

# Service Marketing Mix for Indian Railway Sector

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## Abstract

Marketing is a management process through which goods and services move to the customers. It includes the coordination of four elements called the 4 P's of marketing namely product, price, place, and promotional strategy. According to the Chartered Institute of Marketing (CIM), Marketing is defined as "the management process for identifying, anticipating and satisfying customer requirements profitably". Therefore marketing of service must satisfy the consumer wants as a result the marketers need to concentrate on the core elements of marketing mix in delivering quality service to its customers. The main emphasis of this paper is on the concept of service and marketing mix of Indian Railway transport.

## Keywords

Service, Marketing Mix, Intangibility, Inseparability, Heterogeneity, Indian Railways.

## Introduction

Marketing is a functional activity which persuades in every one's personal life either directly or indirectly. It is defined both in terms of product and services. However, a product is a tangible object whereas service is a deed, performance or effort. According to American Marketing Association, Services are defined as "activities, benefits or satisfactions which are offered for sale and are provided with sale of goods". In general, service organizations are consumer oriented; therefore marketing of service must endeavour to outfit a bundle of benefits that satisfies the consumer wants. In order to satisfy the consumer wants marketers need to concentrate on the core elements of marketing mix viz., the Product, Price, Place and Promotion. These are popularly known as "Four Ps". Thus service organization must develop its marketing mix according to the needs and desire of the customer by adopting

innovative strategies and technologies in delivering quality service to its customers. It should also focus to increase its level of efficiency, establish leadership, enhance quality of service and finally maximise its profit.

## Statement of the Problem

Marketing mix for services serves as the link between a business firm and its customer. As a result relationship plays a key factor in the delivery process. However these elements differ from firm to firm and every firm must determine its own mix keeping in view its own marketing environment. Therefore organisations need to formulate a sound marketing mix which helps in utilising maximum of marketing resources to fulfil the changing needs and requirements of the user since the prime motto is to satisfy them. Hence this research article focuses on the concept of service and marketing mix of Indian Railway transport.

## Significance of the study

Marketing mix is a significant tool in which all the marketing efforts taken by the organisation helps in determining the right marketing strategy that suits the customer's needs. Therefore appropriate marketing mix contributes significantly to the progression of development and hence, this study tries to analyse the marketing mix of service industry particularly Indian Railways keeping in mind that customers are the centre point of the organisation and all the decisions taken on each of the elements are aimed to provide satisfaction to the consumers.

## Objectives of the Study

1. To portray the significance and the marketing mix for service particularly Railway transport.
2. To highlight the conclusion of the study.

## Research Methodology

Exploratory research design has been adopted as it is characterized by creativity and flexibility in approach. It highlights on the discovery of ideas and insights of the problem. Secondary source of data have been collected from various books, journals and websites.

## Concepts of Services

### ◆ Service

Stanton defines Services as “Those separately identifiable, essentially intangible activities, which provide want satisfaction when marketed to consumers and/or industrial uses and which are not necessarily tied to the sale of a product or another service”.

### ◆ Service Provider

Service providers are generally referred as organisation, business or individual which offers service to others in exchange for payment.

### ◆ Characteristics of Services

The general characteristic features of services are as follows:

- 1. Intangible:** The word intangible means anything which cannot be seen, touch, hear, smell or taste. When goods are purchased, something is acquired which is tangible in nature and the selling process is made easier. When a service is purchased it is difficult to show something tangibly. Most services cannot be counted, measured, inventoried, tested, and verified in advance of sale to assure quality. Because of intangibility, promoting and selling the service makes the marketer to concentrate on the concept or idea that provide a benefit or satisfaction for the buyer after purchasing. The positive or negative opinion on the services arises only after using it.
- 2. Perishability:** The perishability feature differentiates the goods and services. The goods, if not sold can be stored or preserved for the next day selling activity/ process. If the services are not consumed once, the opportunity is lost forever which result in permanent loss since the services can't be stored, saved, returned, resold or preserved. The unutilized or underutilized services go wasted. For example, if a seat is un-booked in a cinema hall it represents the lost revenue of the day.

- 3. Inseparability:** Generally services are simultaneously produced and consumed within the same time frame. This means that in order to consume a service when they are created the presence of the buyer is a must. Just as a service cannot be separated from the service creator/ provider, consumer must also be present at the same time to consume the service.
- 4. Heterogeneity/Variability:** Every service output differs in some aspect as it is not identical as the product. Therefore the quality of service cannot be standardized because the service performance cannot be exactly repeated to all the customers even if they pay the same price for the same service product. This is due to the difference in the perception of the individual which makes the heterogeneity feature difficult to establish the standards.
- 5. Ownership:** When goods are sold the ownership of title moves from seller to buyer and thus it provides an opportunity for the buyer to resell again. But in case of service, the users have an access to the service and the ownership remains with the service provider only. For example, a consumer can use personal care service, entertainment service, however the ownership rests with the service providers.

## Profile of Indian Railway

Indian Railways (reporting mark IR) is an Indian state-owned enterprise, owned and operated by the Government of India through the Ministry of Railways. The railways were introduced in the country in 1853 by the British almost immediately after it appeared in England. From a modest beginning of 21 miles between Mumbai and Thane, the railways have made a long journey and emerged as the principal mode of transport in the country. After Independence, the railways of the country were totally integrated and brought under the unified management of the Railway Board. Today, the Indian Railways (IR) has a network spread comprising 117,996 km of track over a route of 66,030 km throughout the length and breadth of the country. Indian Railways is the world's largest

commercial or utility employer, by number of employees, with over 1.334 million employees as of last published figures in 2014. These figures, however, make the true significance of Indian Railways' role in the Indian economy which is crucially dependent on it for transport requirements of the core sectors, long-distance travel of the people from one far corner of the country to another and suburban travel.

### **Marketing Mix of Service Industry (Railway Transport)**

The marketing mix is a combination of four elements- the Product, Price, Physical distribution and Promotion. This term was first introduced by Prof. Neil H. Borden of the Harvard Business School. According to Stanton "Marketing Mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system the product, the price structure, the promotional activities and the distribution system". These are popularly known as "Four Ps" or traditional Marketing Mix. But later some challenges made the service marketers to extend the marketing mix due to the peculiar characteristics of services such as Simultaneity, Intangibility, Perishability etc. As a result three more marketing mix were introduced namely People, Process and Physical Evidence.

#### **Product**

In the words of Philip Kotler "a product is anything that can be offered to market for attention, acquisition, use or consumption that satisfy a want or need. It includes physical object, service, person, place, organization and idea". To put simply a product is a bundle of satisfaction that customers buy. Being a service industry, Indian Railways' main products refers to service, so what a customer purchases from the service provider is an experience which is intangible and does not result in transfer of ownership. This means the customers of services suffer higher perceived risk in their decision-making process. Although some products are tangible in nature like coaches, wagons, locomotives, tracks, signals, platforms, bridges, tickets etc. Therefore any firm that markets a product or service has two main aims to

achieve: Customer Satisfaction and Profit Maximization. Hence, finding the wants of the customers and developing the right product with the right level of quality is vital to meet the present need and in the near future to achieve the customer satisfaction thereby to maximise the profit of the organization. Therefore planning the right service marketing mix is a key skill for Indian Railways. It can be successful only if there is match between the service product from customer's view point and the supplier's view point.

#### **Price**

Price is the exchange value for a product or service. It is the only element in the marketing mix which generates revenue to the business and has a direct impact on profits. In case of product, the term 'price' is used for all kind of goods, fruits, and computers etc. but in case of services different terms are used for different services. For example, Education service- tuition fee, Transport service- fare, Insurance-premium etc. It also reflects the value attached to the service by the service provider and must be competitively rated. The Indian Railways follow price discrimination policy which means selling the commodity at different prices to different consumers. For example, fares for every train and its classes are different and depend on several factors like its distance, with/without air-conditioning, catering service included or not and type of class chosen. There are also some special quotas for people like physically challenged, high officials, foreign tourist etc get a concession on the price. Similarly for freight service in railways the price is charged according to the weight, type, size and other bases. Perishability nature of service makes pricing of service difficult since fluctuation in demand cannot be met through inventory. Hence variation in price depends on time or season of demand or consumption. Another characteristic is that the prices are subject to the regulation by the Government of India.

#### **Place**

The main target of this mix is that the services offered by the service provider must be transferred to

the consumers for their use. It is concerned with two main issues namely accessibility and availability. Accessibility refers to the ease and convenience with which a service can be purchased or used. Availability refers to the extent to which a service is obtainable or capable of being purchased or used. Both criteria must be met in order to achieve successful service marketing. Another important aspect regarding the distribution of service involves location of the service site. In rail transportation service, place here refers to the station where the service is being offered. **The location of the station are made ease** accessible for the passengers and the services offered such as reservation/ reception counters, enquiry counters, parcel counters, coaches, refreshment or snacks stalls, waiting halls etc are also provided conveniently for all the passengers who avail the transportation service.

## Promotion

It is the communication mechanism of marketing which exchange the information between buyers and sellers. The promotional activities communicate the service to customer to use the service more efficiently that add value to the service and also it has a major impact on the post consumption evaluation. The various tools for promotional mix include Advertising, Personal selling, Sales Promotion, Publicity, Public Relation, Word of Mouth, Direct Marketing and Net Marketing. Indian Railway being a monopoly in its industry, it promotes its brand through social responsibility factors and through its website viz., [www.indianrail.gov.in](http://www.indianrail.gov.in), [www.irctc.co.in](http://www.irctc.co.in), [www.trainenquiry.com](http://www.trainenquiry.com), [www.erail.in](http://www.erail.in) to build corporate image. It also provides an app in android windows and ios for its users to communicate all the information regarding the service benefits offered to the passengers.

## People

The fifth element in the marketing mix is the people/ personnel. People constitute an important dimension in the management of services in their role both as performers of service and as customers. People as performers of service are important because, a customer **see** company through its employees.

Customer contact is a vital part for the quality of service since it reflects the organization reality. In order to deliver quality service to the customer the service provider needs to train and equip the staffs with the abilities to perform the service. Thus people play a decisive role in managing everything. Indian Railways' strength is their employees which constitute nearly 1.334 million people serving the general public every day. The people include the engine drivers, guards, maintenance staff, railway police, station master, ticket collectors, subsidiary employees, customers and general public. These personnel help the passengers in various ways from ticket booking, safety, medical emergencies, security, enquires, assistance to physically handicapped persons/senior citizens etc. Thus Indian Railways encourage its employees to enhance their knowledge and skill through various training and development programmes.

## Process

The service process refers to how a service is provided or delivered to a customer. In service, the process mainly involves adding value or utility for customers. The process of providing the service and the behaviour of those who deliver the service are crucial to customer satisfaction. The process methods which the Indian Railways adopts are user-friendly approach. The efficient use of the technology has made the IR process simpler. The introduction of online system which works **24\*7** has minimised the process of getting tickets for passenger service and also for freight service.

## Physical Evidence

Zeithaml and Bitner define physical evidence of service as “the environment in which the service is delivered and where the firm and customer interact; and any tangible commodities that facilitate performance or communication of the service”. The physical evidence aims at enhancing the customer perception of the service which also influence the employee's performance during the service delivery process. Thus, the Indian Railways takes all necessary efforts in tangibilising their service. The tracks, signals, crossings, station stalls, trains, tickets issued for travel

and the booking receipts given for freight services are the evidence which assures customers about the travel.

## **Conclusion**

The Indian Railways offers its service to different category of users. As such they formulate the service marketing mix (7 P's) namely the product, price, place, promotion, people, process and physical evidence that cater to the changing needs and requirement of the customers. The reaction of customers will indicate the adjustments required in the marketing mix. To conclude, every service providers must make sure that they satisfy needs of the public with promised quality of service.

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