

Strategic Perspective of Services Marketing

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ABSTRACT

According to reports and research, the services sector has emerged as one of the biggest employers across different world economies during the last two decades. As per the UNCTAD, November 2021, the services sector pulled out following the trend of an overall expansion, trade-in services. However, tourism is still below pre-pandemic ranks at \$6 trillion in 2021. While analysing the regional picture, trade growth persisted patchy in the third quarter of 2021, considering decreased regional differences in comparison to the first half of the year. In fact, the growth of the services sector's output has led to employment growth in these economies. In present times, it is of utmost importance to manage services in a more strategic manner, so that economic stability turns into a sustainable feature for the service businesses. According to the Organisation for Economic Co-operation and Development (OECD) member countries, more than 70 percent of the employed labor force worked in the services sector in 2017; among high-income industrialized OECD member countries, except for Greece, this proportion exceeded 80 percent. With the advancement of technology, consumerism, digitalization, and never before consumer movements, the services sector has been witnessing drastic changes. Contrary to (Dacko, 2012) services marketing, now a day is not only an approach but is also a strategy to be pursued by all firms. Managers and executives of the Service industry should carefully adapt the marketing mix composition to identify the best services strategy to achieve their marketing and business objectives. To date services marketing has received little strategic attention in the services marketing literature. Most of the research in the service sector has been concentrated on SDL and service ecosystems. As per (Pomeroy & Johnson, 2018) it has been proposed that service organization has strengthened sustainability in terms of environment and society through decision making.

This paper is an attempt to propose a model, considering the services as an integral part of any organization. The proposed model is relevant to organizations irrespective of the fact whether they offer tangible goods or intangible services or both in some proportion. The methodology adopted is qualitative and exploratory. Authors have reviewed extensive literature and coupled the same with monitoring of industry trends to come up with the model for service marketing. The model may be applied as a strategic tool, to design and allocate the marketing mix components for enhanced visibility in the market.

Keywords-- Marketing Mix, Physical Evidence, Servicescape, People (P), Process (P), Sustainability, Service Product

I. INTRODUCTION AND PURPOSE

Service-related trade flows continued to increase more strongly for developing countries in comparison to developed economies, highlighting that this trend had become more general. There has to be a separate treatment of services due to various characteristics like intangibility, inseparability, perishability, and heterogeneity (Zeithaml et. al, 1985). The main aim of the service industry is to provide services to the retail market, wholesale goods, provide education, entertain the public, provide healthcare, etc. To understand the real situation of customer performance in the market several studies have been carried out related to service marketing with help of several experiments. This helps to identify the importance of exploiting the service at different stages thereby prioritizing the product which contributes to the national economy and leads to the market as per the requirements of customers. Services need to be managed differently due to their special characteristics. Many researchers have re-established this fact for various service sectors. While deciding on the marketing mix of services it's important to acknowledge the evolution of the service sector as a whole. The management of traditional 3P's has emerged since its inception (Booms and Bitner, 1981). The changes in the service industry drive the relocation and reconsideration of 7P's, to make a strategic combination, turning the marketing mix more sustainable.

The main purpose of this paper is to propose a model of 7P's for service organizations so that they become more sustainable both in their approach and existence. This study is of importance, presently in a scenario where even the advanced economies don't want to fully rely on the manufacturing sector. The economic growth needs to be more widespread in terms of the contributing sectors.

II. REVIEW OF LITERATURE AND THE ORIGINAL FRAMEWORK

2.1 Trends

Data as per 29th October 2021, the second quarter of 2021 gave back growth to 26% of global services trade, Increasing by 26% in the first year. The rise reflected the rebound from the second quarter of 2020, it was this quarter in which COVID-19 impacted a lot.

In the second quarter of 2021, services trade grew positively year-on-year in all regions, although most regions have not yet returned to pre-COVID-19 services trade-in value terms. Europe and Other regions had the strongest year-on-year growth for exports, up 28% and 43% respectively. North America and Other regions had the strongest growth of imports, up 30% and 33%.

In November services trade was 16% below 2019 levels according to the data. Recovery from the second wave of COVID-19 is slow. Due to this, stricter lockdown, with heavy restrictions on traveling to other countries and other services continuing into the first quarter of 2021 was imposed.

Recent statistics show that services trade would be highly affected by the pandemic than goods trade, which was lowered only by 5% since the previous year in the third quarter. The predictable expenses on tradeable services can be directed somewhere else, with consumers shifting to goods instead.

2.2 Importance of Service Economies

The particulars of the service sector as per the service industry it to determine task priorities and the particulars of service organizations' management. In turn, those define specific approaches to strategy development in service-providing companies (Plotnikov, Volkova 2014). The major disadvantage of earlier approaches formulating development strategies for service companies depends upon the attempt to create a strategic plan while tapping into the operational practice of enterprises. The error is due to the view that a company that is independent due to the currently existing property relations in the country, can act virtually autonomously in the long run, but the goals of an enterprise are formed by a system of a higher order, i.e., by the national economy. The obsolescence of numerous provisions explaining how social reproduction operates is another major obstacle. Without defining the objectives of the economic system, it is impossible to determine the purpose of the enterprise. Nevertheless, it is impossible to understand the functioning of the economy without understanding its subsystems, which are separate business entities. By using strategic planning to create new forms of planning, this contradiction may be avoided, which will be able to perform the function more efficiently in the future (Naumova, 2012).

2.3 Quality Dimensions

A service business creates value through the interaction and collaboration of the 4P's - service product, price, promotion, and distribution - and the employees who deliver the service. In the introduced model authors, there is an interrelation between people and processes, adopted to deliver any service/service product to the customers. Thus, co-creation and collaboration between the service provider and customer lead to the creation of value. In this customer can also act as the individual which has an action on the organization or are under influence by the organization.

Physical evidence and the servicescape are also considered as parts of the perceived value. It is not necessary to design the extended Ps of service marketing abstractly. Moreover, how much interdependence between the people and process determines how long the service/product will maintain its competitive advantage.

Quality evaluation is in the form of three dimensions functional value, social value, and emotional value. In another research, the same was diamonded in six aspects as perceived value consisting of a dimension of function value which includes installations, professionalism, quality, and price; and also, in the form of affective dimension which includes emotional value and social value (Han and Srivastava, Hooley et al. 2001).

Significant changes in business models, fierce competition between financial organizations, and other factors have compelled companies to move towards market orientation. Banks should concentrate on establishing and maintaining a long-term relationship with their customers to gain benefits from long-term loyalty and satisfaction. A review of enterprise literature indicates that organizations strive to satisfy customer needs by delivering superior customer value to customers and demonstrating a profitable and long-term relationship with them. They should create and suggest value in three areas: stakeholders' value, employees' value, and value perceived by customers. The main pros for the business are the creation and delivery of values at the right time. By considering the tactics and by the category's classification is made based on the value of the market, value by the customer, organizational value by competitors, and the internal value by the organization. (Smith et al. 1991; Day, 1990; Zahra and Covin, 1993; Hooley et al. 2005; Nath et al.)

For the success of the business, it needs to perform well in terms of three main components. The first component is customer performance which should satisfy the customer and be loyal to them. The next is the financial performance in terms of profit and return on investment (ROI) and to know the market performance in terms of volume of sales and the market shares. To evaluate the success of the business can be evaluated through business performance, financial performance, and market performance.

These findings from earlier studies are considered in the proposed model. Return of customer,

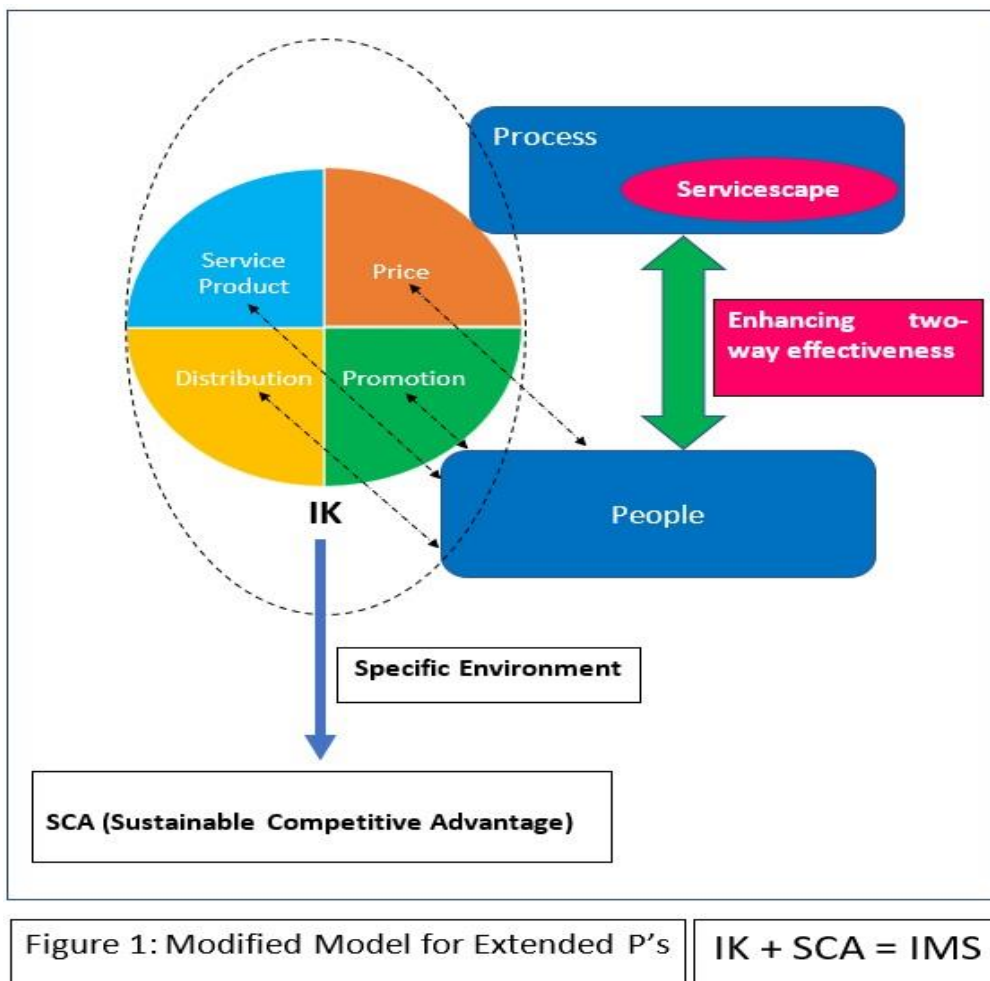
customer happiness, and trust are also included in the market performance category. The best examples for financial success are achieved by Return on investment (ROI) so that the investment amount can be obtained by the investor, return on sale (ROS) which is obtained by selling the product, sale growth, and by the share value in the market. In services such as the financial banking and healthcare sector in which a mutual interaction occurs market orientation influences performance significantly. A stakeholder-oriented strategy is employed in this research to establish a framework for company performance. Business performance is the result of market, customer, and competitor perceptions, as well as internal business performance. (Perceived by shareholders and employees) (Nath et al. 2010).

The research methodology adopted is qualitative and descriptive. Through the review of literature, the changes in the ever-evolving service sector have been observed and original P's have been utilized to propose the model. People P, have an intermediate effect on the traditional Ps i.e., that is by having an effect on the service of the product, price, and the place and promotions where it is distributed. Physical evidence

should be treated as a standalone P, rather it becomes an integral part as an unavoidable subset of the process (P). People have an intermediate effect on the traditional that is by having an effect on service product, price and the place and promotions of services.

III. PROPOSED MODEL

Despite the fact that products are included in the marketing mix of services, service marketing is different from product marketing. The characteristics and challenges faced for both products and services are totally different. Some of the examples of service sectors are banking, insurance, telecommunications, transportation, hotel industries, personal care services, etc. Which is based on the characteristics and nature of the service, the obstacles faced by these marketing will differ. Marketers need to develop strategies that can overcome the challenges faced. Challenges facing service marketing and examines strategies that can be employed to meet these challenges and achieve marketing goals.



Note: Model showing the interdependence of People (P) with the Process(P) with a simultaneous and continuous interaction of 4Ps and the People (P)

IV. ELABORATION OF THE PROPOSED MODEL

The proposed model related to intelligent marketing strategy (IMS) in the market is based on the approach related to the interdependence of people and processes with a subset of physical evidence within the processes for service sector companies. The interaction and two-way communication among the basic 4 Ps with people will enable the skill set and knowledge of employees in the service sector. Thus, empowering them to deal better with the potential and existing customers. The creation of innovative knowledge (IK) is a vital step that can be achieved by continuous interaction between people (P) with all the basic 4 Ps. This competitive strategy for the service companies will enable these companies to deal with different aspects such as supply power in the market, buying power of customers, treats on substitutions products, and innovative and technology service products.

Further the proposed model related to competitive strategy in the market is based on the approach related to enhanced marketing strategy where the extended Ps are relooked to build IMS, IK and SCA, in the service sector companies. Consequent "competitive strategy" as per the proposed model deals with the basic principles of serving the customer, however more distinctively. The model's intelligent market strategy, IMS is supporting the competitiveness which is constructed to deal with different aspect such as supply power in market, buying power of customer, treats on substitutions products, and the innovative and technology products which helps to analyse the basic approaches in the competitive strategy.

IK (innovative knowledge is created by continuous interaction of people (P), with all other 4Ps i.e., service product, pricing, promotion and distribution. In the service sector all the 4Ps can be modified as per the customers requirement however needs to be communicated by employees (People P), in an effective manner.

This IK should be used as source of crating SCA sustainable competitive advantage, specific to a particular service company. The shelf life of the created SCA will be improved by the interdependence of process (P) and people (P). In other words, the refined processes should be user friendly and employees in the service companied should be trained regularly, to be competitive with the changing environment. The physical environment should be treated as a subset of the process P, as it is a driver for the implementation working of the processes in very service company.

Ultimately SCA and IK should be utilised for IMS, in every service organization, for effectiveness of the marketing mix to further serve the customers.

V. THE ENABLERS

The model is directly related to the implementation of the marketing mix in a service organization. The development is achieved in terms of three levels by taking the right decision at right time, adapting as per the technology, and implementing the strategies of competition. The model identified the main elements of the service marketing mix to make decisions and the relationship among these elements. This was never approached in the proposed manner for the service organizations. The nature of the interrelationships indicates the iterative nature of the model.

Generally, every decision taken at a higher level in any service organization loses its impact in terms of its long-term benefits. The proposed model takes care of the dialogue among all the levels of a service organization in relation to its implementation from the perspective of the top management and the service providers. This phenomenon not only creates opportunities for the organization itself but also from the standpoint of current/prospective situations in the changing market environment. So, as an important finding, the proposed model is achieved to serve the goals of the business. However, the model allows the service organization to alter the goals related to the market opportunities in terms of the short and long run.

To point out the enablers of the proposed model for the service organizations:

1. Investment in building a unique relationship with your customer
2. Service Product can be enhanced by the service provider
3. Individual pricing
4. A distribution that is customized in terms of location and people (employee)
5. People and processes are interchangeable in a few service sectors, especially with individual segmentation.
6. Physical evidence or servicescape should be enhanced as a part of processes in the service sector

Physical Evidence as a Subset of Physical Evidence

In the contemporary service marketing ecosystem, services should be an integral part of the bouquet of offerings from service and non-service-based organizations. In both the scenarios the aesthetics and the overall physical evidence play a critical role within the value creation efforts. There is a growing demand for offerings, as a customized package. The service providers and designers of the servicescape should be able to integrate the processes while enhancing the values of service delivery with the environment quotient. Most of the futuristic marketplaces have been innovated, on this formula by Amazon. Services can by no means be replaced and all of it ends up helping others to have a higher life. The services have ended up a very important part of the world economic system. To achieve success

at offering advertising and marketing, nowadays marketers need to apprehend how the very nature of services can manage advertising methods. Services marketing supply strategies and studies which are intangible to customers at profitable profits to the firm. To improve the nourishment and survival of services advertising and marketing there must be clean information of the techniques to defeat the demanding situations of the internal and the outside business surroundings.

Mainly service marketing strategy is based on the delivery process to satisfy the customer, experience to minimize the issues and the intangibles to the customer when compared with physical goods and discrete transactions. Delivering experiences successfully and building customer relationships are complicated undertakings involving many different strategies and tactics. Although companies have often found it difficult to attack service problems in an organized manner, a well-established model called the gaps model focuses on the customer and describes the approaches necessary to close the gap between customer expectations and perceptions.

VI. MANAGERIAL IMPLICATIONS

The proposed model can be utilized by the managers working in the service sector, to propose a more practitioner-based customized framework. This study has confirmed that P's should be considered in an abstract manner but should be worked upon, to result in an effective combination, within a service sector (Surg, 2010) (Zeithaml et al., 1985). Moreover, the study has produced a reduced and simplified set of enablers. For managers, this model could be used as a basis for designing and deploying the marketing mix and the related activities.

VII. CONCLUSIONS AND FURTHER RESEARCH

The purpose of the study was to propose a more refined marketing mix model for the service industry. The model is able to consider the interrelationships between the people (P) with all the basic P's. In addition, it also explored the continuous interdependence between the processes (P) and the people (P).

This has been accomplished by the extensive study of literature in the service sector and values co-creation. As a result, the various enablers have been identified to make it easy for the managers to test and implement the proposed model. The model can be utilized for service management in the global service sector. It supports the importance of co-creation and collaboration in the service sector (Tewari and Mittal, 2014). As discussed before the entire organisation needs to sustain in market. This will be achieved by their superior performance in different ways. They have to run

the business in profitable way by satisfying the loyal customer and thereby develop the markets by introducing the product as innovatively. Achieving this type and level of organizational performance requires formulating and implementing intelligent marketing strategy (IMS). Its formulation and implementation success in achieving superior performance depends on some strategic actions: First- creating sustainable competitive advantage based on internal capabilities and external position simultaneously (marketing capability) and using it as a source of IMS formulation and as a tool of IMS implementation. Second- applying innovative knowledge (IK) as a source of creating SCA and as a source of IMS formulation. Third- considering how to create SCA and IK in IMS formulation. Fourth- applying marketing intelligence and marketing relationship capabilities of organization for IMS implementation. Fifth considering how to develop marketing intelligence and marketing relationship capabilities in organization in IMS formulation. Sixth- being qualified and equipped with SCA, IK, marketing intelligence and marketing relationship identifying customers' values, creating them, attracting and satisfying customers, encouraging customers to return and bring high performance for organization. Considering all above descriptions, figure 1 illustrates the comprehensive model of IMS. According to this model that is the main contribution of this paper, a service organization creates its competitive advantage based on its internal capabilities and external position. Marketing capabilities that integrate internal capabilities and external position of an organization can be considered as a main source of creating competitive advantage. The nature of competition forces organisations to think of sustaining their competitive advantage.

According to the proposed model as the main contribution of this paper, an organization creates its competitive advantage based on its internal capabilities and external position. Marketing capabilities that integrate internal capabilities and the external position of an organization can be considered as the main source of creating a competitive advantage. The nature of competition forces organizations to think of sustaining their competitive advantage. An organization must attempt to create valuable, rare, and not imitable and organizing (VRIO) competitive advantage and importantly it must be based on innovative knowledge (IK). This is possible when People (P) and the process (P) mutually show interdependence with a simultaneous and continuous intersection of the basic four (4) Ps with People (P).

Further proposed research can be done by testing this model quantitatively in a particular service industry and generalizing the results for other players.

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