

Marketing Mix in Services

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Abstract

In a hypercompetitive environment, one in which it is difficult to gain substantial competitive advantages, it is becoming harder and harder to differentiate yourself from the rest, especially when activating in the services field. In order for a company to scientifically act, react and manage to satisfy as well as possible the customer's needs, it should carry out a rigorous management process of services marketing. In the past, the marketing mix comprised 4Ps: product, price, place and promotion. As the client's requirements grow and become more complex, an irrefragable need occurs to extend the traditional marketing mix with another 3Ps: people, physical evidence and process, that highlights the importance of these elements and place them on the relevancy scale that no manager should ever neglect. The aim of the article is to render in brief the components of the marketing mix in services. The research methodology is literature review.

Key words: marketing, mix, 7Ps, services

J.E.L. Classification: M31

Introduction

In the twenty-first century the services literature enhances the importance of understanding in depth the role played by the services marketing mix in obtaining a competitive advantage, a differentiator from other companies, essential elements required in order to “plan and execute marketing strategies” (Alipour, M., Darabi, E., 2011, p.69).

There is a clear dichotomy between manufactured tangible goods and intangible, heterogeneous services (Moeller, 2010, p. 359).

Since its emergence, the concept of marketing mix has proved to be one of the key concepts of marketing theory. In its traditional form, the marketing mix comprised the so-called 4Ps (product, price, promotion and place). In time, the 4Ps framework (McCarthy, 1964, p.35) has been continuously enriched by various researchers. Borden (1965) provided a set of 12 elements that made up the marketing program (Borden, 1965, p.389), namely: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling and fact finding and analysis. However, the 4Ps have to work together in “a single marketing plan to satisfy the customer's needs and allow the firm to make a reasonable profit” (Zineldin et al., 2007, p. 231). Taking into consideration that the traditional 4Ps will not suffice services, Booms and Bitner extended them, adding three additional factors as marketing mix variables: people, physical evidence

and process. Thus, the 3Ps “together represent the service and provide the evidence that makes services more tangible” (Continuum Learning, p.1).

Marketing mix in services

There are four characteristics of services widely accepted by scholars and marketers that make both the distinction between them and products, and between services marketing and the marketing of products, and are used as the basis for designing the marketing mix in services. The so-called IHIP characteristics are the following:

- intangibility,
- inseparability,
- heterogeneity,
- perishability (Table no. 1).

Table no. 1. The four characteristics of services

No.	Characteristics	Meaning
1.	Intangibility	Services are not being palpable, they are immaterial.
2.	Inseparability	It shows the simultaneous delivery and consumption of services (Regan, 1963).
3.	Heterogeneity	It reflects the potential for a high degree of variability in service delivery.
4.	Perishability	It reflects the fact that services cannot be stored (Zeithaml et al., 1996).

Source: own adaptation

It is due to these characteristics that services require a different type of marketing and a different marketing mix (Booms and Bitner, 1981, p.70).

Starting from McCarthy’s popular marketing mix framework, combined with the critical need for its modification in order to accommodate the requirements of the continuously changing specifics of the marketplace, Brunner’s proposition was to extend it into the concept, cost, channels and communication mix (Brunner, 1989, p.72). The argument is that these elements “must be extended to include more factors affecting the services marketing thus becoming mixes themselves” (Goi, C.L., 2009, p.10). Booms and Bitner are the ones that incorporated process, physical evidence and participants in the equation, extending the classical 4P’s, gaining a “widespread acceptance in the services marketing literature” as the extended marketing mix – 7P’s (Rafiq, M., Ahmed, P.K., 1995, p.4). They argued that by analyzing them separately, one can notice that these factors are of “expressed importance” to service-firm managers (Bitner, 1990, p. 70).

The 3Ps integrated in the services marketing mix are:

People: this factor refers to all the people that contribute to or are involved in the development or supply of a service. They could influence both the quality of the provided service and the perception of the consumer. Their personality, the way they act, talk or dress, could all be relevant to what a consumer feels that he has benefitted from that particular service. Even though many economists and entrepreneurs are constantly looking and rooting for efficiency at all levels, often by replacing human capital with technology, people are still considered to be the heart of an enterprise. Even though the above mentioned fast paced shift is mostly relevant for the industrial world, “where machines and processes are autonomous, requiring less human intervention” (Boakye-Adjei, K., Thamma, R., Kirby, E.D., 2014, p.1), the services field is no stranger to the phenomena. Even though, in terms of cost and efficiency, significant advances in technology somehow push the human factor outside the production equation, “many services will always need direct interaction between customers and service employees” (Lovelock, Ch., Wirtz, J., 2016, p.41). This is why some services are better executed by some companies rather than the others, because they rely on the skillsets of their personnel. It is

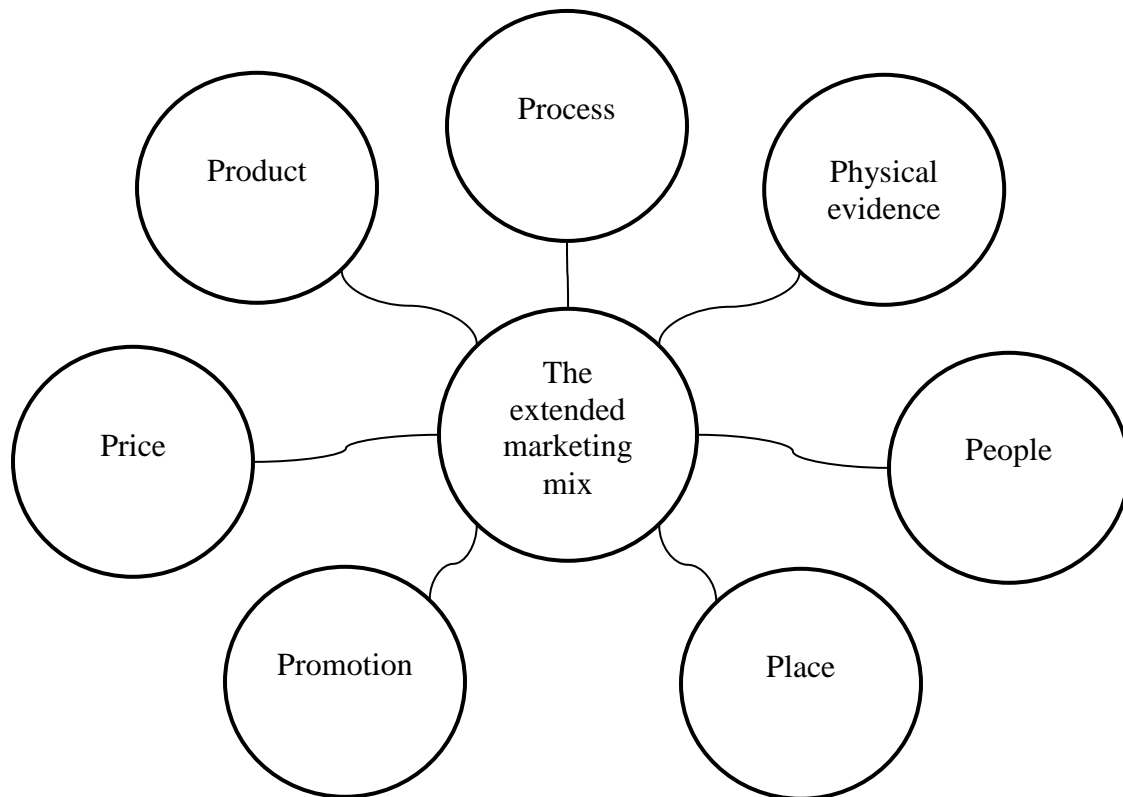
important to know that consumers may and usually do play an important part in the process, sometimes even influencing the service's quality. Another relevant issue for a company is the whole cycle that integrates recruitment, pre-selection, selection, training and motivation of the service employees. It is essential for a wage-earner to possess both technical skills and interpersonal skill blended with a healthy attitude.

Physical evidence: incorporates all tangible representations of a service, the concept referring to the environment in which a service is delivered and in which the seller and customer interact. This is one key factor by which a company may help out a client determine the quality of its services by providing as much evidence (tangibles) as possible. Thereby, the consumer may evaluate the services without him having to rely strictly on trust of feeling. A company that focuses on designing a great servicescape, ingeniously laying out tangible clues, can easily enhance the customer's perception, contributing to a great experience.

Process: encompasses "procedures, mechanisms and flow of activities" (Rafiq, M., Ahmed, P.K., 1995, p.7). A process should be designed for the customer's convenience and judging from his point of view, thus focusing it on his specific needs. When a company relies its activities on designing and re-designing processes with efficiency in mind, then they will not only have satisfied clients but also personnel, usually frontline employees. Reducing variability "by carefully designing customer service processes" (Lovelock, Ch., Wirtz, J., 2016, p.41) is a great challenge taking into account that operational inputs and outputs tend to vary especially more in the services field. Key to achieving this is standardizing procedures, incorporating technology to eliminate human error and improving the staff's skillsets. One interesting and useful part of designing processes is involving customers and making them part of the phenomena, transforming them into (somewhat temporary) partakers in the co-production of the service good.

All the components of the extended marketing mix (Fig. 1) are interconnected, often producing a synergic effect.

Figure no. 1. The extended marketing mix – 7Ps



Source: Own adaptation

Conclusions

The marketing mix notion implies an interrelation between the involved variables. The way a company determines the optimum dosage of each of the components used at any given time is a matter of success or failure. Because, generally speaking, service companies differ from those running in manufacturing, a need to develop, plan and execute specific marketing strategies occurred. Due to the fact that services are inherently linked to the production-consumption equation and that they are intangible, the traditional marketing mix incorporated the 3Ps, essential components for creating a service both useful and enjoyable to a client.

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