

*Cumulative Final
Chapters 13 (exclude 13-4), 8, and 2

Final Exam

Test Preparation
MARK3000 - Grantham
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**Emphasis on Chapters 13, 8, and 2*
Review Note Pages included at the end

- **Service:** any intangible offering that involves a deed, performance, or effort that cannot be physically possessed
- **Customer service:** refers to human or mechanical activities firms undertake to help satisfy their customers' needs and wants
 - **Good customer service adds value to their products**
- The dependence and growth of service-oriented economies in developed countries has emerged for several reasons:
 - 1. It is generally less expensive for firms to manufacture their products in less developed countries.
 - 2. People place a high value on convenience and leisure.
 - 3. As the world has become more complication, people are demanding more specialized services.

SERVICES MARKETING

- The marketing of services differs from product marketing because of the four fundamental differences involved in services: *Services are intangible, inseparable, heterogeneous, and perishable.*
 - **Intangible:** a characteristic of a service; services cannot be touched, tasted, or seen like a pure product can
 - *makes it difficult to convey the benefits of services
 - because of the intangibility of services, the images that marketers use must reinforce the benefit or value that a service provides
 - **Inseparable:** a characteristic of a service; services are produced and consumed at the same time; that is service and consumption are inseparable
 - Customers rarely have the opportunity to try the service before they try it. And after a service is performed it cannot be returned.
 - **Heterogeneity:** as it refers to the differences between the marketing of products and services, the delivery of services is more variable
 - Variability in the service's quality, since more humans are needed to provide a service.
 - An inferior service can't be recalled; by the time the firm recognizes a problem, the damage has been done.
 - Marketers can use variable nature of services to their advantage.
 - Some service providers tackle the variability issue by replacing people with machines.
 - **Perishable:** a characteristic of a service; it cannot be stored for use in the future

THE GAPS MODEL - *designed to encourage the systematic examination of all aspects of the service deliver process and prescribes the steps needed to develop an optimal service strategy*

- **Service gap:** results when a service fails to meet the expectations that customers have about how it should be delivered
 - There are four service gaps: *knowledge gap, standards gap, delivery gap, and communication gap*
 - **Knowledge gap:** a type of service gap; reflects the difference between customers' expectations and the firm's perception of those expectations
 - Knowledge Gap: Understanding Customer Expectations
 - To reduce the knowledge gap, firms must understand customers' expectations. To understand those expectations, firms undertake customer

research and increase the interaction and communication between managers and employees.

- Customer expectations are based on their knowledge and their experience.
 - Expectations vary according to the type of service.
 - People's expectations also vary depending on the situation.
- The service provider needs to not only know and understand the expectations of the customers in its target market but also have some idea of the occasions of service usage.
- **Service quality:** customers' perceptions of how well a service meets or exceeds their expectations
 - **Five service dimensions** to determine overall service quality: *reliability, responsiveness, assurance, empathy, and tangibles*
 - *Reliability* – the ability to perform the service dependably and accurately
 - *Responsiveness* – the willingness to help customers and provide prompt service
 - *Assurance* – the knowledge of and courtesy by employees and their ability to convey trust and confidence
 - *Empathy* – the caring, individualized attention provided to customers
 - *Tangibles* – the appearance of physical facilities, equipment, personnel, and communication materials
 - Marketing research provides a means to better understand consumers' service expectations and their perceptions of service quality.
 - **Voice-of-consumer (VOC) program:** an ongoing marketing research system that collects customer inputs and integrates them into managerial decisions
 - **Standards gap:** a type of service gap; pertains to the difference between the firm's perceptions of customers' expectations and the service standards it sets
 - **Delivery gap:** a type of service gap; the difference between the firm's service standards and the actual service it provides to customers
 - **Communication gap:** a type of service gap; refers to the difference between the actual service provided to customers and the service that the firm's promotion program promises

SERVICE RECOVERY

- Despite firm's best efforts, sometimes service providers fail to meet customer expectations.
- Best to avoid service failure altogether.
- Effective service recovery efforts can significantly increase customer satisfaction, purchase intentions, and positive word of mouth, though customers' post-recovery satisfaction levels usually fall lower than their satisfaction level prior to the service failure.
- Effective service recovery demands:
 - **1. Listening to the customers and involving them in the service recovery**
 - Firms often don't find out about service failures until a customer complains.
 - Service providers should welcome the opportunity to be a sympathetic ear, listen carefully, and appear (and actually be) anxious to rectify the situation to ensure it doesn't happen again.
 - **2. Providing a fair solution**
 - Treat customers fairly