

PRESENTATION

ON

**CLASS: T.Y.BMS**

**SUBJECT: SERVICES MARKETING**

CHAPTER- 2

**SERVICES MARKETING ENVIRONMENT**

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# TYPES OF SERVICES MARKETING ENVIRONMENT :

## 1. Internal or Micro Environment :

- The internal customers consist of the employees, direct sales agent.
- They are controllable and affect the service firms directly.
- The employees work to attain their goals which may be personal, social or economic.

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- All the service firms accomplish their objectives through the actions of their employees.
- The main challenge in the relationship between the employees and the employer is to create a win-win situation.
- The external customers of the service firm consist of the consumers, competitors, suppliers etc.
- They are either a threat or an opportunity for a service firm.

# EXTERNAL OR MACRO ENVIRONMENT :

## 1. Economic Environment :

- Economic events within the country and outside also affect economic environment.
- Changes in the economic policies of the government lead to a change in the economic environment.
- Technological innovation has helped to create a higher standard of living for the common man.

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- Due to globalization the demand for communication, travel and tourism and information services has been increasingly rapidly.
- With increasing specialization in the entire economy there has been an increased demand for specialist like consultancy, market researchers, outsourcing, services, event management and so on.

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## 2. Political Environment :

- Political environment refers to the influence that is exerted by the political institution, which result in shaping, directing, developing and controlling the business activities.
- Political environment and economic environment are closely related as modern governments are concerned more with economics and less with politics.

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- A stable political environment is essential for growth of the business.
- Political stability and satisfactory law and order situations are two basic requirements for the growth of business activities.
- Eg- Kashmir's riot and disruptions have taken their toll on tourism.

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## 3. Legal Environment :

- In every country the government regulates the business activities and the government rules and regulations create regulatory environment.
- It creates a framework within which business units have to operate.
- What business can do and what business cannot do are decided by the regulatory environment.



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- There are more laws and regulations for service industry.
- Over the year banking and insurance have grown in complexity.
- Eg- No bank could open its branch without the prior permission of RBI.

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## 4. Technological Environment :

- It relates to the technology used in the production and other business activities.
- It includes the techniques of production, innovation etc.
- Technology is important for service firm as it increases productivity.

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- Automation has given service firms a competitive advantage.
- Technology also poses a threat to those firms who lack it.
- Eg- The ATMs have increased the possibilities of 24 hour banking.

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## 5. Socio-cultural Environment :

- Socio-cultural environment is the result of social forces.
- Society consist of different groups like the consumers, investors, employees.
- The expectations of each of the groups creates cultural environment for business.
- Social cultural environment is dynamic and changes as per the growing awareness.

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- The service firms in India have been greatly affected by social cultural factors for better or worse.
- Eg- Firms like McDonald's have made a detailed study of the Indian consumers and its social culture. They introduced chicken burgers for non-vegetarian and also McAloo Tikki for vegetarian.

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## 6. Demographic Environment :

- Demography is the study of population in relation to sex ratio, literacy rate, standard of living of people, rural urban division, and size of the family and so on.
- The market demand, requirements of the consumers are based on the demographic environment.
- Eg- Citibank credit cards offered its low and silver credit cards free for management students while they were still studying.

# **FACTORS STIMULATING THE TRANSFORMATION OF THE SERVICE MARKETING ENVIRONMENT :**

## **A) Government Policies :**

### **1. Changes in regulations :**

- In the last few years there has been a complete or partial deregulation in several major service industries.
- Reduced government regulations on industries like airlines, banking, insurance, healthcare, tourism and telecommunications.
- Barriers to entry by new firms have been dropped in many countries.

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### 2. Privatisation and economic Liberalization :

- Many countries has been done privatisation what were once government owned services.
- The LPG started in 1991 brought in many changes in the Indian business scenario.
- MNC's were permitted to enter the Indian market.
- Privatisation policies made an end to the monopolies in many service areas.



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- Liberal lending policies and lower interest rates motivated many people to become self-employed.
- The banking sector, insurance, telecommunication, advertising agencies, marketing research, hospitality services, courier services etc witnessed intense competition due to the entry of MNC's.

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### **3. New rules to protect customers, employees and the environment :**

- In many countries, steps continue to be taken to strengthen consumer protection laws, to safeguard employees, and to protect the environment.
- These new rules often require service firms to change their marketing strategies and their human resource policies.

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### **B) Social Changes :**

#### **1. Rising Customer's Expectation and Short of Time :**

- Many people are living alone than before, and more households contain two working adults.
- Due to short of time people like to hire others to perform their work of household.
- Income has risen significantly in real terms.

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### **C) Business Trends :**

#### **1. Emphasis on Productivity and Cost-saving :**

- The firms are pressurized to improve productivity with increase in the price-based competition.
- Demands by investors for better ROI have also fuelled the search for new ways to increase profits.
- Eg- Using technology to replace the Labour is one cost-cutting route that has been followed in many industries.

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## 2. Quality Movement :

- In case of manufactured products, complaints are regarding poor service at the retail point of purchase, obtaining refunds, or getting repairs made after the sale.
- In service it has been criticized for failures on the technical aspects.

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## **D) Advances in Information Technology :**

### **1. Powerful Software :**

- Powerful software enables firms to create a rational databases.
- It helps to understand the customers and insights into new trends and new marketing opportunities, etc.

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### **2. Growth of Internet :**

- Growth of internet has changed the way of doing business.
- It also has changed the order taking and payment system.
- It has provided the communication between the service provider and the receiver.

# IMPACT OF NEW ECONOMIC POLICY ON SERVICES

- Tourism marketing, financial services marketing, professional services marketing, leisure services marketing, educational etc will be the thrust areas in the 21<sup>st</sup> century.

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The image features a large, irregular splash of teal watercolor paint centered on a white background. The splash has a soft, textured appearance with varying shades of blue and green. In the center of this splash, the words "Thank You" are written in a dark blue, elegant cursive script. At the bottom left corner of the image, there is a decorative graphic element consisting of a dark blue, textured shape that tapers towards the right, with a white diagonal line separating it from the rest of the page.

*Thank You*