

COMPETITIVE STRATEGIES IN SERVICES MARKETING

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Abstract: The contemporary companies develop a growing sensibility to the consumer, and, at the same time, they reduce the costs. These two forces act in opposite directions. The firms have to make differences among their groups of clients, because not all of them buy at the same level of intensity and profitability. It is important that the company makes efforts to serve well the important clients and communicate with the others.

The competitive marketing strategies in services are preceded by 4 stages: audit, establishing the goals, establishing the strategies and making an implementation plan. After the inventory of the present, the objectives establish what needs to be done, in terms of turnover, profit, market share, share of buyer. These strategies represent modalities to attend the objectives and the implementation plans represent a necessary vehicle to arrive to the destination, respecting the established itinerary.

Nowadays, the explosion of the tertiary sector, the division of the tertiary sector, the growth of the work productivity led to the development and diversification of services. We can admit the fact that, any economical activity has a branch of services, attached to the material part that accompanies the production and its consumption. The characteristics that follow influence the demand and the marketing steps.

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A bank that has widened the orientation of its services has made a wrong choice. Its customers affirmed that the financial services are more and more of poor quality. In fact, the bank trained its employees to be orientated towards customers and, at the same time, it was firing other employees, resulting long queues. It resulted, though, the situation when the bank service is better and worse, at the same time.

Many firms discover that only few of their products and services are responsible for the greatest part of profit, because it's easy to create new brands or extension of existing brands. They make the mistake to add new products to the offer, than to eliminate the uncompetitive products from their offer.

In 1999, Unilever has noticed that only 3% of their products, representing 50 products from the 1600 existing ones, were responsible for 63% of its turnover. As a consequence, the firm decided to identify 400 brands, naming them basic brands, and the other 1200 brands will be eliminated by liquidation or combination. [Capital Magazine, 2002]

Today, the error is diametric opposed: in view of taking advantage of the clients' orders, the firms promise services, even though they have costs at their base: delivery, installation and consultancy. The free of charge services offered have the following problems [Dumitrescu L., 1998]:

- The clients want to perceive them as a value, even though they don't have to pay for them
- Some services can generate different fluxes of incomes, lost by the companies when it delivers them free of charge.

As an example, a firm that produces and delivers coffee, can launch valuable products with different dimensions of the packages, introduction of different ingredients or flavors, to occupy more space on the shelves for the customers' different tastes.

The solution to this problem is represented by the clients' analysis of the company and of those that have to pay for the ones that benefit from free of charge services.

The contemporary services practice with success the crossing sell, selling to clients other products and services than the ones initially wanted. Some commercials oppose to this selling style, from at least two reasons: they are satisfied if they succeed a selling in their department and don't want to insist by the clients' side. Being paid with a fixed salary, it is less probably that they have another gain from another acquisition, in other department store.

A client that visits a clothing department store and buys a suit is welcomed to visit the departments with ties, shirts and shoes; if he buys from one of these departments, it is obvious that he contributes to the rising of the store's profitability. In the future, we can assume that this client will come and buy, knowing that he will make a time economy.

A client that contacts a bank for the first time, wanting a credit for a house, can receive a proposal for the rest of the financial offer: a financial study plan for the children, an assurance policy, etc.

To solve this misunderstanding, a firm that offers a variety of products has to train the commercials, encourage them and stimulate the promotion of all products. Moreover, the managers can adopt that process in superior categories: the client can be advised to buy the expensive version of the demanded product. The kept client in the data base of the enterprise can be contacted in a few years' time from the initial acquisition, being presented the new superior products. The commercial can be offered a pontification for giving up to the oldest product, such as a television.

In fact, the services offer major differentiations compared to the basic products, if we rationalize that on the market, there are many products almost identical. Moreover, the services that are sold individually are difficult to be identically reproduced by the competition. A quality service is essential to enter into relation with the clients. A creative marketer has the duty to create a "climate of services" around the offered product, by a unique and impossible to copy manner. The problem for the majority of firms is to calculate the cost of an exception service, without any reference to the impact of the targeted service. The reality is that the majority of clients aren't sensible to the prices, but to the offered value. When they make an acquisition exclusively based on the price, they do that because they don't see major differences between products and services with small prices and those with premium prices.

Some firms don't want to invest too much money, fully satisfying their customers, but this problem has to be sold, without any distinction between the added value costs and without added value costs.

For instance, a hotel may offer a supplementary service of change of towels two times a day, instead of one time, that will raise the costs on one room with 1,5 euro. The hotel staff will have to make a survey to learn if there are enough clients disposed to pay 1,5 euro extra charge for this service. If the answer is negative, the added service is a non added value cost. If the same hotel will install an ironing table and a massage apparatus in every room, at an unitary cost of 3 euro, and the clients appreciate that this added service worth 5 euro in addition, then we have an added value cost.

The first tendency of the firms that are defeated by the low prices of the competition is to construct a lobby for protection. The protection can have two manners [Cetina I., 2001]:

- The rise of the prices for the cheaper imports
- The interdiction of the local companies to look for lower prices in other countries

Due to the characteristics of services, their offer is different from the commercialization of the material goods. The material goods are produced before they are sold, whereas the services are sold before they are performed. The services are not produced and packed in a plant, far away from the clients' eyes; in exchange, the material goods don't know their clients. Regarding the products, the producer and the buyer don't meet. If a hotel receptionist is impolite and rude, the perception of that service will be negative. To promote material goods, the brand of the product is underlined, whereas for the promotion of a service insists on the company's brand. In the case of a physician, for instance, the brand is what is written on the badge.

The marketing authors believe in the construction of the experience marketing or, with other words, the projection of life experience around the goods and services. For instance, the restaurants are well known, in the same manner, for the culinary and traditionally experience, and for the psycho – affective experience. When we try a new fishing rod, we can do that in the store's own fish pound, specially designed to create experiences.

Similarly to the production firms, the service firms make use of the marketing to strongly position themselves on the targeted markets. As shown, the services differ from the material goods, being necessary new marketing approaches: in case of products, the goods are standardized and located on shelves and access areas waiting for customers, whereas regarding the services, the client and employer interact to create that service. So, the suppliers of services have to efficiently interact with the clients, to offer superior value to the service performance.

The marketing strategies for the services firms are:

- *The chain profit-service*, that connects the profits of the service firms, client's satisfaction and the employee's satisfaction. This chain has 5 components [Kotler Ph., 2005]. The services marketing need beside the traditional 4P, an internal and interactive marketing. [Cetina I., 2006] The internal marketing consists in training and motivating the employees that will interfere with the clients, and regarding the persons that assure the auxiliary services, the internal marketing consists in working together to assure the client's satisfaction. The interactive marketing represents the marketing activity lead by a firm of services, which recognizes that the quality perception of the delivered service depends very much on the quality of the salesman and buyer interaction. Today, together with the intensification of the concurrence and rise of the costs, the service firms have 3 solutions: they have to accentuate the diversity, the quality of the services and the productivity. [Meghisan F., 2007].

Table 1

The components of the profit-service chain

<i>The components of the profit-service chain</i>	<i>Name</i>
1. The quality of the internal service	Superior programs of selection and professional training of employees, a suited working environment and efficient sustain of the ones that interact with customers, what leads to...
2. Satisfied and productive employees	Satisfied, loyal and productive employees, what leads to...
3. Added value for the service	More efficient and operational to the creation and supplying of the client's value processes, that leads to...
4. Satisfied and loyal clients	Satisfied, loyal clients that repeatedly buy and send other clients to the company, what leads to...
5. Good profits from services and a healthy growth	The superior performance of the service firm

- *The administration of the services.* The marketers say that sometimes there is impossible to differentiate the services from those of the concurrence. In this situation, the clients perceive the services as being alike and they give more importance to the price, than to the supplier. The solution to the concurrence by prices is the differentiation by offer, performance and image. For example, a firm can differentiate its offer through innovative elements: a hotel can offer rent-a-car services, bank services, etc. The differentiation by performance can be made by a quality staff, assuring a physical ambient or by the process of performance itself, at a higher level. A bank can offer to a company, electronic services through Internet. The differentiation of its own image can be made by symbols and a powerful brand.

The differentiation of services through availability represents a successful strategy in the private medical services marketing. As an example, SC Medical Diagnosis Center Euromedica SRL from Craiova delivers complete services of medical analysis 24 hours from 24, seven days a week (the traditionally timetable is from Monday to Friday from 7.30 to 20.00, Saturday and Sunday from 7.30 to 12.00 and 11.00; at demand, medical analysis can be made at the nighttime). The firm has a signed contract with the SAH (Social Assurance House) Dolj.

- *The administration of the service qualities,* by constantly supplying a higher quality than the one offered by the competition. The first step towards quality is represented by the identification of the clients' expectations, regarding the level of wanted quality. Some firms want to achieve an ideal 100% quality level, without any defects. On the other hand, the immediate remediation of a bad performed service has the capacity to bring more rapid orders and a higher grade of fidelity than the well performed service from the beginning.

- *The administration of the service productivity* can be realized by several ways: the performers can train their employees or hire other employees, partially renouncing to the quality and contributing to the growing of the performances number; the industrialization of the service and the standardization of the performance process. The firms have to avoid the situation when they focus so much on the productivity raised,

that they arrive to diminish the quality. The run after the cost diminishing risks limiting the firm's capacity to innovate, assure a quality progress and even though adapt the performance to the level of the beneficiary's hopes.

These strategies represent modalities to attend the objectives and the implementation plans are a necessary vehicle to arrive to the destination, respecting the established itinerary. With the risk of recurrence, we can conclude that the competitive marketing strategy occupies a central place, its goal being the leading of the firm from the current position to a competitive one.

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