



EXAMINER'S REPORT

MAY 2000

SERVICES MARKETING

General Comments

The overall pass rate was higher this year. However, grades were concentrated in the pass category. Only four students received a B grade and one candidate received an A grade. This was disappointing as the examiner viewed the questions as relatively straightforward. Candidates simply did not know the subject well enough to answer confidently the type of questions that are and will be asked on the paper. Also poor answering technique was a contributing factor. Candidates either did not answer the question asked or answered part of the question and left the remainder unanswered. An over-reliance on examples/life experiences, at the expense of theory was also a common problem.

Question 1

Because of the basic differences between goods and services, marketers of services face real and distinctive challenges. These challenges revolve around understanding customer needs, and expectations for service, attempting to tangibilise the service offering, dealing with people and delivery issues and keeping promises made to customers. The frameworks are useful for addressing these questions and making services marketing and management decisions at both strategic and implementation levels. For example, all three marketing activities represented by the sides of the services marketing triangle are essential for building and maintaining relationships with customers. One of the underlying frameworks for the textbook is the services marketing mix. The traditional elements as well as the new marketing mix elements are explored in depth throughout the book. These elements are core decision variables and are interrelated and depend on each other to some extent. In general students answered this question reasonably well and were able to pull together the relevant theory dispersed throughout the course. As well as discussing the two frameworks mentioned in the question, some candidates also incorporated the Gaps Model as the third framework worthy of consideration, which of course is acceptable. As in previous years question one acted as a lifebuoy to those students who were unable to deal sufficiently with the more individual specific questions of section B.

Question 2

The question asked students to explain fully how services unique characteristics lead to differences in the consumers evaluation process. Apart from identifying and perhaps briefly discussing them, it did not ask students to devote their entire answer to merely describing services unique characteristics. Rather it was sufficient to deal with them briefly and then proceed to answering the question asked. Overall students showed a good knowledge of the material. However there were few exceptional answers.

Question 3

This was a popular question which required students to discuss encounter types, the impact of encounters on service quality and customer satisfaction and to describe the role of contact employees in moments of truth. Candidates could also have briefly examined some of the other interrelated influences on perceptions such as evidence, image and price. Mention could also have been made of related issues such as blueprinting and electronic channels. The question was not intended as an opportunity to present a general essay on services marketing.

Question 4

Question 4 asked students to identify specific customer retention strategies, to outline their appropriateness, and discuss the advantages of employing such strategies. The question did not ask students merely to explain relationship marketing and the benefits of long-term relationships to the firm and customers. Specific retention strategies had to be addressed.

Question 5

Question 5 allowed students the opportunity to illustrate the importance of customers in successful delivery, to enumerate the variety of roles that service customers play: productive resources for the organisation, contributors to quality and satisfaction and the potential of customers to act as competitors to the firm. In answering this question students were also expected to outline strategies that involve and manage customers in the production process. While the question was straight forward, it was evident that many students did not know the material well and hence performed poorly.

Question 6

This was not a general question on pricing nor did it ask students to discuss broadly pricing structures used to set prices. Rather students were asked to demonstrate what value means to the customer and to examine demand-based pricing, which involves setting prices consistent with customer perceptions of value. The remainder of the question asked students to suggest appropriate pricing strategies that match customer definitions of value. Candidates showed a poor knowledge of specific pricing strategies in the context of value.