi channel marketing: Companies no longer rely on one channel to reach and sure all their customer. Their customers have different preferred channel for accessing the company's products & services.

9. From product-centric marketing to customer centric marketing: The sign of marketing maturity is when a company stops focusing on its products and starts focusing on its customers.

REFERENCES


6. (2008b)“Who will be the ‘Services Hub’ of the World : India or China?” , accepted for presentation in the 9th Annual Sir Arthur Lewis Conference held at University of West Indies, Mona, Kingston 7, Jamaica, W.I. from March 26-28, 2008.


8. (Forthcoming), “From the’Hindu Rate of Growth’ to ‘Unstoppable India’: Has Service Sector Played a Role?” accepted for publication.


