

MANAGEMENT OF SERVICE MARKETING: A PERSPECTIVE OF MODERN TOURISM SECTOR*

Branko Mihailović, PhD, Senior Research Associate¹

Vesna Popović, PhD, Scientific Adviser²

DOI: <https://doi.org/10.31410/tmt.2018.143>

Abstract: *In this paper we will research the management of service marketing in modern tourism sector. The tourism market is an extremely dynamic and open system. Aiming to form and maintain long-term relation, the marketing of relations has to understand the users' expectations, to get familiar with the user, to evaluate service processes, to get a real assessment of service quality and to manage adequately with relations. This is achieved through the interaction or active participation of all participants in the market, as well as by interacting with many other disciplines from which the tourism market collects and provides information.*

Keywords: *Management, marketing, tourism sector, services, marketing relationship.*

1. INTRODUCTION

The service sector has become a dominant power of many national economies. It seems that there is a close connection between a level of economic development and power of service sector, although has not been determined whether powerful service sector leads to economic development or is just its consequence. It is obvious that a contribution of services to development of any national economy is increasing, where the services are becoming a main factor of increasing GDP of most countries. At the same time, users are becoming more and more demanding and more powerful in their relation with the service companies. They demand more relations and new kinds of relations.

Adequate new marketing, known as the marketing of relations, is trying to engage a user interactively in more steps, in order to create a value, later shared between the service company and the user. Attracting and keeping the users are the main goals in profession of relation management and marketing. Keeping current users is a first goal of the relations marketing. In order to achieve it, the service companies must be ready to notice, in time, the users who decide not to use their services anymore, and then to analyze their act and to plan the future activities according to the available information and achieved knowledge. In other words, the management of relations with services users has to pay attention to concrete causes, due to some users „leave” the company.

The marketing of relations recognizes the real value for the user during longer time, where it tends, in the process of the value recognition, to come closer and relate closely with users. The users are more and more demanding, expecting higher value and benefit from services they buy. In their relations with service companies they intend to make more significant influence on decision making. It is very important for the management of service companies to perceive their

* This paper is a part of the project III-46006 “Sustainable Agriculture and Rural Development in Terms of the Republic of Serbia Strategic Goals’ Realization within the Danube Region”, financed by the Ministry of Education, Science and Technological Development of the Republic of Serbia, for the period 2011-2019.

¹ Institute of Agricultural Economics, Volgina Street no. 15, 11060 Belgrade, Serbia

² Institute of Agricultural Economics, Volgina Street no. 15, 11060 Belgrade, Serbia

weaknesses in time and to overtake certain measures, primarily regarding innovative relations that will take a leading role in the future. The users require new relations, based on the new marketing, known as the marketing of relations, which create and preserve long-term, in mutual way useful, relations with defined group of users.

Companies have previously organized their marketing departments and marketing planning around products and brands. For example, advertising campaigns, product differentiation strategies, product lines and brand extensions are targeted at product and brand managers. Resource allocation is also based on product lines. On the other hand, the user capital framework is targeted at users, so that, logically, marketing planning activities focus on users and drivers of the value of the lifetime of customer relationships. In a service-oriented world, knowledge is the primary source of competitive advantage [1].

Business in tourism means that different companies have to cooperate with each other in order to provide adequate quality of service to tourists and provide them with an adequate level of satisfaction [2]. It is therefore necessary to have mutual cooperation between business entities operating in tourism (which are different companies, organizations, associations, professional organizations and other entities) [3]. In this way, the exchange of products, services and information is conducted smoothly, in order to satisfy consumers and realize the interests of the company, which is also a marketing concept. Enterprises engaged in tourism through the use of internal resources and all activities they perform affect the direction of development, nature and way of functioning in tourism. It is precisely in this context that the management and organization of activities are gaining importance [4].

Marketing management is a process by which the marketing activity of a company is regulated [5]. This is a dynamic process because the conditions both in the economy and in the company are constantly changing. Consequently, it is necessary to adapt the marketing activities as a business function to the changed conditions of the business environment and to the new business goals. In such conditions, marketing management is the process by which direct marketing activities are initiating in order to meet the needs of citizens as consumers, businesses and companies in products and services with the achievement of profit [6].

The previously defined marketing management activity can be analytically divided into planning, organizing and controlling. At the planning stage, decisions are made about the goals, policies, strategies, programs and plans of marketing activities. During the organizational phase the organizational structure is created and the immediate activity of the marketing sector is organized. Finally, at the control stage the realization of planned decisions and the efficiency of the organization is measured and corrective actions are taken in the organization and functioning of the marketing sector of the company. The marketing management process is effective if all three management phases run continuously. Namely, certain phases of marketing management should be synchronized so as to give a synergistic effect, to complement and stimulate each other. Marketing management essentially means managing the level, „timing” and the composition of demand in a way that will help the organization achieve the goals [7].

The marketing concept in tourism requires a good knowledge of the market (all of its segments), which implies a continuous analysis and a planned approach [8]. The process of managing marketing activities involves analyzing market opportunities (existing or potential markets), formulating goals to be achieved on the market, defining the offer and allocating resources to selected actions, creating an effective organizational structure that will implement programs and plans

on the market, permanent control of the achieved results of marketing activities and the re-examination of the rationality of the undertaken actions on the market [6]. Taking into account the mentioned marketing management elements, it is noticeable that this process should first of all enable the identification of market opportunities, their compliance with business operations and the creation of a program of actions to take advantage of distinctive competence in order to create a relatively lasting competitive advantage on the market.

2. DEVELOPMENT AND MARKETING OF SERVICE ECONOMIES

The service sector continues to dominate in high-income countries, accounting for nearly 70% of GDP in 2017. Its share in GDP also increased in less developed countries – in upper middle-income countries from 50.0% to 55.6% and in lower middle-income countries from 46.8% to 49.6% in the period 2010-2017. Even in low income countries, services account for nearly 40% of GDP [9].

The International Labour Organization points out the correlation between the number of workers in service sector of the country and its economic development. High developed economies have been connected with high percentage of workers employed in the service sector (UK 80.5%, the United States 79.5%, Canada 78.4%, Australia 78.3% in 2017). In the EU this indicator ranged from 48.0% in Romania to 87.1% in Luxembourg. The lowest level of service employment is in the least developed countries, such as Somalia (6.2%) and Burundi (6.1%) [10].

Although it has traditionally been considered that the service sector has substantially strengthened in recent years, this may be limited by additional information [11]:

- Accuracy level, by which the statistics on the service sector were recorded, was generally poorer than for the production and the primary sectors. System of economic branches segmentation (SIC - Standard Industrial Classification) for a long time had not separated the service sector in detail as industry or agriculture. Many service sectors had not been classified precisely in some of groups, which had hindered a complete insight on the sector.
- Non-material characteristic of services hinders their measurement, especially in case of international trade. While the courses of material goods through ports can be easily measured, trade courses connected to services measure much harder. Furthermore, faults in method the governments collect statistical data increase an imprecision of many branches.
- Development of service sector can reflect a direct influence of the method the statistical data collect by, and not the increase of real level of service activities. In many production organizations, employees in service branches, like catering, transport and distribution count as the employed in production. Where a cook is employed in production, the results and employment are credited to production sector. However, often phenomenon during 90's was that the production companies hire many of these service activities from the external contractors. Where such contracts sign with the external party, the employment is credited to the service sector, which makes this sector bigger than it is, although do not produce additional services – they are only surpassed from the production to the service sector.

Marketing, as a business philosophy of intensive production, in center of its interest puts the analysis and introspection of all problems which refer to turnover and sale of goods, from a producer to a consumer. Traditional definition of marketing was given by the Chartered Institute of Marketing: *A process of management by which efficiently and profitably determine, anticipate and fulfil the needs of consumers* [12].

The marketing concept has occurred for the first time in countries with relatively better sources, in which existed a tough competition among the suppliers. Generally, adopting marketing in the service sector has occurred later, mostly due to the effects of significant public monopolies and existence of professional associations and agreements, which have, until recently, limited marketing activities of numerous service organizations. Accordingly, it is significant to understand the marketing orientation. That is to say, it should contain three important components [6]:

- *Orientation toward users* – means that the organization has enough awareness on its target buyers, which provides a creation of added value. Here are advantages for buyer, meaning that prices should fall or quality should improve. Orientation toward users requires that the organization realizes a value which user requests, not only for today, but also in the future.
- *Orientation toward competition* – defined as an idea of the organization on short-term advantages and deficiencies, but also on long-term business opportunities and strategies of present and potential competitors.
- *Cooperation between sections in enterprise* – refers to a way the organization uses its assets in creating higher value for its target users. Many individuals in the organization have responsibility to create value, not only staff employed in marketing, and marketing orientation requires that the organization uses and efficiently gathers its human and material resources to adjust it in a way to fulfil the needs of users. This aspect of marketing is essential for the services sector, where production and consumption are two inseparable processes. Accordingly, the accent should be put on significance of users' needs satisfaction through connection of marketing, human resources management and working operations management.

The marketing orientation implies that the enterprise in economy exists with its basic purpose to satisfy certain needs. With development, the enterprise changes its production program anticipating the changes in market segment's needs, which it settles [6]. It uses for description of basic business philosophy the organization, as well as techniques it uses. As the business philosophy, marketing puts users in the center of every business consideration [13].

Basic values, like request for determination of changeable needs of current users and necessity of constant search for new market possibilities, have been built-in all marketing-oriented organizations and cover all aspects of organization activities [14]. In fast food retail trade, a training of service staff must emphasize those items – like clothing standards and speed in service providing – which was founded as something what users appreciate the most. The staff manager, by his policy in staff selection, must hire those who satisfy the users' needs, not those who work for the least assets. One of the basic roles of the staff management is to adjust number and structure of human resources with planned size and structure of business [15]. Thereby, it is not enough that the organization only sets up the marketing manager or to find the marketing section in the firm. Observed as a philosophy, the marketing represents the employees' state of mind, which permeates the entire organization. At the same time, it is necessary to create a business ambience, stabile and simultaneously stimulating for all economic participants, who cling to the market rules [16].

The marketing orientation is connected with wide set of techniques. For example, the market research is a technique for revealing the users' needs, while advertising is a technique for transmitting the message on service supply to potential users. However, these techniques lost most of their values if they are conducted by the organization which has not completely adopted the marketing philosophy. The marketing techniques contain also price determination, design,

communication and distribution channels, as well as new products development. Service companies can represent themselves as the marketing-oriented, pointing out that their users come first, but it can often be noticed there that the marketing is frivolous, on which the following signs call attention:

- opening time, projected in a way to suit to the interest of employees, not the users (often in public services);
- administrative procedures which alleviate the firm's activities, but not for their users;
- parking spaces – the best for employees, not for the users;
- advertising which aims at satisfying the firm's manager, not at recognizing the needs and aspirations of potential users.

3. BASIC FACILITIES OF CONTEMPORARY TOURISM

Modern tourism has many functions that are interconnected, making it an indivisible whole that has a great impact on both the economic and the overall social life. The basic functions or effects of the tourism market can be divided, in principle, into two basic groups: 1) economic or primary functions of tourism, and 2) non-economic or secondary or consequential functions of tourism [17]. Economic functions of tourism (tourism market) are reflected in the following:

- *The impact of the tourism market on the tourism economy*
When it comes to the economic functions of the tourist market, it is taken into account that the country has developed activities such as: catering, transport, trade, tourist agencies, as well as activities that directly and indirectly participate in meeting the needs of domestic and foreign tourists (different industrial branches, agriculture, construction, etc.), and to achieve tourism spending. Tourist consumption of domestic and foreign tourists has a strong reflection on all activities that make up the tourist market as a complex system. There is a pronounced interdependence between the realized tourist consumption and the development of certain activities of the tourism industry. Tourist services, which in terms of quality, price, quantity and other elements are adapted to the demands of tourists, greatly contribute to higher tourist consumption. In the last several years, a large number of tourist destinations are trying to develop other tourist services (entertainment, recreation, sports, education, etc.) in addition to basic tourist services (accommodation, food, transportation) due to changed tourism demands. In recent years, there has been a growing tourism demand for these other tourist services, which have recorded the most intensive development.
- *The impact of the tourism on gross domestic product*
As a service activity, tourism does not create material goods, and therefore does not create a social product such as industry and agriculture, which are production activities. In the case of domestic tourism there is a redistribution of income, which is at the disposal of tourist demand, from one area to another, of the state territory. If it comes to the development of foreign tourism, the available money spent by foreigners directly affects the increase of GDP and national income. This is income generated in the countries from which tourists come and through the consumption of tourists to the domestic economy. Since a tourist is not a tax resident in the country in which he is spending money, he is entitled to a VAT refund when he leaves the country.
- *The impact of tourism (tourism market) on employment*
Tourism is a labor-intensive activity, because, due to the character of services (direct contact with consumers) it is impossible, as in some other activities, to perform a more significant

scope of automation. This primarily applies to activities that comprise the complex structure of tourism, but to greater employment comes in a range of indirect activities and activities for which the tourism market represents a secondary market for the placement of own products and services. It means that the development of tourism in a given area provides a significant opportunity for direct employment in the activities of the tourism industry (accommodation, food, transportation), but also in the activities that are involved in tourism in the indirect way - industry, construction and agriculture.

- *The impact of tourism (tourism market) on the development of underdeveloped areas*
Whole territories of some countries have managed to develop faster thanks to tourism (the tourism market), which was the driver of their faster development. This also applies to many places and regions. Italy can serve as an example, as it has invested heavily in the development of tourism in the south of the country (including Sicily), in order to speed up the overall economic development of that part of the country through tourism. With the development of tourism, Greece has improved its underdeveloped islands.
- *Indirect impact of tourism on the economy*
Agriculture, industry, construction and other activities through tourism (tourism market) expand their markets for the placement of their products. For example, agriculture places a significant part of its products on the tourism market [18, 19]. The furniture industry, carpet, glass and various other equipment takes part in the construction, maintenance and supply of various tourist facilities. Construction is building new tourist facilities. In this way, within a territory, the market is expanding and it gives the chance to the entire national economy to place its products as part of a tourist offer. Tourist spending, generated by foreign tourists, is a financial asset that has additional effects on the national economy. These funds circulate through a large number of economic transactions of a country. They are directed to all activities that make up the tourism market as a complex system, as well as other activities that are indirectly related to tourism. If the state is more developed and less dependent on the import of goods necessary for a normal reproduction process in tourism, the financial effects are higher.

Non-economic functions of tourism can include: 1) health function, 2) fun, 3) cultural function, 4) social function, 5) political function.

The basic elements of each market are: market entities, exchange facilities and prices. The mutual effect of these elements in space and time (the relationship between supply and demand as entities, goods or services as exchange objects and prices as a monetary value expression) shows some specificities in certain markets. In a commodity economy, each market can be defined as „the universality of the supply and demand relationship”, or as a form of exchange of goods or services through money [17]. The market exists in those situations where „customers wanting to exchange a product or service for their money come into contact with a bidder who wants to get money for their product or service.” [20].

The market is a set of people who as individuals or organizations have needs for products and who are sufficiently prepared and authoritative to buy the product. In order to give a set of people a market, it is necessary to fulfill four requirements [21]: 1) people who make up a meeting need a product for the market to exist, 2) they must have the ability to buy a product, or have the purchasing power, 3) they must be ready to use their purchasing power, and 4) individuals

in the group must have the authority to buy a specific product. The mutual effect of the given factors confirms that the market exists in the function of exchange, that is, realized (placed) as a destination of the competitive struggle of goods or services.

According to its constitutive elements, the tourism market does not differ significantly from other commodity markets. It has its own entities (tourist offer and demand), an exchange facility (product or service) and a price. In addition to the basic market entities, there are intermediary factors that bring the two elements into interconnection. The ratio of supply and demand in the tourism market is conditioned primarily by the price of goods and services as the dominant factor of influence, but not the only one.

Due to its specificity, the tourist market is also called the special type market - „sui generis”. Until recently, the very high seasonal concentration of tourist traffic influenced (and still affects) the uneven use of tourist offer capacities, causing a number of side effects that are accentuated by the impossibility of storing tourist services due to the simultaneous development of the process of creation and consumption. There is also a growing presence, or an increase in the heterogeneity of the users of „small tourism” - excursionists, transients and small-sized traffic. Contrary to the uniqueness of tourist demand in relation to the complex of tourist services, there must be time and space harmonization of the participants of the tourist offer. Tourist demand is moving towards tourism, but not vice versa as on the commodity market. This is due to the connection of the tourist service to a certain area and its characteristics [22].

A tourist consumer must be the starting point and goal of any business operation of a hotel or restaurant. In order to improve the development of tourism and the competitive position of the tourist offer on the international market and to attract as much foreign tourist spending, the receptive countries are implementing a number of incentive measures [23]:

- stimulation of the development of foreign tourism - increased financing of promotion of tourist offer abroad, abolition of visas and passports, simplification of border procedures, customs relief, extension of international insurance policies, application of international recognized standards and standards for quality of services and categorization of tourist facilities, control and harmonization of prices with quality of services, more efficient ecological protection and improvement of tourist areas, introduction of special exchange rates for foreign currencies, tourist vouchers, etc.,
- creation of preconditions for more efficient valorization and tourist functioning of the space - development of appropriate spatial plans of tourist zones and sites, defining an adequate land policy, reconstruction and construction of infra and suprastructural facilities, training of potential zones and sites for tourist construction, etc.,
- encouraging investment in the development of tourist offer - securing greater funds for lending investments, approving favorable loans for the modernization of existing ones and building new supply elements, encouraging foreign and joint investments, tax and land relief for investors, encouraging the private sector to invest in tourism, etc.,
- stimulating the export of various goods and services through tourism (export premiums and facilities),
- formulation of an appropriate model of tourism policy - determining and delineating the competencies of central state bodies, joint business associations and national tourism organizations and defining competencies, organizational arrangements and responsibilities of regional and local authorities.

4. MARKETING MIX OF SERVICES

The marketing mix is a set of techniques which the organization uses for shaping its supply for users. Experts for marketing are familiar with the “4P” concept (product, price, place and promotion). First analyses, published by *Borden* [24] on marketing mix elements were based on production industry research in the moment when the significance of services for the economy has been considered relatively poor. Nevertheless, recently, the “4P” of the marketing mix performs some limitations in its application to services. Concrete problems which limit their usability are:

- Non-material character of services is anticipated in most of marketing mix analyses. For example, the production mix is often analyzed in sense of physical design characteristics, which is not relevant regarding the services.
- Price element anticipates a fact that many services are produced by the public sector without any price for users.
- Mix promotions with the traditional „4P” principle do not succeed to comprehend that services promotion happens in consumption places and is performed by staff which produce the services, as distinguished from the situation with goods which mostly produce far away from users, where the producer has no contact with users and is not engaged in promotion of goods it produces. In bank sector, a method of creating the service is an essential element of total service promotion.

As appear ambiguities in meaning of some of these four marketing mix elements, this list does not manage to comprise certain number of key factors, which the marketing managers in service sector use for projecting the services. Concrete problems appear with:

- definition of the quality concept in non-material services and determining/measuring the elements of the marketing mix, which can be controlled for making high-quality service,
- significance of people, as an element of service product, as producers and users, and
- distribution of elements of significance to non-material services.

These deficiencies have brought to the adjustment of the marketing mix in a way more applicable in the service sector. Besides four traditional elements of marketing mix, this frame includes also additional elements: humans, physical environment and process. Thereby, the marketing mix frame for services, well-known in literature as the “7P” was created (*Figure 1*).

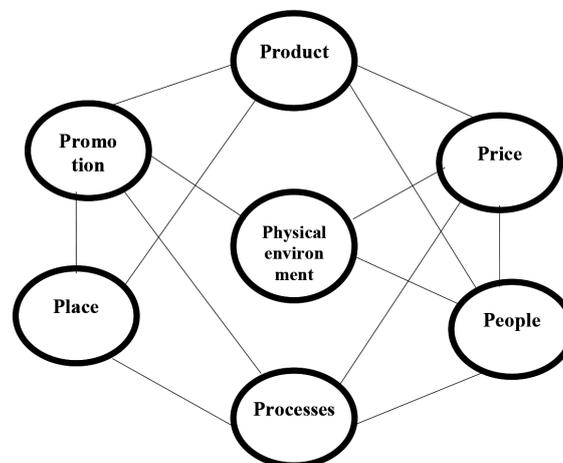


Figure 1: Elements of marketing mix for services – “7P” [25]

A need for this extension is a consequence of high level of direct contact between firm and buyer, as well as a fact that a process of providing service is mainly visible, owing to simultaneous production and use. The principle of expanded marketing mix (along with the traditional marketing mix) refers to division of service supply to a certain number of integral parts and their arrangement in the field that cannot be controlled during the strategic decisions making. The decisions connected to one element of the mix can be made only by taking into consideration all other elements of the mix, in order to get sustainable positioning of the products. The significance which credits to every element of the extended marketing mix will depend from each service individually. Regarding highly automated services, a human element will not have such significance in the marketing mix as distinguished from the business in which is expected an intensive human engagement (like restaurant). A brief review of these integral parts of the marketing mix services is given below.

Product. After the initial hesitation, the most of marketing managers today speaks gladly about non-material services as the product. Therefore, the bank account, insurance policy and tourist arrangements are often called the products. The decisions on the services marketing mix the marketing expert is facing with, can be very different from those regarding products. Pure services can be defined only with application of depicted factors of the process, and not by material description of the results, whereat the quality is becoming a key element in defining the product. Other elements of the production mix, as design, reliability, image, brand and range of products, can sound familiar to those which deal with goods, but regarding services also have different roles. There are important differences among products and services, because the development of new service cannot be protected by a patent.

Price. It is one of the marketing mix instruments, which, used individually or in combination with other elements, should provide implementation of business goals. The prices mix contains the strategic and tactical decision on average prices which charge, by giving discounts, payment terms and price adjustment to various groups of users. These are similar things to those the expert for products marketing faces with. Differences, however, occur when non-material character of service can mean that the price itself becomes very important indicator of quality.

Promotion. The traditional promotion mix contains various methods of transferring the message to the potential users on service's usefulness. The mix traditionally divides on four main elements: advertising, sale promotion, public relations and personal sale. The services promotion must often put a special accent to increase of obvious material character of services. Also, in case of the service marketing, employees in production often become the essential element of the promotion mix [11].

Place. Decisions on location refer to alleviation of the potential users' approach to the place in which the service provides. The decisions on location can therefore contain the decisions on physical location (as in case of the hotel location), the decisions on which mediators to use in providing the service (whether the shippers use tourist agents or sell their arrangements directly to travelers) and non-location decisions which use in order to make the service more available (for example, using a telephone delivery). Regarding pure services (where is not present a material product), the decisions on physical transfer method do not have any strategic meaning. Nevertheless, most of services relate on transfer of certain goods in some form. Those can be materials necessary for making the service (i.e. travelling brochures or fast food packaging) or the service can have its purpose in goods transportation (all kinds of traffic and shipping services).

People. People are the essential element of the marketing mix in most of services. In the service sector, however, everybody is partially a "seller", while their actions have enough direct influence

on impression that makes among the users. Although the significance credited to human resources management in quality improvement regarding production companies' work increasingly raises (for example, by development of quality circles), planning of people prefers much bigger importance in the service sector. It is especially of importance with those services where employees have high interaction level with users [11]. For this reason, it is of essential importance for service companies to clearly determine what they expect from their employees in work with the users. In order to achieve a specific standard, methods of employment, training, motivation and rewarding of staff cannot be considered only as the decisions connected to labour – those are significant decisions of the marketing mix. Planning of people within the marketing mix also refers to development of cooperation pattern among the users, what can be very important where service consumption performs publicly. As regarding the people planning in production, the marketing management must design the strategies for realization of favourable relations between its users – excluding, for example, specific groups and creating the physical environment which has an effect on users' behaviour.

Physical environment. Non-material character of service means that the potential users cannot evaluate the service before they buy it, which increases the risk connected to a decision to buy it. The important element of marketing planning is to decrease this risk level, thereby to offer a material proof of service character. This proof can have more different aspects. In its most simple form, the brochure can describe important elements of service products (brochure on travelling provides hotel pictures). The look of employees can point out to a service characteristic – neatly dressed employee points out that the company in whole does business with attention and to take care on their users. The buildings also use to provide a proof on service characteristic.

Processes. Production processes are most often of small significance to users of produced goods, but often of great importance to services users with many contacts, where the users observe as participants in the service production. Performances of service vary from one firm to another. In the service sector, it can be described as the *total service quality*, which reflects in user's satisfaction. In that way, responsibility for the total quality cannot be separated to closely defined services section, but becomes a concern of all employees - those directly employed in the organization and those in suppliers rank.

Literature on the service marketing has developed after the literature on product's marketing. During the development many already existing manufactured metaphors for services description were used, as well as terms as inputs, analysis, outputs and productivity. The initial phases in services research have deliberately drawn a parallel between material goods production and non-material services delivery. However, the manufactured metaphors are not of any use when the marketing managers have to recognize the unique human aspects in comparison with non-living inputs, which can be stored for months (while the first can become dissatisfied after few minutes of waiting in line).

5. SERVICES MARKETING AS AN ELEMENT OF NEW MARKETING OF RELATIONS

The users are becoming more influential in their relations with the service companies and seek for new relations based on the new marketing, known as the marketing of relations. It's clear and distinctive characteristic is cherishing long-term mutually useful relations with defined group of users. As distinguished from that, in transaction marketing, the relations base on keeping the current users, and just then, on attracting new ones, taking into consideration understanding, foreseeing and satisfaction of the users.

The marketing of relations tries to engage users in many ways, in creating added value, looking for new ways in realizing new benefit for a user, and then, such obtained value shares between a producer and a user. It recognizes a key role which users have, not only as buyers, but in defining the value they want. Formerly, the companies had tended to find and provide the value which had been observed as a “product”. In the marketing of relations, a user helps service company to provide a set of values he desires, so there is expected from the company to plan and adjust its business processes, communication, technology and employees to realize a value the user wants. Purpose of the relations marketing is to create relations chain within the organization, aiming to get the value the users desire and, naturally, between the organization and its users. Stated characteristics of the relations marketing suggest that it is defined by relations, interactivity and long-lasting period.

This kind of marketing activity can be considered by relation management which creates, develops and maintain a network whose part is a service company. The service company and the users realize bilateral and multilateral activities in order to get a value, especially through a personal communication. Aimed to create and maintain the relations, time is necessary. Short-term relations in whom the users come and go are generally more expensive than long-term relations in the service sector. The marketing budget for attracting the user and stimulation of potential users to accept the company’s promises are often very generous, so it is more important to focus at education and up keeping of long-term relations with the users. The marketing of relations must find and solve the concrete problems, which mean to understand the user’s expectations, to meet the users, to evaluate service processes, to determine a real quality of service and to manage adequately by relations with its users [26].

6. MANAGEMENT OF THE USERS’ EXPECTATIONS

Marketing professionals must devise their own activities in terms of expressing faith and respect for the public, responsibly and honestly, with care and consideration of the needs and characteristics of people, the environment and society [27]. The goal of the marketing is to make contacts with outer actors, primarily a competition and clients, which have undependable existence. A survival of the enterprise by itself depends on how well management adjusts to the market conditions, which have been under the influence of numerous market actors’ activities [28].

Understanding the expectations of users is a precondition of providing high-quality service. A scope of their expectation can be shown in five dimensions of service, of which is everyone equally important [29]:

- *Reliability*. The users expect of the service company to provide desired service precisely and persistently, which refers on promises up keeping in providing services and keeping up the reputation.
- *Appearance*. Physical appearance, like equipment or employees’ appearance is one of the factors by which the users evaluate the service company. Material stuffs have an effect on perception on service quality, giving a direct signal on nature and quality of the service, and indirectly, offering its physical aspects in service provision. The users expect all of these aspects to be in accordance to those promised, and to have certain quality level.
- *Readiness*. The users appreciate the company’s readiness to provide service fast and efficiently, as well as the responsibility, which means that it will inform the users on service characteristics before, during and after the service purchase.

- *Confidence*. This dimension of service is a consequence of knowledge, kindness, expertise of employees and their abilities to make a trust between the users.
- *Sensibility*. The users want to be understood by the company. Therefore, they expect attention and communication at the level they can understand and a person who will listen to them.

Owing to that the services characterize by heterogeneity, the consumers learn to expect a variance in service delivery from one to the other location, even from the same provider within the same time period [30]. The consumers, which accept this variance, develop a tolerance zone, which refer to a difference between desired and adequate provided service.

Accordingly, the expectations of user, linked to services, have two levels: desired and adequate [29]. *The desired level of services* is a service for which the user hopes to get it, while the *adequate level of services* is the one that the user considers acceptable. It is partly based on evaluation of the user what kind of service is going to be, i.e. of „anticipated service”. Separating the desired and adequate service we get the tolerance zone (*Figure 2*).

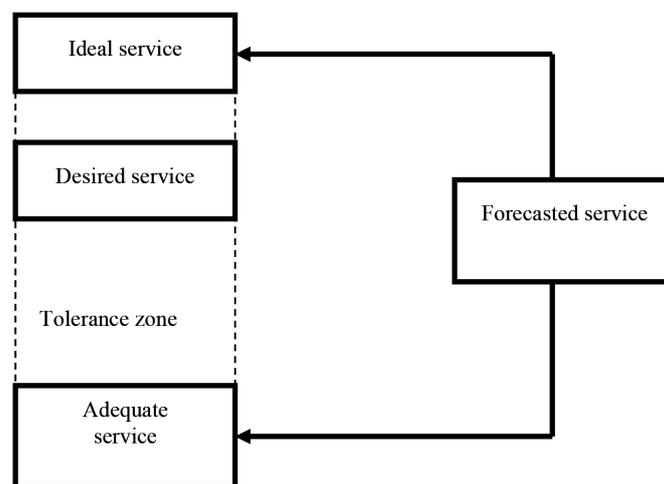


Figure 2: Model of consumers' expectations [31]

The tolerance zone is expanding and contracting, like an accordion, following these two service levels. As the users consider the reliability as a service essence and have bigger expectations for this aspect, it seems that they are at least ready to low the expectations threshold of this aspect. Therefore, the tolerance zone of service reliability will decrease in time and desired and adequate levels of the service will probably increase.

The users' expectations on adequate service are under the influence of concrete conditions and circumstances, so they are more changeable than the expectations on desired service. The most important factors, which have been susceptible to the users' expectations on acceptable service, are a number of possible alternatives and urgency of service. If the users consider they have other opportunities of getting the desired service, then their tolerance zone will be lower than if they have no other opportunities.

In order to find good solutions, the company managers must take into consideration the influence of the expectations of users on their services and comply with the following:

- The service company has to show that it does business fairly. In that case, it can increase the tolerance zone of its users. That will require full attention for clarifying the services business policy, so the company must substantially listen and pay attention to the users' attitudes and desires.
- Providing the service correctly first time, the company earns the users' trust at start, in their eyes it is serious and reliable, it can be lean on with confidence and certainty. The companies which do not succeed, at first, to sell the essence of service they offer, disappoint the users in the most direct way. The managers must introduce the value system "do it properly the first time", setting up the reliability standards, training the employees on reliable way of business and setting up the "reliability conditions" during the evaluation of concrete services, in order to decrease a failure possibility.
- The companies must keep up their promises. The service companies will have a bigger chance to fulfil the expectations of users, when their promises reflect a service which really provides, and not idealized version of service. The look of a hotel room and quality of water, for example, contribute to positive and negative impression on the hotel's service quality.
- There is expected from the service company's manager to motivate and to train the employees to become efficient service providers. It implies: 1) recruitment of perspective employees and their training in skills and communication techniques; 2) providing employees to make decisions and to be creative in their reactions to users' needs; 3) measuring the employees' potential to provide excellent service; 4) financial rewarding of best provider and career progress.
- The managers must understand that the real relation development with the users is primarily a mean by which the service companies increase their users' tolerance zone. It is, maybe, the most important consequence for the management of the users' expectations. The relation with the users gives the companies a credibility factor, which stimulates the tolerance among the users.

Each service system based on relation must be projected in accordance with determined requirements, in the following way: 1) the users must have an approach to the service when there is a need for it; 2) communication between the company and the user must be flexible and quick; 3) besides the flexibility of service to users, service companies must have all possible instruments at disposal: information, communications and approach to service delivery.

Development of information technology has enabled a wide range of tools and services that improve business in tourism [32]. Progress made in IT during the twentieth century has led to the emergence of new technologies that transmit and process information about the market and users, which in turn leads to a better understanding of the needs of users and greater ability to offer adequate services, thus attaining quality relationships with users.

7. CONCLUSION

In order to educate and maintain a long-term relationship, marketing relationships must understand user expectations, familiarize users, evaluate service processes, get the right assessment of service quality and adequately manage customer relationships. The impetus for work in the field of marketing of relations can be the quality of the service. Service companies must be ready to see those users who leave them, and then analyze, based on the information received, why this happened. Managers are expected to ensure that the entire organization understands

the importance of retention of users. Namely, by introducing incentives, planning and properly financing business activities, it is necessary to encourage employees to minimize errors. More importantly, managers must use errors as a means of continuously improving the quality of services they provide to users.

Previously, companies sought to find and deliver the value that was viewed as a „product“. In marketing relations, the user helps the service company to provide a set of specific values that the user wants, and the company is expected to plan and adapt its business processes, communication, technology and employees to achieving the value that the user wants. The marketing relationship recognizes which is the true value for the user over a long period of time, while in the process of recognizing this value, it tends to get closer and more and more firmly connected to the users.

Development of information technology has enabled a wide range of tools and services that improve business in tourism. The accelerated progress made in IT during the twentieth century has led to the emergence of a wide array of new technologies that transmit and process information. These technologies greatly increase the ability of the service company to explain and share information in a number of ways, enabling the collection and storage of numerous information about the market and users, which in turn leads to a better understanding of the needs of users and greater ability to offer adequate services, thus attaining quality relationships with users.

REFERENCES

- [1] Vargo, S.L., Lusch, R.F. (2004). "Evolving to a New Dominant Logic for Marketing," *Journal of Marketing*, 68 (January), 1-17.
- [2] Cvijanović, D., Vuković, P. (2012). *Uloga marketinga u turizmu dunavskog regiona Srbije*, Institut za ekonomiku poljoprivrede, Beograd.
- [3] Popović, V., Milijić, S., Vuković, P. (2012). "Sustainable tourism development in the Carpathian region in Serbia". *SPATIUM International Review*, 28, 45-52.
- [4] Cvijanović, D. (2012) *Marketing u turizmu*, Univerzitet u Novom Sadu Poljoprivredni fakultet, Novi Sad.
- [5] Mihailović, B., Popović, V. (2017). "The role of segmentation and positioning in the development of modern tourist market in Serbia". In S. Štetić (Ed.), *Modern management tools and economy of tourism sector in present era*. The College of Tourism, Belgrade and Association of Economists and Managers of the Balkans in cooperation with the Faculty of Tourism and Hospitality, Ohrid, Macedonia, pp. 550-565.
- [6] Milisavljević, M. (1999). *Marketing*, Ekonomski fakultet, Beograd.
- [7] Kotler, P., Keler, K. L. (2006). *Marketing menadžment*, Data status, Beograd.
- [8] Mihailović, B., Brzaković, T. (2017). "Global marketing environment and tourism". In S. Štetić (Ed.), *Modern management tools and economy of tourism sector in present era*. The College of Tourism, Belgrade and Association of Economists and Managers of the Balkans in cooperation with the Faculty of Tourism and Hospitality, Ohrid, Macedonia, pp. 521-536.
- [9] World Bank. 2017. World Development Indicators 2017. Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/26447> License: CC BY 3.0 IGO. Online table, <http://wdi.worldbank.org/table/4.2>, date of access: 13. 10. 2018.
- [10] International Labour Organization - ILO. (2018). Employment by sector - ILO modelled estimates, May 2018, <https://www.ilo.org/global/statistics-and-databases/statistics-overview-and-topics/employment/lang--en/index.htm>, date of access: 21. 09. 2018.
- [11] Cvijanović, D., Mihailović, B. (2010) Menadžment i marketing uslužnog sektora, monografija, Institut za ekonomiku poljoprivrede, Beograd.
- [12] The Chartered Institute of Marketing. (2018), <https://www.cim.co.uk/>, date of access: 21. 09. 2018.
- [13] Mihailović, B., Radović, N. (2017) "Etički izazovi u uslovima globalizacije", *Srpska politička misao*, 2(56), 85-100.
- [14] Cvijanović, D., Mihailović, B., Simonović, Z. (2009). *Uloga i značaj marketinga u razvoju agrarnog sektora Srbije*, Institut za ekonomiku poljoprivrede, Beograd.
- [15] Mihailović, B., Paraušić, V., Hamović, V. (2008). *Vodič za evaluaciju konsultantskog učinka*, Institut za ekonomiku poljoprivrede, Beograd.
- [16] Cvijanović, D., Mihailović, B., Simonović, Z. (2009). "Tranzicija u Srbiji: efekti i ograničenja", *Tranzicija*, 21-22, 87-100.
- [17] Cvijanović, D. (2014). *Turističko tržište u dunavskom regionu*, Institut za ekonomiku poljoprivrede, Beograd.
- [18] Filipović, V., Popović, V., Subić, J. (2013). "Organic Agriculture and Sustainable Urban Development. The Belgrade – Novi Sad Metropolitan Area Case Study". *EEE 2013 Thematic proceedings Rural Entrepreneurship: Opportunities and Challenges*, Faculty of Business Economics and Entrepreneurship, Belgrade, pp. 337-353.
- [19] Popović, V., Sarić, R., Jovanović, M. (2012) "Sustainability of Agriculture in Danube Basin Area". *Economics of Agriculture*, 59(1), 73-87.
- [20] Milisavljević, M. (1977). *Leksikon marketinga*, Savremena administracija, Beograd.

- [21] Milisavljević, M. (2007). *Savremeni strategijski menadžment*, Megatrend, Beograd.
- [22] Cvijanović, D., Mihailović, B., Vukotić, S. (2016). *Marketing i konsalting u funkciji razvoja turizma Srbije*, Institut za ekonomiku poljoprivrede, Beograd.
- [23] Čerović, S. (2009). *Strategijski menadžment u turizmu*, Univerzitet Singidunum, Beograd.
- [24] Borden, N.H. (1964). "The Concept of the Marketing Mix". In G. Schwartz (Ed.), *Science in Marketing*. New York, JohnWiley.
- [25] Boom, B.H., Bitner, M.J. (1981). "Marketing Strategies and Organisation Structures For Service Firms". In Donnelly, J.H., Gorge, W.R. (Eds.), *Marketing of Services*. American Marketing Association, Chicago, pp. 47-51.
- [26] Mihailović, B., Brzaković, T. (2018). "Knowledge and Innovation Transfer in Agribusiness", Institute of Agricultural Economics, Belgrade.
- [27] Mihailović, B., Simonović, Z., Ćurčić, N. (2017). „Marketing komuniciranje domaćih hotelijerskih organizacija“ *Ekonomika*, 63(4), 1-12.
- [28] Mihailović, B., Cvijanović, D., Kuzman, B. (2014). *Challenges of management consulting in modern business of agricultural enterprises*, Institute of agricultural economics, Belgrade.
- [29] Danciu, V. (2007). "Performance in Service Marketing from Philosophy to Customer Relationship Management", *Theoretical and Applied Economics*, 01/02, 7-14.
- [30] Ljubojević, Č. (2001). *Menadžment i marketing usluga*, Želnid, Belgrade.
- [31] Zethaml, A. V., Berru, L. L., Parasumaran, A. (1993). "The nature and determinants of customer expectations of services", *Journal of Academy of Marketing Science*, 21 (Winter), 1-12.
- [32] Vuković, P., Popović, V., Arsić, S. (2016). "State and condition for implementing ICT in rural tourism in the Republic of Serbia". In Proceedings of the 152nd EAAE Seminar *Emerging Technologies and the Development of Agriculture*. Serbian Association of Agricultural Economists, Belgrade, Faculty of Economics, Subotica and Institute of Agricultural Economics, Belgrade, pp. 257-275.