



EXAMINER'S REPORT

AUGUST 2001

SERVICES MARKETING MANAGEMENT

Introduction

In general, students' knowledge and application of service marketing management was weak. The majority of marks awarded centred on the 40% pass mark. A limited number of students achieved a grade C. It is obvious to the examiner that many students had no other objective than to achieve the minimum pass grade. Answers reflected this.

Question 1

The Services Marketing triangle shows the three inter-linked groups that work together to develop, promote and deliver services. Between the points of the triangle, external, internal and interactive, marketing must be carried out in order to build and maintain relationships with customers. The services triangle can be expanded to explicitly include technology - turning the triangle into a pyramid. Another way to address the challenge of services marketing is to expand the marketing mix for services. Service marketers can use additional variables to communicate with and satisfy their customers. People, physical evidence and process are added to the traditional marketing mix.

Question 2

Students were asked to discuss service guarantees in the context of a particular type of service recovery strategy. The benefits to the company of an effective service guarantee are numerous, including building customer awareness and loyalty, positive word of mouth and a reduction in service recovery expenses.

Question 3

Relationship marketing represents a paradigm shift within marketing, away from an acquisitions/transactions focus to a retention/relationship focus. The emphasis is on keeping and improving current customers rather than acquiring new customers. The foundations for successful relationship marketing are quality core services and careful market segmentation. Retention marketing can occur at different levels, with each level resulting in ties that bind the customer closer to the firm.

Question 4

Customer defined standards are at the heart of the delivery of service that customers expect. A discrepancy can exist between company perceptions of customer expectations and the standards set to deliver these expectations. Marketing and operations departments must work together by using marketing research as an input for operations. Unless operations standards

are defined by customer practices, they are not likely to have an impact on customer perception of service.

Question 5

Discrepancies between service delivery and external communications have a strong effect on customer perceptions of service quality. Integrated services marketing communications can minimise these discrepancies. External, interactive and internal marketing communications need to be co-ordinated in order to deliver service that meets customer expectations. From a strategy perspective, service firms must attempt to manage service promises and customer expectations, improve customer education and manage internal marketing communications.

Question 6

The inseparable nature of services, compared to goods is reflected in quite different challenges for the development of overseas markets,. Understanding an overseas market is crucial and firms have available to them a variety of techniques for assessing the cultural, economic and political acceptability of a service in a foreign market. Sensitive adaptation of a service formula is crucial to success. All of the principles of services marketing, which have been discussed in the context of the domestic market, apply also to overseas markets.