

A Review of Service Marketing and its Influence on the Hotel Industry in Uttar Pradesh

Ms. Sakshi Singh¹, Mr. Ajit Singh² & Dr. Vishal Singh^{3*}

¹Research Scholar, Department of Commerce, TDPG College (affiliated with VBS Purvanchal University) Jaunpur, Uttar Pradesh, India.

²Research Scholar, Department of Commerce, TDPG College (affiliated with VBS Purvanchal University) Jaunpur, Uttar Pradesh, India.

³Assistant Professor, Department of Commerce, TDPG College (affiliated with VBS Purvanchal University) Jaunpur, Uttar Pradesh, India.

*Corresponding Author: vishalsinghadc@gmail.com

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Abstract

As India steadily transitions toward a service-oriented economy, it becomes crucial for marketers to develop a deeper understanding of strategies tailored to service-based products. Broadly speaking, services can be described as intangible offerings or benefits provided by one party to another, without resulting in the transfer of ownership. Over the fifty-year period from 1950 to 2000, the service sector's contribution to India's GDP rose by 21 percent, with a substantial share of this growth occurring during the 1990s. At present, the service industry contributes to more than half of the nation's GDP, signifying a turning point in India's economic development and aligning it with the structural features of advanced economies. This clearly highlights the distinction between services and tangible goods.

Keywords: Service, Marketing, GDP, Economy, Goods.

Introduction

Over the last ten years, the service sector has emerged as a key driver of the Indian economy. Since its rapid expansion during the 1990s, services have continued to dominate economic activity. With growing competition among service-based enterprises, organizations are compelled to adopt more professional and systematic business practices. In this context, marketing has assumed a crucial role in strengthening the performance of service industries. Today, services are integrated into almost every sphere of life—ranging from education, finance, travel, and retail to entertainment, hospitality, communication, and research—serving both corporate and household needs with increasing significance. Within this broad spectrum, the hotel industry occupies a prominent place, as it not only contributes significantly to the growth of the service economy but also reflects the importance of effective service marketing in achieving customer satisfaction, Brand loyalty and business sustainability.

The Marketing Mix in Services

The concept of the marketing mix was initially introduced by Neil Borden, who described it as the combination of actions and strategies a firm employs to market its offerings. Later, in the early 1960s, Professor E. Jerome McCarthy of Michigan State University refined the idea and proposed the well-known 7 Ps framework, which includes product, price, place, promotion, people, process, and physical evidence.

- **Product:** This element emphasizes the features of the core service or product, ensuring it aligns with the needs and expectations of customers. It also covers supplementary aspects such as after-sales support, warranties, and guarantees.
- **Price:** It involves determining the exchange value for a product or a service. While it often takes the form of monetary payment, it can also include time, effort, or attention. Pricing strategies mainly aim at balancing affordability, competitiveness, and profitability.
- **Place (or Distribution):** This refers to the channels through which a service or product reaches its customers—be it online platforms, retail outlets, or direct sales. It also considers the environment of delivery and the accessibility for different consumer segments.
- **Promotion:** This element encompasses advertising, publicity, sales promotions, personal selling, and branding strategies designed to create awareness and persuade customers.
- **People:** The role of employees, managers, and even customers is crucial, as human interaction significantly influences service quality and customer perception.
- **Process:** This refers to the systems, methods, and procedures that ensure smooth service delivery and enhance customer experience.
- **Physical Evidence:** Since services are intangible, physical cues such as staff behavior, ambiance, waiting times, documentation, or service environments act as evidence of quality and value for the customer.

Objectives

- To provide an understanding of the nature and concept of services.
- To examine the marketing implications of services along with their unique characteristics.
- To highlight the distinctions between goods and services.
- To analyze the service marketing planning process within the hotel industry.
- To study the growth and development of hotel-related services in Uttar Pradesh.

Review of Literature

India, being one of the fastest-growing economies, has witnessed rapid expansion in the service sector, which holds the potential to drive inclusive growth. This growth can be achieved through both backward and forward linkages, ensuring equitable access to essential services at affordable costs while simultaneously generating employment opportunities. The era of liberalization and subsequent economic reforms has shown that rising incomes and improved living standards have shifted consumption patterns from necessities to discretionary spending thereby accelerating the demand for services, particularly in rural areas.

However, many challenges continue to impact the sector's progress. Studies highlight barriers such as limited access to decent employment, an unfavorable business environment, the absence of a comprehensive service sector policy, and an overemphasis on skill-intensive services and higher education, despite a majority of the population remaining unskilled or undereducated. According to Raghu et al., service enterprises operate in a highly competitive market with multiple alternatives available to consumers. Moreover, rural markets play a crucial role, particularly in channeling agricultural products to urban centers. A study by Sayulu and Reddy (1998) further revealed that rural consumer behavior is strongly shaped by socio-economic factors, with the frequency of purchases being significantly influenced by the type and nature of commodities.

Velayudhan et al., in their work "Marketing to Rural Consumers: Understanding and Tapping the Rural Market Potential", highlight the growing importance of rural markets for service providers. They argue that a significant shift in the mindset of service marketers is essential to effectively engage with the nearly 230 million rural consumers spread across approximately six lakh villages in India. The rising income elasticity of demand for services has been a key driver of this sector's expansion. Additionally, advances in technology and the availability of skilled professionals have fuelled the rapid growth of Information Technology (IT) and IT-enabled services (ITeS). The outsourcing of services by developed nations to emerging economies such as India has further boosted demand. Alongside this, increased government expenditure on various services has also contributed to the sector's strong performance.

Despite these developments, organizational leaders often hold the perception that rural India's workforce is suited mainly for simple, labour-intensive tasks, overlooking its broader potential.

The initial push towards expanding service access in rural India began during the 1980s, when Public Call Offices (PCOs) were franchised to private operators for both domestic and long-distance services. The number of PCOs grew from about 0.2 million in 1993 to 0.9 million in 2001. The Eighth Five-Year Plan (1992–97) further aimed to provide Panchayat-level telephones across 3.6 lakh villages. A more comprehensive telecommunication development strategy was introduced with the National Telecom Policy (1994) and strengthened under the New Telecom Policy (1999), which set a target of achieving universal rural coverage by 2002. By early 2001, nearly 0.4 million villages had been equipped with Village Public Telephones, highlighting the sector's vast potential for growth. While private sector participation became more visible in urban areas through PCOs and internet kiosks, pilot initiatives were simultaneously launched in rural regions to explore cost-effective wireless technologies in collaboration with local service providers.

Research Design

The present study adopts a descriptive research design, which primarily serves as a method of collecting factual information. Its purpose is to outline the characteristics of individuals or groups and to determine how often specific phenomena or patterns occur.

Data Collection

This study has mainly used secondary sources of information for data collection, which include annual reports, books, newspapers, magazines, journals, official documents, survey findings, research articles, websites, and other publicly accessible materials. Being descriptive in nature, the research draws upon a wide range of published works and online resources to obtain relevant insights. In order to evaluate the opportunities in service marketing, the collected secondary data has been systematically analyzed and presented through both graphical representations and tabular formats.

Limitation of the Study

The variations in income levels, educational attainment, cultural traditions, and access to technology pose significant challenges in formulating a uniform marketing strategy for services. Official surveys and secondary reports often fail to capture the detailed insights necessary to fully understand the dynamics of service marketing in Uttar Pradesh, especially within rural and marginalized regions. Collecting primary data through field surveys or interviews in these areas is further constrained by inadequate infrastructure, transportation barriers, and limited internet connectivity. The digital divide between urban and rural populations also restricts the scope of examining the role of digital platforms in marketing services, particularly in areas such as e-commerce, mobile banking, and telemedicine. Additionally, cultural specificities influencing service consumption—whether in hospitality, healthcare, or education—make the analysis more complex and context-dependent.

Service Sector in Uttar Pradesh

The service sector accounted for 45.5 percent of Uttar Pradesh's Gross Value Added (GVA) in 2011–12 and it rose to 49.7 percent by 2019–20 at prevailing prices. Within this sector, the state recorded a 7.7 percent increase in GVA during 2019–20. Specifically, the business, hotel, and restaurant segment registered growth rates of 5.7 percent in 2018–19 and 6.6 percent in 2019–20 at constant prices. In terms of financial services, their contribution to the state's GVA stood at 3.7 percent in 2011–12, which slightly declined to 3.4 percent in 2019–20 at prevailing prices. Furthermore, as of March 2018, nearly 10.47 lakh individuals were employed in the public sector under the service industry in Uttar Pradesh.

A Case Study of the Oberoi Amarvilas Hotel in Agra

The Oberoi Amarvilas is a luxury property of the Oberoi Group located in Agra; Uttar Pradesh and it began its operations in 2000. It is distinguished by its prime location, just 600 meters from the iconic Taj Mahal, offering panoramic views of the monument from almost every room. This unique advantage positions the hotel among the most prestigious in India, catering primarily to affluent travellers and those seeking a one-of-a-kind luxury experience.

Important features and unique selling proposition (USP)

- **Prime Location and Architectural Grandeur:** The hotel's foremost attraction is its unmatched proximity to the Taj Mahal. Every room and suite offers uninterrupted views of the monument. Its architecture and landscaping are inspired by Mughal design, harmonising with the historic charm of the surrounding area.
- **Opulent Accommodation:** The property consists of 102 rooms, including 7 suites, all crafted with a blend of traditional Indian aesthetics and modern sophistication. Spacious interiors, marble flooring, and private balconies enhance the sense of luxury. Amenities include 24-hour butler service, lavish bathrooms with rain showers, and private terraces.
- **Personalised Guest Services:** The hotel places strong emphasis on tailored experiences. Guests can avail themselves of exclusive tours of the Taj Mahal, intimate dining options, and customised spa therapies. Private dinners with a direct view of the monument add to its appeal, particularly for couples and honeymooners.
- **Commitment to Sustainability:** The Oberoi Amarvilas integrates eco-friendly practices such as energy-efficient systems, water conservation measures, and comprehensive waste management, including a zero-waste policy. This focus on sustainability allows the hotel to maintain high service standards while minimising its environmental footprint.
- **Culinary Excellence:** The dining options include Esphahan, a fine-dining Indian restaurant celebrated for its Mughal-inspired cuisine; The Lounge, which serves tea and light refreshments; and The Bar, offering an extensive collection of wines and spirits. The gastronomic experience is further enhanced by majestic views of the Taj Mahal.

Response to Market needs and Challenges

- **Leveraging its Heritage:** The Oberoi Amarvilas has positioned itself as a luxury hotel that offers a blend of traditional Mughal heritage with modern luxury. This position has made it particularly attractive to international tourists seeking an authentic yet comfortable experience while visiting one of the most important cultural and historical landmarks in the world. The hotel's design elements, from its marble columns and courtyards to its lush garden and fountains, invoke the charms and beauty of the Mughal era, allowing guests to step into the same grandeur they experience when visiting the Taj Mahal.
- **Targeting High-Net-Worth individuals and Luxury Travellers:** By focusing on high-net-worth individuals the Oberoi Amarvilas attracts affluent travellers who are looking for exclusive experiences. The hotel targets guests from international markets, such as the US, UK, Japan, and the middle east as well as wealthy domestic tourists from India. The Oberoi Amarvilas offers tailored experiences that appeal to this demographic, such as private Taj Mahal tours, private helicopter for airport transfers, and personalised shopping excursions.
- **Diversification of Services:** In response to the growing demand for luxury experiences, the hotel has expanded its offering to include spa treatment, yoga and wellness packages. The Oberoi spa offers a range of treatments inspired by Ayurveda, as well as modern therapies to cater to both the physical and mental well-being of guests. The hotel also offers a number of activities for guests to enjoy, including guided cultural and historical tours of Agra, cooking classes, and art exhibitions, further enhancing its appeal.
- **Crisis Management and Resilience:** The Oberoi Amarvilas has successfully navigated through challenges such as the global COVID-19 pandemic. During this period, the hotel adopted stringent health and safety protocols to ensure guest safety while maintaining its high standards of service. The hotel also embraced the growing demand for "staycations" and domestic travels, offering promotion and packages that targeted local tourists when international travel was restricted.

Marketing and Branding Strategy

- **Branding as a luxury icon:** The Oberoi Amarvilas markets itself as an exclusive and luxurious destination for tourists visiting Agra. Its association with the Oberoi group, one of the most prestigious luxury hotel chains in India, has strengthened its brand image. The hotel's marketing

strategy focuses on its prime location near the Taj Mahal, providing a once-in-a-lifetime experience of staying in a palace-like setting with views of one of the world's most famous monuments.

- **Digital marketing and online presence:** The hotel has a strong digital presence, with an active website, social media account, and online campaigns showcasing its unique location, exclusive experience, and luxury services.
- **Collaboration with Travel Influencers and Media:** The Oberoi Amarvilas has collaborated with international travel influencers, bloggers and media outlets to enhance its visibility and attract global travellers. These collaborations often feature stunning visuals of the Taj Mahal, the hotel's luxurious interiors, and unique guest experiences, helping to reach affluent tourists.

Customer's Experience and Testimonials

The Oberoi Amarvilas has consistently received positive reviews for its impeccable services, breathtaking views, and attention to detail. Guests often highlight the following aspects in their reviews:

- **Exceptional hospitality:** guests repeatedly praise the warmth and professionalism of the hotel staff, noting that the service is attentive, yet discreet. The personal touch of butlers and the ease of communication with the hotel's concierge are often mentioned as standout features.
- **Incredible views:** the ability to view the Taj Mahal from almost every room is one of the main highlights of staying at the hotel. Guests describe this as a magical and unforgettable experience.
- **Memorable dining experiences:** the unique dining experiences offered at Esphahan and the lounge, combined with the view of the Taj Mahal, are frequently lauded. The food quality with focus of both local and international cuisines, also adds to the overall experience.

Conclusion

The Oberoi Amarvilas is a prime example of luxury hospitality in India, where a blend of historical charm, exceptional service, and modern luxury come together to create an unparalleled guest experience. By leveraging its prime location, offering personalised experiences, maintaining high service standards, and focusing on high-net-worth clients, the hotel has established itself as one of the most coveted stays for luxury travellers visiting Agra. The hotel's commitment to sustainability, quality and innovation positions it as a leader in India's luxury hotel sector, ensuring its long-term success and continued relevance in the competitive global hospitality industry.

Findings and Suggestions

In India, the services sector accounts for the largest share of employment compared to other sectors. So it has the potential for great growth and capability to provide highly productive jobs, thus resulting in revenue generation. The Startup India initiative is a key enabler for both the manufacturing as well as the service industry in India by offering to support innovative startups. The success of services relies on the success of the communication between service providers and customers. Customers distinguish services in terms of service quality, customer satisfaction and value. A service provider must adapt to a constantly shifting global economy, recognize emerging challenges, differentiate between pure, value-added, customer, and derived services, and address each category appropriately. Services marketing are becoming a recognized and accepted division of the marketing discipline. Therefore, it is likely to become a key force in the future market, but it still demands significant innovation and further refinement.

Reasons for Growth and Current Status

- **Life Expectancy:** The health programmes have significantly contributed to an increase in life expectancy, giving rise to services like old age homes, nursing homes, health care, etc.
- **Working Wives:** As more and more women have started working, the need for day care for children has increased, and so has the case with packed food and home delivery.
- **Product Complexity:** A large number of products are now serviced only by specialised persons, like water purifiers, microwave ovens, home computers, etc. This has led to the rise of services like after-sales service agents for durables, maintenance services providers, etc.

- **Life's Complexity:** With routines becoming increasingly complex, people often require assistance, which enhances the relevance of tax, legal, and real estate advisors.
- **Resource Scarcity and Ecology:** Depleting natural resources is increasing the need for conservation of resources. We have seen the mushrooming of service providers like pollution control agencies, car pools, water management, etc.
- **New Products:** The development in information technology has given rise to services like PCOs, pager service providers, web shoppers, etc.
- **Leisure Time:** There are many who take time out from their busy schedule to travel and holiday, and therefore there is a need for travel agencies, resorts, hotels and entertainment. There are others who utilize this time to improve their career prospects, and hence, there is a need for adult education/ distance learning/ part-time courses.

Suggestions for Service Marketing in Uttar Pradesh

In Uttar Pradesh, service marketing impacts businesses by raising awareness of intangible services, increasing sales and revenue through tailored marketing, improving living standards by informing consumers about accessible services, and fostering employment opportunities. Here's a more detailed look at the suggestions:

- **Increased Awareness and Promotion of Intangible Services:** Service marketing helps businesses promote intangible services, which are difficult to see, touch, or possess, like banking, healthcare, or education. It provides customers with complete information about these services, encouraging them to use them. Businesses can use marketing techniques to tailor their messaging to meet consumer needs and influence their decision-making.
- **Boost in Sales and Revenue:** Effective service marketing attracts more customers and leads to increased sales and revenue. Satisfied customers are more likely to become repeat customers and recommend the service to others, further boosting sales. Marketing efforts can be designed to encourage customers to use the service, ultimately leading to higher revenue.
- **Improved Living Standards:** Service marketing informs consumers about accessible economic services that can improve their lives. By using these services, people can gain access to better healthcare, education, or financial services, leading to improved well-being. Continuous use of these services can increase customer satisfaction and happiness.
- **Employment Generation:** Service marketing creates jobs in various industries, including marketing, customer service, and service delivery. As businesses grow and expand their service offerings, they need more employees to support their operations. This leads to increased employment opportunities and economic growth in the region.
- **Differentiation and Customer Loyalty:** Service marketing helps businesses stand out from competitors by emphasizing unique service features and exceptional customer experiences. By focusing on customer satisfaction and building strong relationships, businesses can foster customer loyalty and retention. This, in turn, can lead to higher revenue and a stronger brand reputation.

Future Prospects & Challenges in Service Marketing In Uttar Pradesh

- A service cannot be demonstrated.
- In the case of services, production, sale, and consumption happen simultaneously.
- A service cannot be stored. It cannot be produced in anticipation of demand.
- Services cannot be protected through patents.
- Services are inseparable from their providers.
- Services are not standardised and are inconsistent.
- Quality of services may be impacted for service providers appointing franchisees.

Challenges in distributing services through electronic channels:

- Customers are active, and they must be enticed.
- Insufficient control of the e-environment.
- Price competition.
- Inability to customise with highly standardised electronic services.
- Inconsistency due to customer involvement.
- Changes needed in consumer behaviour
- Security concerns.
- Competition from widening geographies.

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