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India's global aspirations

Without understanding customers' feelings, it will be difficult for India to become a global powerhouse in service industries

India is often placated as the future powerhouse in global services. What China has achieved in manufacturing is what one expects from India's service industries, with internationally reputed Indian software companies, flourishing call centres and shining five-star hotels often serving as showcases. And it is India's low labour costs that are often identified as the root of these successes. Labour cost advantages can be leveraged best in services, due to its limited automation possibilities – vis-a-vis manufacturing. India, with its legions of highly educated English-speaking and success-hungry engineers and economists (besides the legendary entrepreneurial spirit), therefore, seems to be ideally positioned to become a global service powerhouse.

To estimate India's chances to become a service powerhouse, one should use the available marketing-mix of companies, where concrete success factors serve as indicators for India's chances at future success in services. A marketing-mix represents the key selling arguments for a product. It is summarised with four Ps - Product, Price, Promotion and Physical distribution. The marketing-mix for services knows an extra three Ps:

- Physical evidence (a physically available doctor or an Italian restaurant plays a major role in customers' judgment of a service);
- Processes (human processes are erratic, as against manufacturing, where automation and quality management reign); and
- People (since services are often provided on the customer; service-providers play a bigger role than manufacturing people).

India's biggest asset is low costs, which get translated into low price. Productivity may be lower in India, but salary levels, at around 10-25 per cent, provide in most cases a clear advantage over the West. Cost advantages and fierce Indian competition, however, are not the only reasons for lower prices of Indian products and services. Indian products have to be discounted due to absence of brand equity and higher risks (delivery, defects, durability, etc). Promotion too fights an uphill battle due to related image problems.

The fourth P, Physical Distribution, plays a less prominent role in the case of services. If a product can be digitised, it even can be delivered over the Internet. Physical evidence, as

the first mainly services-related marketing dimension, may not play a role at all, due to latest transport and telecommunication solutions; or it may cause a larger problem since physical evidence is often the last resort or single source of rational or irrational information about a supplier. While esoteric or exotic services may benefit from India's image, other industries, such as banking or insurance, may still have to prove their worth against global competition. The reputation of Indian precision, punctuality, reliability, etc. is still under construction.

People, the last dimension in the marketing-mix of services, seem to create a clear advantage for India due to abundant availability. But, here, the qualitative sides, in terms of true willingness and capability to serve a customer also have to be analysed, segregating services in 'professional services' from 'lip services', the latter as provided by uneducated/unprofessional people. The social costs such 'servers' cause to the society are heavy, especially concerning India's aspirations to become a global powerhouse in services.

The motivation to truly serve other people is not part of the mainstream culture in India. Service is looked at as something done by the illiterate. Hence, everybody looks for somebody below him/her to get a job done. This attitude permeates through the service industry too. Very seldom is an effort made to understand a customer or avoid a mistake, while offering a service. Saying 'sorry' is looked at as a panacea for all errors – since it comes free. But what if customers should get quality level service, failing which he has to be compensated (as in case of no or late delivery)? Will the Indian employee reach that level of delivery or will an Indian enterprise compensate the customer for shortfalls?

The professional service staffs in India often lack a certain customer feeling. To truly serve a customer means, first of all, to understand his feelings and to care about them. Secondly, even in services, there are a lot of simple manual jobs to do. Without that quality of 'loving to deliver' and aspiring to see the customer smile in the broad masses of service staff, however, it will be impossible to build a global powerhouse across many service industries in India. ♦