AN INVESTIGATING THE ROLE OF SERVICE MARKETING IN AN EMERGING ECONOMY: IN OMAN'S PERSPECTIVE

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Abstract: Economic development has been connected with the structural changes in the national economies. On the path of its economic growth, service sector plays a significant task in the financial growth of nations. A comprehensive overview of scope and contribution of various service marketing as well as the potential, various problems, and challenges faced by the service marketing in Oman economy are discussed. In this paper, the secondary data is descriptive in nature, which is collected from various sources like economy survey, Oman market reports, and National Centre of Statistics and Information report (Oman).In Oman, the service sector contributed 43.7% of GDP in 2016 and about 53% GDP in 2017. The segments of services in Oman are: retail and wholesale trade (8% of GDP), defense, public administration (7%) and transport, storage and communication (6.8%). Mining and manufacturing contribute 6% of GD, construction, water and electricity distribution (5%) and agriculture for 1%. Unemployment rate augmented to 16% in 2017 from 15.80% in 2016. The paper studies about the enhancement of quality service marketing and about various challenges faced by service marketing like intangibility, inconsistency, problem of perishability, and inseparability in Oman.A major risk to Oman's dependability is the economic emergency brought about by the drop in government incomes from the sale of oil. Oman government is prescribed to utilize its present oil incomes to build up the other key economic non-oil sectors so as to diminish its reliance on the petroleum sector and to upgrade its dimension of intensity on the world economy.

Keywords: Economic development, Structural Changes, Quality Service Marketing, National Economies, GDP, Unemployment**.**

I. INTRODUCTION:

Nowadays the world economy has become identical to service economy.This is mainly because of mounting significance and input of the service segment in the economies of the majority of developed and developing countries. The service sector appears to be taking over the world economy due to its growing importance and immense split of the economic landscape of most countries.

To some extent, the service sector has been considered as a measure of a country's economic progress. Oman's economy is anticipated to develop by a minimum three percent in 2019. The Gross Domestic Product (GDP) per capita in Oman was last recorded at 19,391US dollars in 2018. In 2017 it was 16144.40 US dollars and 2016 it was 15,102.38 US dollars. The GDP per Capita in Oman is equal to 128 percent of the world's average. The significance of services in the economy of Oman and other countries is calculated as the value added of services as percent of GDP(Trading-economics, 2019). The services sector comprises retail and wholesale trade, education, transport, real estate, health care and financial services.

II. OBJECTIVE:

- To examine the contribution of the various service sector and the role played by them in influencing the economy ofOman.

III. METHODOLOGY:

The secondary data is descriptive in nature which is collected from various sources like Oman economy survey, Oman market reports, International Monetary Fund (IMF) outlook, National Centre of Statistics and Information report (Oman), and budget statement issued by the Ministry of Finance.

IV. FINDINGS

Various service sector contribution

Among the various service sectors in Oman, the transport industry plays a very important role in Oman's economy. Transport services are utilized for bridging the place gap. Nearly three years keen on its five-year plan for 2016-20, Oman is starting to reap the rewards of hard works to restructure and augment its transport and logistics sector. Transport services in Oman werereported at 35.95 % in 2016, according to the World Bank collection of development indicators, hoard up from formallyidentified sources.The Central Bank of Oman's latest annual report notes that transport, storage and communications are the economy's best performing categories, with the growth rate reached9.6% in 2017(1623.80 OMR Million)(Charabi, Al-Awadhi, & Choudri, 2018).

The crash on Oman's retail sector has been superior in contrast to its GCC counterparts and the country's wholesale and retail trade stood at US$4.9bn in 2016 compared to US$5.1bn in 2012. Retail sales across four Gulf countries are projected to increase by more than US$24 billion over the next five years, with Oman's retail industry expected to rise 9.3 per cent throughout that period. Over the years from 2015 to

2017, the retail sector has contributed around 8 per cent to the GDP, representing an annual contribution of over RO 2 billion(Muscatdaily, 2017).

Tourism sector donates to the economic development of Oman. It provides employment, adds to GDP, and earns expensive foreign exchange. According to Oman's National Centre of Statistics and Information (NSCI) the numeral of tourists to Oman grow from fewer than 1,400,000 in 2011 to more than 3,200,000 in 2017 and the donation of the tourism and travel industry to the Omani Gross Domestic Product (GDP) is anticipated to accomplish US$ 8.67 billion by 2028(UNCTAD, 2018).

Public expenses on education, total (% of GDP) in Oman was last reported as 6.1585 % in 2016, concerning to the World Bank collection of growth indicators. Unemployment Rate augmented to 16 percent in 2017 from 15.80 percent in 2016 in Oman. In Oman, Unemployment Rate averaged 18.15 percent from 1991 until 2017 accomplishing an unequaled high of 19.80 percent in 2000 and a record low of 15.80 percent in 2015(CEIC, 2018).

Market pressures have persistent to consider on Oman's real estate sector ever since oil prices chop down from their historic highs, lashing the sultanate to regulate to inferior revenue by trimming budgets and slicing a little investment. Development in community payrolls and jobs- an input driver of real estate demand- deliberated in 2016 as the government abridged spending by 7.5% to attempt a fiscal shortage surpassing 20% of GDP; feeble economic conditions have similarly embarrassed job creation in the private sector. This assertion has put pressure on both property and demand prices. Whereas residential rents in Muscat, usually a sector bellwether, were 20-25% under their 2014 peak in 2017, there is optimism they are opening to stabilize(GPG, 2018).

From an expected $3.2 billion out of 2017, present healthcare expenses in Oman is required to develop at an compounded annual growth rate of 9.1 percent to $4.9 billion in 2022, as per the GCC Healthcare Industry report(Muscatdaily, 2018).

Although diminutive in absolute terms, Oman's insurance industry offers important development potential. In Oman,overall assets of insurance sector raised by around 5%in 2015 which is quite low considering the enormous potential offered from the comparatively under-insured market(Khan, 2015).

Logistics has a major role in Oman's growth. Oman's logistics industry is anticipated to produce at a CAGR of 7 per cent amid 2015 and 2020(Omar & Mawany, 2017). Oman Logistics Center (OLC) has a aim to establish Oman as a global logistics hub by the implementation of SOLS 2040 in order to frame a national markets development plan (Wee, 2017).

There are 3 seaports and 2 industrial ports in Oman, with each port toting up value to the business environment of the country. They are; Port sultan Qaboos, Sohar Port, Port of Salalah Port of Khasab whereDuqmportis the Special Economic Zone of Oman strengthen by the multipurpose deck and dry dock. The business activities carried under this port consists of refining and petrochemicals, light manufacturing, heavy industry, tourism, fish processing, mineral processing and more. Profits of FDI to Omani ports comprises creating more jobs, transferring technology,supplementing domestic investment, and bringing new organizational and managerial practices(Ali Ibrahim, Abdel-Gadir, & Devesh, 2019).

V. ROLE OF SERVICE SECTORS IN OMAN

The service sector plays an important role in Oman economy. It contributes to GDP, provides employment, generates foreign exchange due to exports, etc(Fanack, 2018). The importance of the service sector in Oman economy is explained as follows:

Contribution to GDP: The services sector contributes significantly to the GDP of Oman. The GDP in Oman was worth 72.64 billion US dollars in 2017 (53%). The GDP worth of Oman characterizes 0.12 percent of overall wealth. GDP in Oman estimated 19.50 USD Billion from 1960 until 2017, attaining an all-time towering of 81.08 USD Billion in 2014 and a proof low of 0.04 USD Billion in 1960. The Sultanate's GDP has developed by 6.5 per cent all through the primary quarter of 2018, concerning to the Supreme Council of Planning (SCP).

The annual report and the contribution of services sector to Oman's GDP is shown in the following tables:

YEAR	% share of GDP	Annual GDP growth (%)
2006	34.9%	5.4%
2010	27.44%	2.0%
2012	25.74%	9.1%
2016	43.7%	5.0%
2017	53%	-0.9%

Oman's contribution to exports: Oman's best 10 exports represented 91.1% of the general estimation of its worldwide shipments. Oman's quickest-developing export classification up 52.4% from 2016 to 2017 was ores, slag and ash remains pushed by quickening worldwide sales of iron, copper chromium. Trailing the two classes was iron and steel with a 32.8% expansion.**Capital Formation:** In Oman, Gross Fixed Capital Formation diminished to 7847.70 OMR Million out of 2017 from 8166.40 OMR Million in 2016. Gross Fixed Capital Formation in**Revenue to the Government:** In Oman, Government Revenues diminished to 961.90 OMR Million in December from 992.90 OMR Million in November of 2018. Government Revenues in Oman arrived at the midpoint of 710.82 OMR Million from

2003 till 2018, attaining an unrivaled high of 1638.80 OMR Million in December of 2014 and a record short of 14.80 OMR Million in December of 2007.

VI. THE DIMENSIONS TO IMPROVE SERVICE MARKETING AND THEIR SCOPE IN OMAN

The scope of services can be interpreted from the viewpoint of various areas or branches of the services sector. Each sub-sector has its own scope with reference to its importance and functions. Oman's economy efforts to achieve balance and sustainable growth through the following dimensions;

First dimension: The most important aim of the vision for Oman's economy in the next quarter of a century is to; at least, uphold the current level of per capita income in real term and to endeavor to double it by 2020. This may be attained through treating the fifth five-year plan period as a transitional stage through which the government efforts to achieve a balance between revenues and expenditures by the end of the plan.A stable macro economy frame work through the attainment of aequilibrium between public revenues and uses beginning from the fifth five year plan

Second dimension: Strengthening the government role in the field of basic services and reducing its role in the production of commodity and services: The present trend in Oman aims at providing a balance between revenues and uses. This requires the reduction of spending and the activation of the private sector role. As a result, there is a need to reconsider the government role in the nontraditional fields, while promoting its role in the fields which are its primary responsibilities.

Third dimension: Human resources development and upgrading the skills of Oman's to cope with technological advance with high efficiency: Human resources development will be one of the most significant dimensions of the sultanate's development strategy. Achievements of the future vision will depend, to a huge extent, on the success in implementing the human resources development policies. The human resource development report includes detailed policies and mechanism designed for this purpose

Fourth dimension: Preparing conditions for the mobilization of economic diversification of the obtainable national resources and the illustrious location of the sultanate. The attainment of sustainable development requires, principally, the diversification of the construction base of the Omani economy. This is in order to decrease reliance on oil and increase the dependence on the other production activities.

Fifth dimension: Development of private sector. Most of the policies previously mentioned in this report, including the policies of diversifying the economic base, will certainly assist in strengthening to private sector role among the economy

Sixth dimension: Raising the standard of the living of the Omani citizen and ensuring that all citizen benefits from the fruits of the development process. Therefore, the continuous efforts of development aim at raising the living standards of Omani nationals and the provision of the basic needs for the lower income bracket.

Seventh Dimension: Intensifying the connection between the global economy and Omani economy: modern growth in the global sphere have made the world more commercially and economically linked. These developments offer wide opportunities for the sultanate to overcome the limited domestic market, as well as enabling it to benefit from its distinct geographical location and to promote incorporation into the global economy.

VII. PROBLEM AND CHALLENGES IN THE SERVICE MARKETING

Various limitations influence investment and trade in Oman. The nation has a moderately little populace and there is no high-esteem customer market beyond the capital region. This circumstance is exacerbated by extraordinary challenge from adjacent worldwide trading center Dubai and entrenched enterprises in Saudi Arabia. Moreover, different nations in the GCC commonly offer superior industrial subsidies and subordinatequotas for hiring nationals(Al-Sawi, 2016; Buckley & Rynhart, 2011).

Problem of Perishability: Services are extremely perishable. So, there is a mismatch among demand and supply. This trait of services poses certain challenges such as: 1) Services cannot be reserved in inventory. 2) Unlike goods, mass production of services is not promising. Marketers of services can overcome the above problems by;1) Complimentary services during non-peak hours,2) Low pricing during the non-peak periods or timings, and 3) Vary the use of facilities through off-peak periods, etc.

Challenges in the Customer Retention: Consumer loyalty and retention has bang on client dedication on a long haul basis, consequently, foreign investors in Oman should progress in the direction of 100% consumer loyalty so that they will continue in the market long term efficiently.

Challenges of Intangibility: The intangibility characteristic of services creates certain challenges such as: 1) Difficulty in demonstration of servicesand 2) evaluation of Pre-purchase is not possible.

Challenges of Inseparability: Services cannot be effortlesslyestranged from the service provider. This point of services generates certain problems such as: 1) Geographical reach Restriction and 2) physical presence of the customer and service provider is necessary.

Challenges of Inconsistency: Service performance may diverge from one person to other person inside the same organization. This trait of services creates definite problems such as quality control and lack of standardization.

Challenges of employee's retention: These days, there is growing abrasionbetween service sector employees, particularly in software, marketing, media, consultancy etc. Definite amount of employee turnover is fine for the organization because it gives probabilities to talented outsiders to unite with organization. Nevertheless, frequent employee turnover is awful for the organization as it augments selection and training expenses, and it also influences the performance of employees(Rashid Humaid Al Shamsi & Alsinani, 2018).

VIII. SUGGESTIONS AND RECOMMENDATIONS

The paper offers some suggestions and recommendations in terms of dealing with future problems that Oman have to encounter.

Suggestions: Service marketing can be improved by attaining the following suggestions

- Improving the quality of marketing activity by adding more product features, rather than giving better service or improving the value for money.
- More initiative from the government in the form of more commercial activities.
- Connecting tourism with shopping: need to improve tourism to trap the enormous potential present in this sector, which will enhance the retail sector further.
- Duties on definite items should be abridged to encourage the retailers.
- Discouraging customers to buy from neighboring country by creating an awareness program those items are much cheaper here than in neighboring country.
- International Service standards should be supplied by the hypermarkets.
- There is a need for the ongoing training programs in Retail Management.
- There is a necessity to give more boosts up the Tourism Industry in Oman.
- There is the need for revisiting the study with the updated data as because the lack of data pertaining to the effect of various service sectors on Oman's economy in 2018 and 2019 renders the study inconclusive.

Recommendations: Public transport is important in the future growth of the economy of Oman and needs the participation and contributions from stakeholders at various levels. Lack of buses with correct timing and expected timetables, necessitating use of cars inside the town can be a cause of Unavailability of public transport (PT) (Belwal, 2017). This situation is often inferior in other regions of Oman apart from Muscat, where, micro-buses, taxis, and large buses are available. For instance, Al Batinah region of Oman lacks public transport system for commuters.Oman lacks vibrant ICT companies and lacks popular internet applications and services (UNCTAD, 2017).Education system in Oman lacks accreditation standards and mechanisms with quality control relying on the inspection system and a qualitative assessment of input rather than outcomes. Oman is relatively a small economy and technology market, and will need to rely more on corporation within the GCC to improve technological transfer. Major issue of SME sector and aspiring innovators is the lack of independent facilities for prototyping. Several sectors in Oman lack certification, standard structures and procedures. Lack of employment opportunities for young Omani people, Lack of venture capital are issues hindering innovation.Thus, it is recommended to rectify all the above mentioned problems.

CONCLUSION:

The primary social worry for Oman is the lack of occupations and the antagonistic impacts of endowment change on helpless families. The latest ILO gauge of joblessness was 17% in 2017, while youth unemployment is roughly 49% a squeezing challenge in Oman where over 40% of the populace is younger than 25. In January 2018 the specialists propelled an activity to give 25,000 new occupations in the private sector and quit issuing visas to expats for specific professions. The study indicated that service sector in Oman is not as high as compared to other developed countries of the world. Regardless ofthe rising share of services in Oman economy, there has not been consistent rise in the share of service in overalldevelopment. Certain quick changes and removal of specific obstacles and outdated regulations in the services sector could help. Also, there is an urgent need for marketing and promotional activities for service sector to achieve maximum growth.Moreover, due to the unavailability of the data pertaining to the contribution of various service sectors in the economy of Oman for the year 2018 and 2019, it is very difficult and cumbersome to predict the role of the individual service sector in influencing the Oman's economy in recent times.The research is therefore regarded to be incomplete as because it cannot help in accurately predicting the role of the service sectors in Oman's economy which can be recommended for future research.

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