

Vakulenko I.
E.P. Pilova, research supervisor
S. I. Kostritskaya, language adviser
National Mining University

PROBLEMS OF PRICING AND PROMOTION IN SERVICES MARKETING

The importance of services has rapidly increased in the world economics for the last 20 years. The growth in this sector is the result of the increasing interest in new services.

Services are intangible items such as airline trips, financial advice, or automobile repair that an organization provides to consumers. To obtain these services, consumers exchange money or something else of value, such as their own time. Services have quickly become one of the most important components of most of the economies. For example, about 90 percent of the 2.7 million new jobs created each year in the USA are in the services sector.

Services marketing is marketing based on relationship and value. Besides, a service-base business is different from marketing a goods-base business. There are several major differences, including the following:

- a) the buyer purchases are intangible;
- b) the service may be based on the reputation of a single person;
- c) it's more difficult to compare the quality of similar services;
- d) the buyer cannot return the service.

How do consumers purchase services? Quality control of a product involves weighing, measuring, and comparing the finished good against a rigorous, engineered standard. Quality control of a service entails watching a process unfold and evaluating it against the consumer's judgment. The only completely valid standard of comparison is the customer's level of satisfaction. That's a perception - something appreciably more slippery to measure than the physical dimensions of a product. What's more, a service can not be demonstrated or sampled prior to purchase. The intangibility of the service means you must persuade customers that what you can do is something they want and need to be done, and that you can do it well.

Pricing services play two essential roles: to affect consumer' perceptions and to be used in capacity management. As the nature of services is intangible, price can indicate the quality of the service. The demand for new services is increasing.

The market has to be ready to give that opportunity to customers. The main problem of services marketing has not changed: its aim is to make services tangible.