



Munich Personal RePEc Archive

## **The notion of “SERVICES” in modern economy**

Ciochina, Iuliana and Iordache, Carmen and Panoiu, Laura and Decuseara, Razvan

Constantin Brâncoveanu University Pitesti / Faculty of Management Marketing in Business Affairs Ramnicu Valcea

20 January 2008

Online at <https://mpra.ub.uni-muenchen.de/6810/>  
MPRA Paper No. 6810, posted 21 Jan 2008 00:25 UTC

# The notion of “SERVICES” in modern economy

*Conf. univ. dr. Iuliana Ciochina,  
“Constantin Brâncoveanu” University Pitesti,  
Faculty of Management Marketing in Business Affairs Râmnicu Vâlcea  
iulianaciochina@yahoo.com*

*Lect. univ. dr. Carmen Iordache,  
“Constantin Brâncoveanu” University Pitesti,  
Faculty of Management Marketing in Business Affairs Râmnicu Vâlcea  
Iordache72@yahoo.com*

*Lect. univ. dr. Laura Panoiu,  
“Constantin Brâncoveanu” University Pitesti,  
Faculty of Management Marketing in Business Affairs Râmnicu Vâlcea  
laurapanoiu@yahoo.com*

*Asist. univ. drd. Razvan Decuseara,  
“Constantin Brâncoveanu” University Pitesti,  
Faculty of Management Marketing in Business Affairs Râmnicu Vâlcea  
dec\_vl@yahoo.com*

## **Abstract**

*The notion of “service” is a very important one, with an increasing role in an expanding economy which becomes the condition of sustainable and long-term development. The technical services that must be assured differ according to the type of product.*

*In Romania, the market economy towards which we are moving today is characterized by an abundant production, an intensive national and foreign competition, a supplying facility all over the region. Through their decisions, consumers and users direct production, encouraging thus distributors through their forms of distribution.*

*In all companies the commercial function includes a series of activities that concentrate on "obtaining an optimal market quota, achieving benefits indispensable for an efficient activity, and meeting consumers and users' requirements ". This conception identifies with the marketing one, and the services become an integral part of the dynamics that characterizes the actions which complete the proper commercial administration. The company must pay much attention to all these, the services being considered successful facts and elements that generate actions which must be included in activities such as selling, advertising and promoting.*

**Keywords:** marketing, service, client

The notion of “service” is a very important one, with an increasing role in an expanding economy which becomes the condition of sustainable and long-term development.

At the same time, technical services constitute an important marketing tool. Thus, we can appreciate that, when the product characteristics and the price of different offerers are more or less alike, the buyer will choose the goods according to the services that are offered. In conclusion, the marketing researcher must find out the services that buyers want and what it is being offered by the competitive part.

This information permits the calculation of the marketing cost, the formulation of the marketing plan, the choice of the distribution networks, elements necessary in order to assure the services that the buyer requires.

The technical services that must be assured differ according to the type of product. They may include the following categories:

- consulting services as regards the way of handling and using products;
- services of complaining that include complaints' investigation and the repairing of out-of-order products or of those damaged because of the offeror's guilt;
- products repairing and maintenance;
- spare parts assuring;
- operators' qualification;
- the guarantying of performances and the usage time;

That is why, we may appreciate that everything is a service in any activity.

The state, the public administration offers to the citizens of a country the service of a general organization and of a financial administration indispensable to any community.

Producers offer to consumers the service of providing them goods of the quality they need by the payment of which are obtained the amounts of money necessary for the resumption of the production process.

Companies providing banking, insurance, transport, and maintenance services, offer different kinds of possibilities, means, facilities, security.

Distributors and merchants focus on providing consumers and

professional users with productive goods. In addition they also provide services that encourage the buying process.

Natural persons and governmental or non-governmental bodies whose duty is to offer conciliation to the users in view of directing their activity are valuable missionaries of services. Consumers return the services to distributors, producers, to the state and to economy on the whole, changing the monetary values they obtained for their products and maintaining public activities functioning through taxes payment.

It is, thus, a continuous chain of services which also imply notions such as: quality, the value of the services provided the improvement and extension of these services.

The notion of service involves:

- an effort, that of assisting the development of a “job feeling”;
- a research activity for finding the means of services adjustment to the real needs, of spreading and applying, services organization and promotion;
- a certain consistency in creating a framework of favorable circumstances on general and personal level, the results justifying a good service,
- in every community there are private interests far from complying with the general interest, frequently characterized by a selfishness that underestimates perspectives.

Within the relationship between producers and distributors the common immediate interest is that of making transactions, as efficiently as possible. The strict confinement to this purpose reduces the value of these relations, reducing them to orders and deliveries, to a mechanism characterized by sporadic operations. Each person remains in his circle of specialized activities and tends to confine himself to his own economic functions. Still, we may consider that each party tends to see further and to establish a constructive collaboration.

Thus, the distributor actually conveys permanently the information he

obtains from the producer, in order to direct the first in his research for achieving a productive activity in permanent evolution. At the same time, the producer offers the distributor a totality of technical and commercial knowledge that he owns in order to help and encourage him.

These reciprocal services are not compulsory but they have an unchallenged importance for the future.

At the same time, the notion of service can be found in the relations among distributors, consumers, and professional users, among jobs and different sectors in economy.

That is why the value of the notion of service has grown in importance and it can be taken for a function of the commercial activity. By supplying with goods suited for all requirements, by completing the idea of business and transaction with jobs offer, quality is improved and thus, this function acquires a more human value that accentuates its social usefulness.

In Romania, the market economy towards which we are moving today is characterized by an abundant production, an intensive national and foreign competition, a supplying facility all over the region. Through their decisions, consumers and users direct production, encouraging thus distributors through their forms of distribution.

Within this type of economy, producers are evidently interested in raising the value of the services offered for their products that enables them to assist distributors. The latter are for a more extended "notion of services", which will differentiate competitors, will draw the buyers' attention, and will require a higher degree of fidelity on the customers' part and will draw potential customers.

At the same time, the quality of serving is the basis of services marketing, the product being represented by performance, that is exactly what the customers are buying. A better performance will lead to competitiveness growth by gaining customers' trust, by strengthening institutional image, and, at the same time, to a growth in products selling.

Services characteristics influence promotional activities. The use of new promotional techniques - based on the utilization, during promotional activities, of some components of the system of services creation and delivery - reflects the strong relationship between the product and promotion on the one hand, and the very complex role of services, on the other hand.

As a consequence, by developing “the job feeling”, there is a growth in the number and fidelity of the customers and in the importance of their buying. A well served customer remains a customer; a well known post-selling service becomes an element that generates future sales, increasing, at the same time, the reputation and the notoriety as well as the sources for new customers. Even if objections can be made, or the efforts done are underestimated, most of the customers know to appreciate and they become well-intended promoters, important sustainers of a mark or of a supplier.

The service is also favorable from another point of view, as it can be interpreted as a simply gratuitous act and has as final aim profitableness growth and satisfying consumers' requirements.

On the other hand, in comparison with the large industrial companies power, with the integrated firms and the groups of more and more numerous firms in the field of production and distribution, middle and little size enterprises can, with the help of direct and personal services, exceed their position and, at the same time, increase the number of customers. That is why it is appreciated that the establishment of a competitive market economy requires an improvement in the role of services.

We cannot talk about the same force and plenitude of this attitude in all countries. Thus, if in the Anglo-Saxon countries and in the USA “the job feeling” functions as a true institution, in the Latin countries it is regarded as an individual feature.

We are sometimes likely to mistake it with kindness, gentility or to consider it a surface attitude, an apparent manifestation known as “commercial smile”, without making any difference between true and the false services

In all companies the commercial function includes a series of activities that concentrate on “obtaining an optimal market quota, achieving benefits indispensable for an efficient activity, and meeting consumers and users' requirements”. This conception identifies with the marketing one, and the services become an integral part of the dynamics that characterizes the actions which complete the proper commercial administration. The company must pay much attention to all these, the services being considered successful facts and elements that generate actions which must be included in activities such as selling, advertising and promoting.

At the same time, the sustainable commercial development is directly related to the degree of satisfaction of the customers, who are situated on different links of the distribution chain which is the essential purpose of the service. Customers always pay attention to the services offered and, in case of discontent, they do not hesitate to address another supplier. Studies show that about 2/3 of the customers who abandon their usual suppliers are determined to do so because of faulty or insufficient services; only 1/3 of these customers raise the problem of the price or of the products quality.

“Companies that introduce successfully a new concept of serving always determine ambitious competitors to imitate them. Superior carrying out is vital in supporting the innovator concept of the serving activity. This is due to the fact that serving quality in an organization is directed by an inspired manager, with an organizational culture directed toward the customer, an efficient use of information and technologies.”

Assuring the fidelity of some customers may be considered a second purpose of services. This fidelity may be relative but its level may influence the efficiency of the company activity.

“By offering excellent services at any time, you can turn all your customers into champions. Your best customer is the satisfied one.”

A third purpose, perhaps the most important one, is the increase of business importance by growing the amount of attracted buyers-customers (new

customers as a consequence of the services offered, more sales as a result of the growth in the services number).

The symmetry between:

- domestic and foreign marketing activities;
- the processes of attaining “customer services” and “employee services” performances;
- the internal customer's behavior (the employee) and the external one's (the customer emphasizes the opportunity of some researches regarding customers' contribution to services productivity, the interdependence between the main elements of services marketing, and the one between the main strategies of the services organizations and the components of services marketing.

Once achieved, these goals encourage the company development that is wholly dependent on their commercial development. In the case of enterprises the problem of services must be well determined, as it is characterized by a multitude of aspects. As in the case of other commercial activities, the enterprise's interest is that of defining its services policy, its objectives, and strategies. This must be in accordance with the other policies regarding the market, the customers, the prices, the distribution, promoting.

Services policy elaboration must be adapted to services needs, to customers' problems as much as possible. That is why, the elaboration methods must have in view the partial elaboration of different actions, the result of the comparison made between the degree of obtained satisfaction and the desires previously expressed. Thus the objectives and the strategies of developing a framework proper for this services policy can be established.

During the process of services policy application there have been identified three stages.

- a) the stage that precedes the selling;
- b) the stage during the selling that have in view purchasing facilities;
- c) the after-selling stage.

All these stages must assure the continuity of the activity of services, of the means and methods of selling (without being mistaken with selling promotion).

As in the case of any other field, a certain job feeling must be obvious in actions which must be organized on the basis of general ideas in order to be constructive and efficient.

### **Bibliography**

1. **Grigorescu Daciana**, *Services and quality*, Marketing-Management, Romanian Marketing Association.
2. **Cafferky E. Michael**, *Leave the customers to promote their business*, Business Tech International SRL Publishing Hause, Bucharest, 1996.
3. **Cornel Somesan**, *The role of services integrated marketing*, Marketing-Management, 1-2/2002, Romanian Marketing Association.
4. \*\*\*, Marketing official magazine, Introduction to export market research. Romanian marketing association 1-2/1981, p. 38.