GAP iNTERDISCIPLINARITIES
A Global Journal of Interdisciplinary Studies
(ISSN – 2581-5628)
Impact Factor: SJIF - 5.047, IIFS - 4.875
Globally peer-reviewed and open access journal.

MARKETING OF SERVICES: CHALLENGES AND OPPORTUNITIES WITH RESPECT TO DEMOGRAPHIC DIVIDEND IN INDIA

Dr Prateek Kanchan

MBA(Marketing), Ph.D(Advertising),
Professor & Director,
B.K. School of Professional and Management Studies(University School of Management),
Gujarat University, Ahmedabad-380009-India.

Abstract

The second decade of 21st century i.e., 2011-2020 period had strong growth of services in India as a continuum from the first decade of 21st century i.e., 2001-2010 period. It implies extensive marketing resorted to by all service providers. In every service offering, there are multiple service providers and this very competition generates aggressive marketing which at times comes out clear to the audiences and at times generates confusion among them vis-à-vis some or the other parameter. The initial challenge motivates many companies to creatively arrive at some solutions wherein there service offerings differ in myriad ways from other service providers and takes them through the market in the form of acceptance as well as adoption by consumers from time to time. It is experienced by mobile services, restaurants, educational institutes etc.

Keywords: *Service, Competition, Challenge, Adoption.*

INTRODUCTION

It is often said that India is a happening country as far as demographic dividend is concerned. Demographic dividend implies a large number of consuming people for all types of products and services belonging to all ages, both sexes, spread geographically across the country and practicing various professions etc. Such a dynamic population is a strong market and will remain a market for companies of all types of products and services. In the current decade, the young population of India is constantly giving huge and ever increasing numbers to service providers of all types eg., mobile phones, food and beverages, entertainment, higher education etc.

Going by statistics of various sources.
If we go by the reports of The International Labour Organisation (ILO), by 2030, India will have 200 million workers in the work-starting age bracket of 20 to 24 years, as compared to China's 100 million. Most of this population will be very young with working energies on their sides for long times to come. It clearly gets reflected in estimations projecting the average age in India by the year 2026 as 29 years as against 40 years in the USA, 46 years in Europe and 47 years in Japan. Going deep into the research, it highlights that . By 2035 , i.e., in around 20 years the labour force in the industrialized world will decline by 4%, in China by 5%, while in India it will increase by 32%. To add more to the statistics, IMF reported in 2011 that India's demographic dividend has the potential to add 2 percentage points per annum to India's per capita GDP growth over the next two decades.

Is this demographic dividend realized or not?
This demographic dividend is the advantage that will accrue to India being blessed with a young population in the first half of the 21st century . However, it all will depend on whether we can educate and train it to take advantage of the opportunities that the 21st century world offers. Self-realized individuals are an asset to themselves as well as for corporations and organizations making and providing all type of products and services. This self-realization comes through education which has emerged as the most significant instrument of individual self-realization and democratic empowerment in our times. It requires companies to participate in this education of masses of people over and above their conventional education which masses take throughout their life. Company based education relates to making the masses understand the utility and value of their company's offerings in the lives of the consumers. This dynamic experiential knowledge coupled with conventional education through educational institutions at primary, higher secondary, as well as higher education level will help all stakeholders take full advantage of this demographic dividend which India is experiencing and is expected to experience for decades to come. In the 21st century, knowledge, and the instrument of its spread, education, will increasingly become the prime determinants of the success and worth

of any nation or civilization, through its people, education institutions, social bodies, as well as organizations in business.

India after 1980s

Since early 1990s, the meaning of success in this country has also undergone a paradigm shift. Prior to 1991, India was often referred to through the metaphor of the elephant, an animal whose association with our nation had less to do with local zoology and more with the perception of both the country and the animal as lumbering, ponderous, slow to move and slower to change. This simile or analogy was owing to India's seemingly lethargic pace of economic and social progress, anaemic policy reforms, and the modest dreams of its population for change, which were made worse by the weight of its own burgeoning population. 1990s showed that the metaphor had begun to outlive its already limited utility when a major change rendered it practically irrelevant.

1991 proved to be a watershed moment when, in a spectacular break from past practice, India undertook a dramatic transformation through economic liberalization. Declaring that "no power on earth can stop an idea whose time has come," then Finance Minister Dr Manmohan Singh launched a slew of economic policy reforms that launched and propelled India into an increasingly globalising world. The economic reforms which included conscious liberalization, measured privatization, and increasing globalization of the country's economy -- opened a wonderland of opportunities for India. The following two decades of of impressive growth, averaging nearly 8%, followed. Although favorable demographics and the enormous economic opportunities are available in the globalizing world, but education remains the most important tool for realizing the full potential of our youthful nation. It can be safely said that basic education is a prerequisite to empower each individual in the quest to pursue these economic opportunities. Books are the best friends for this demographic dividend and corporates will be better off If books are always with this youth. In fact, companies can campaign vigorously to promote the culture of reading and learning to the vast youth population on the rise. It will help in transforming the collective energy of our youngsters into mature ideas, well-developed skills, and a sense of confidence, hope and capability. All this will lead to ever dynamic market for companies. This requires taking head-on the key challenges plaguing Indian education and vocational training. It will not only help corporates in having dynamic consumers for their goods and services but our own people will become the workhorse of the world, as other countries' ageing populations turn to us for the provision of goods and services. If we fail to do so, it will be a demographic disaster, since unemployed, frustrated and unemployable young men become prey to the blandishments of extremists and fanatics, as we have already seen in a number of insurgencies, particularly in our educationally under-served tribal areas. The spread and expanse of Maoism or Naxalism in about 165 of our 625 districts, exploit the available pool of young men without education, unemployable as well as unemployed, who have no stake in our society because we have not equipped them with the education or skills to take advantage of the 21st century economy. It justifies good, effective and relevant education and skill development not only as a social and economic necessity but a natural security imperative for India. Moreover, any government at the center or in various states need not do politics on this issue as it is completely apolitical.

Economic development of a nation gets reflected by the percentage of people in that country employed in services sector or tertiary sector jobs . This shift from primary and secondary activities to tertiary activities by the citizens of a country reflects that it is on the path of progress. Over 60% of contribution to gross domestic product (GDP) in India comes from India's services sector. It has matured considerably during the last few years.

Information Technology (IT) and IT enabled Services (ITeS) sectors as well as e-commerce and its growth in India has led to a significant growth in the services sector. This sector in India comprises a wide range of activities such as transportation, logistics, financial, business process outsourcing services, healthcare, trading, and consultancies, among many others. Moreover, with the Government of India's liberal foreign direct investment (FDI) policies, the services sector has attracted the highest amount of foreign equity among all other sectors in the Indian economy.

Market Size

The Indian services sector has attracted the highest amount of FDI equity inflows in the period April 2000-September 2014, amounting to about US$ 40,684.98 million which is about 18 per cent of the total foreign inflows, according to the Department of Industrial Policy and Promotion (DIPP). The HSBC Purchasing Managers Index (PMI) for services stood at 52.2 points in July 2014, expanding for the third month in a row. As per the data provided by International Data Corporation (IDC), the total mobile services market revenue in India is expected to touch US$ 74 billion in 2027 growing at a compound annual growth rate (CAGR) of 5.2 percent. Apart from that ,the growth in the ITeS sector has resulted in increasing competition between the different brands in the e-commerce sector. Due to this, it is expected that the e-commerce sector will generate close to 150,000 jobs within the next 2-3 years. According to Mr R Dinesh, Chairman, CII Institute of Logistics Advisory Council and Joint Managing Director, TVS Sons Ltd, the logistics sector in India valued at US$ 101 billion in 2013 is expected to grow by 10 per cent per annum to reach US$ 136 billion by 2016.

Investments

Big investments by companies in the services sector in the recent past is a strong point to be noted. Some of these are as follows

a. George Soros-backed Aspada Investment Co has invested US$ 2 million in New Delhi-based Allfresh Supply Management. Allfresh, a B2B business, operates across the entire fresh fruit value chain from farm extension services for small-hold farmers to postharvest controlled atmosphere supply.

b. Zomato has acquired Gastronauci, a Poland-based restaurant search service. It is Zomato's fourth acquisition in three months making Zomato's presence now in 16 countries, and provides information for over 260,000 restaurants in these nations.

c. The aquisition of the cash management business of Danish major ISS by SIS Prosegur for about Rs 150 crore (US$ 24.25 million) making it India's second largest cash management operator. SIS Prosegur operates in 320 cities across the country.

d. Deutsche Post DHL plans to test its e-commerce business model for the Asia-Pacific region in India and will invest more than €100 million (US$ 124.84 million) in the country over the next two years to create infrastructure for itself.

e. Signing of a five-year contract by Ramco Systems Ltd with the Asia division of Netherlands-based Koninklijke Vopak NV to integrate a part of its regional human resource functions into a single platform. Ramco's services will now be made available to over 700 Vopak employees across eight entities in Singapore, Indonesia, Vietnam, Australia and India.

f. As part of its expansion plan, Vodafone Group Plc plans to spend around US$ 1 billion to upgrade its network services and retail stores in India as it counts on surging data use to drive growth in the market. Vodafone has 169 million customers in India and posted Rs 376 billion (US$ 6.08 billion) in service revenue in FY 2013-14. It intends to triple it by 2025-26.

Government Initiatives

Plans to double India's exports of goods and services by the end of the 12th Five-Year Plan period, over the level achieved at the end of the 11th Five-Year Plan period is clearly outlined. For a long term, the objective is to triple India's share in global trade by the end of 2025 through adoption of appropriate strategies. A host of initiatives from the Government of India has helped to give a big boost to India's global trade. These are highlighted as follows:

1. The Reserve Bank of India (RBI) has eased the guidelines for issue of shares or convertible debentures under the automatic route which will allow companies to issue equity shares to a resident outside India against any type of fund. The norms allow issuance of shares subject to conditions such as entry route, sectoral cap, pricing guidelines, and compliance with the applicable tax laws.

2. In line with Government's 'Look East Policy', Shipping Corporation of India (SCI) has started a fortnightly service to Myanmar. The service will cater to Mizoram and other north-eastern states using the Sittwe port in Myanmar located on the mouth of the Kaladan river.

3. The Government of India has signed the Free Trade Agreement (FTA) with the 10-member Association of Southeast Asian Nations (ASEAN). This move is expected to pave the way for freer movement of professionals and further open up opportunities for investments. Trade between India and the 10-member bloc stood at about US$ 76 billion in 2012-13. The aim of both sides is to increase it to US$ 200 billion by end 2015 and envisage lifting import tariffs on more than 80 per cent of traded products by 2026.

FUTURE POSSIBILITIES

A prominent scope awaits India across the world in certain sectors. India can build a US$ 100 billion software product industry by 2025 riding on its IT services market, according to Indian Software Product Industry Roundtable (iSPIRT). The potential is there according to various researches. Another sector, ,namely telecommunication sector is projected to make India emerge as a leading player in the virtual world by having 700 million internet users of the 4.7 billion global users by the end 2025, according to a report by Microsoft. Over and above that, with increase in standard of living, growing disposable income and demand for quality healthcare makes sectors such as healthcare services and insurance slated for some major growth.

REFERENCES

[1] Schiffman Leon G., Wisenblit Joseph.,Kumar S. Ramesh., *Consumer Behavior, Indian Subsequent Adaptation of 11e*, Pearson Education 2016.

[2] Kotler Philip., Keller Kevin., Chernev Alexander, Sheth Jagdish N., Shainesh G., *Marketing Management 16e* Pearson India Education Services Pvt Ltd, 2022.

[3] Cateora Philip R., Gilly Mary C., Graham John L., *International Marketing,15* e , New Delhi: Mc-Graw Hill Education (India) Privater Limited, 2014

[4] Belch George E., Belch Michael A., and Purani Keyoor, *Advertising and Promotion-An Integrated Marketing Communications Perspective 12 e* (SIE) New Delhi, Mc-Graw Hill Education India Private Ltd, 2022.
[5] Kotler Philip., Keller Kevin., *Marketing Management*, *15e* Pearson Education 2016.
[6] Schiffman Leon G., Kanuk Leslie Lazar., Kumar S. Ramesh., Wisenblit Joseph., *Consumer Behavior*, 10e, Pearson Education 2010.
[7] Ramaswamy V.S., Namakumari S., *Marketing Management-Indian Context*Global Perspective* 6e, Sage Publications 2018.
[8] Cateora Philip R., Gilly Mary C., Graham John L., *International Marketing,18 e(SIE)* , New Delhi: Mc-Graw Hill Education (India) Private Limited, 2020.