

# Management of Change in Services Marketing for the New Millennium

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The field of services marketing had gained only in recent years. Several researchers noted that studies on services marketing grown with the interest and discussion was made on consumer behavior in the 1970s and the 1980s.

The legitimacy of services marketing gained further ground with service industries such as transportation, financial, health care, hospitality and telecommunication recognized the significance of such discipline. Several research topics related to services begun to surfaces. Topics such as service experience (Carlzon, 1987), service encounters (Solomon, Surprenant, Czepiel and Gutman, 1985), service quality (Zeithaml, Parasuraman and Berry, 18985), service economy (Canton, 1984) and service design (Shotack, 1984).

Most of these topics that needs further exploration. There are discussions on service quality, measurement and maintenance to standard quality. However, perfect quality in services is difficult to define and measure, as service quality depends in the eyes of the beholders. Service firms are now seeking knowledge about consumer complaint behavior, management responses to the complaint behavior, employee-customers complaint relationship and resolution.

There is also a gap in the literature about service relationship between supplier and vendors. Industrial marketing may have covered topics related on business to business, however, relationship between supplier and vendor that impact the final consumer still need to be explored. Further, there is a need to understand the service support system from the internal support personnel to the service provider that may have an impact to the final customers.

Information technology in business has an impact on service interaction. Research in this field is still lukewarm due to rapid change in technology. For example, writers tend to concentrate to "low-tech and high touch" service encounter and little is known about the influence of technology to pure services.

## Introduction.

Study on Services Marketing is only a recent phenomenon. This interest can be traced from the tremendous growth of publication and researches in services marketing. It is only natural that academe takes various approaches to explore marketing discipline that leads to the development of services in marketing, management, operations and human resources.

The development of services marketing was related to a high interest in consumer movement and behavior in 1960s. Ideas and concepts of services were mainly explored among doctoral students and young academicians in United States. These young researchers (they are the risk-takers to introduce the concepts) confronted that there are differences to the principles between and goods and services. Several factors supported their undertaking. First, there was a strong interaction between

academicians and practitioners that provides the background development of ideas and concepts. In fact, in most cases, they are either authors or co-authors for the literatures. Secondly, these literatures had developed into strong lively discussions that embedded concepts from operations and human resources into services. These discussions are extended to various conferences. Eventually, conferences on services marketing were organized by handful of universities and by the American Marketing Association (AMA) in 1981.

The services literatures indicate that growth in services marketing can be traced within three eras. Each era has its distinct characteristics. The Crawling Out (Pre-1980), the Scurrying About (1980-85) and Walking Erect (1986-1995). The Crawling out was the period of discovery and exposure of ideas. Most of the literatures were mainly conceptual, that is defining the nature of services and their marketing implication. The important contribution toward knowledge was the delineation of services characteristics, that is, intangibility, inseparability, heterogeneity and perishability. Toward the end of 1979, Bateson (1979), Lovelock (1979) and Berry (1980) asserted the "Services Marketing is Different" in most of their writings.

The Scurrying About period was denoted with high interest and enthusiasm in services marketing. During this time, most services industries, particularly the airlines and financial industries, were facing deregulation issues. The issues were coupled with price competition and strong consumer movements that drawn more academicians to investigate and research on these issues. The most prominent contribution to knowledge at this time was topics on services quality and services encounters. Other topics of interest are marketing intangible (Levitt, 1981), service economy (Canton, 1984), and service design (Shostack, 1984). The first services marketing textbook was published in 1984 by Christopher Lovelock.

By 1985, several writers insist that, this was the period of Walking Erect. During this period, there was an explosive numbers of articles and publication in services marketing. Most the writings, by this time, are increasing empirical and rigor in theoretical content. Several universities have established centers of excellence in related to services, such as at the Arizona State University's First Interstate Center for Services Marketing (FICSM). FICSM is the first University-based center for research

and education on services marketing established in North America. The Center of Services Marketing at Vanderbilt University had also consistently organized conferences on services marketing. With the establishment of these centers of excellence and record numbers of seminars and conferences, suggested that research on services marketing will continue to generate interest and enthusiasm among academicians and practitioners.

While much was desired from the marketing discipline to relate into services, there is a need to explore the theories and concepts from other disciplines such as management, operations and human resources. More ideas are needed to provide breakthrough in organization in order to increase the efficiency and effectiveness of services business.

There are calls to quantitative experts to provide insight, application of statistics and decision modeling system to services. The idea was to provide quantitative assessment and measurement of application to services.

While most of the ideas and concepts in services marketing was drawn from North American, European, in particular from United Kingdom and Sweden, have been active in providing research works in this field. The research collaboration between the US and European academicians are growing stronger. Hence, most of the ideas of service marketing have been western-oriented and there are needs to seek working relationship with Eastern academicians. The feeling is to generate more opportunities for interaction among researchers as services businesses are becoming more global in nature.

From the brief description of historical development of services disciplines, it can be seen that it was developed from the marketing perspective, mainly with American (western) orientation and scope of studies have been within a specific topics. Hence, there is a need for Asian academicians to participate in the development of researches in services.

While most the major works in service design and delivery has been from the consumer's perspective, there are missing links from the engineering and

manufacturing perspective. Service marketing had introduced the concept of customer's participation in service production, but parallel concept to manufacturing such as the development process, is scanty. The next generation of services will see more customers participating in the production process. Therefore, firm will emphasis on service quality in order to maintain their business.

## **Service Quality**

This topic has been the dominant topic of discussion among marketing academicians and practitioners. Service quality is not unidimensional; it encompasses various factors that are important to customer satisfaction. A person is said to be astonishment if the perceived service delivery is far exceed than the expectation, delighted if the perceived service exceeded the expectation, satisfied if the service match with the expectation and dissatisfaction when the service level falls below the expectation.

Parasuraman, Berry and Zaithaml (1991) listed five primary dimensional that customers expected in services:

- **Reliability**, refers as the ability of a company to perform the promised service dependably and accurately.
- **Tangibles**, refers to the appearance of the physical facilities, equipment personnel and communication materials. As services are intangible in nature, the tangibles feature gives an impression about the quality of service of a firm.
- **Responsiveness**, refers to the willingness of the employees to help customers and provide prompt services.
- **Assurance**, refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence. This factor also includes several minor factors such as competence, courtesy, credibility and security.
- **Empathy**, refers to the caring and individualized attention the firm provides to the customers.

All these factors point to the fact that companies should deliver the services as promised, in an environment like by the customer, by the service providers who are courteous, knowledgeable and understanding.

The most difficult part of the firm is to keep pace with customer's demand. Customer's expectation keeps rising with every good experience. When the customer visits the service organization, he/she expects a better service than the previous service encounter.

### **Service Encounter and Service Experiences**

When the customer comes into contact with the service organization, the moment of truth developed each time the customer interacts with the employees and the firm. He/she forms an opinion, right or wrong, about the company based on these experiences. Most often, the customers will interact with the firm's low-level employees. The top management is remotely connected to customers. Hence, in a highly competitive environment, companies need to study every encounter and to design each one in order to gain greater competitive advantage. For example, waiting for services can make the customer form an opinion about the organization. While waiting for any service is inevitable, the company should learn to manage the waiting for a service.

It is the perception that determines the service quality. The ideas are to under promise and over deliver the services. When the customers expect to queue for ten minutes and gets over the line in seven minutes, he/she will be delighted. Most often the mistake made by the salesperson is to make all kinds of promises but fail to deliver those promises. This leads to customer defection.

### **Customer Retention.**

Most businessperson agreed that it is most economical to retain a customer than to get a new customer. Hence, the concept of customer retention and relationship marketing has come to be accepted in marketing management. Relationship marketing recognizes the value of current customers and the need to provide continuing services to them in so that they remain loyal.

The approach of customer retention between the manufacturing industry and service industry is very much different. It is common in the manufacturing industry that

offering goods with zero-defect quality is most matters, whereas in services industry, service quality matter most. In the case of manufactured goods, quality product would means less necessity for after sales service and human interaction, but in the case of services, the quality of interaction between the service providers and the customers matters very much.

### **Internal Marketing and Service Support System.**

Most firms are concentrating to improve their customer care management, since it is the point of contact of the firms with the external environment. This approach suggests treating the employees as customers in order to improve the quality of services offered to the external customers. The approach basically inverts the organizational pyramid and puts customers on top and divides the employees into two categories; (i) those that serve the customers and (ii) those that serve those serving the external customers. Hence, the front-line employees became internal customers to the back-office support service staff.

Internal marketing is supposed to build a market-oriented and customer-focused culture in the organization that facilitates the following:

- Enable the employees to understand the corporate mission and the importance of customer satisfaction.
- Keeping employees morale and motivation high
- Service personnel feel empower to deliver high service quality,
- Streamline service quality systems.

Hence, the concept of internal marketing cuts into various aspects of Human Resources Management (HRM) such as motivation, leadership, values and shared vision. It also looks into the aspects of structure, service delivery system, and procedures. This has led to a territorial dispute between marketing, operations and HRM.

The controversy surrounding the extension of the marketing concept beyond market transactions is as old as marketing itself. Marketing text books define marketing as an