

Emerging Trends in Marketing Mix for Service Oriented Organizations

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Abstract: This paper is painstakingly structured to discuss new trends in marketing mix with focus on the expanded marketing mix (additional 3Ps) as it influences service-oriented organizations in the achievement of service plan for optimum service delivery and customer satisfaction. The satisfaction of customers whether in the product or service-oriented organization require a combination of controllable variables which are manipulated and adjusted in the dynamic marketing environment. These controllable variables are typical marketing mix that enable organizations to achieve their marketing plan for providing satisfaction to customers. Initially, the traditional marketing mix of the 4Ps was strictly designed for product-oriented organizations, with no variable for service organizations to manipulate and deploy for their operations in order to achieve service plan for optimum service delivery and customer satisfaction, but with the emergence of the 3Ps (people processes and physical evidence) service organizations can now manipulate and deploy variables for optimum service delivery and customer satisfaction. The methodology deployed for this paper is descriptive and the use of materials from secondary sources (textbooks, journals, online, etc). Areas covered include conceptual clarifications, importance of marketing mix, traditional marketing mix, extended marketing mix and implications of emerging marketing mix. The paper concluded that with the expanded marketing mix elements, that is people, process and physical evidence, service organizations are now empowered with competitive variables and tools to be manipulated in achieving marketing and service plan for optimum service delivery and customer satisfaction.

Keywords: Emerging, Trends, Marketing Mix, Service, Oriented. Organizations.

I. INTRODUCTION

Marketing activities are so crucial that manufacturing and service organizations are deploying to identify customers' needs, meet their satisfaction and also retain and attract them for survival and sustainability. Identifying customers' needs and expectations are important tasks that both product and service organizations are facing in today's competitive landscape. In the same vein, Chris (2006) said excellent companies are known not only by well-conceived marketing outlining where, when and how they will compete but also by their ability to execute the marketing strategy decision option selected. Appropriate and effective executed marketing activities are required to productively guide organizations in the deployment of available resources in pursuit of desired goals and objectives. In order to satisfy the changing needs of customers, organizations must first identify their needs and expectations, which requires the deployment of marketing mix variables.

The foremost traditional marketing mix variables are anchored on the 4Ps (product, price, promotion and place) which defines the direction of marketing efforts in order to create a competitive advantage. The concept of marketing mix strategy therefore involves a deliberate and careful choice of strategies and policies for

organization's product, price, promotion and place, as well as the deployment of the additional 3ps (people, process and physical evidence). Both the 4ps and 3ps must be properly selected and mixed in right proportions to make products or services available to customers for consumption, retention and attraction.

The traditional marketing mix (product, price, place and promotion) was originally designed to facilitate the activities of manufacturing industries that produces products, while the service organizations were left out completely without any marketing mix or variable to enhance their operations in the delivery of services. Gitlow (1987) and Shamah (2013) said something was not right with 4Ps as it was meant for product marketing and ignores the marketing of services. It was observed that the traditional marketing mix was inadequate for service industry, because it does not address the needs of service marketers (Helm and Gritsch, 2014) and the services have certain basic characteristics which in turn have marketing implications (Rathmell, 1974).

The impediments of the traditional marketing mix to service organizations brought about the emergence of the new marketing mix (people, processes and physical evidence) which service organizations are now deploying to influence customers decision to purchase and repurchase their services. Krasnikov and Jayachandran (2009) suggested that a successful marketing mix approach can help service marketers to achieve better customer service and support, greater efficiency and cost reduction. The fact still remains that majority of service organizations are yet to identify and activate the 3ps ((people, process and physical evidence) that were developed by Booms, B. H. and Bitner, M. J. in 1981 to help service organizations in marketing their services.

It is against this background that bring to limelight the new marketing mix (people process and physical evidence) with the traditional marketing mix (product, price, place and promotion) to enable service organizations deploy appropriate mix in offering services that will deliver customer satisfaction and expectation is necessitated. Therefore, the paper is divided into five phases, that is conceptual clarifications, importance of marketing mix, traditional marketing mix, extended marketing mix and implications of emerging marketing mix.

II. CONCEPTUAL CLARIFICATIONS

Marketing

Most people think marketing is about advertising and selling of products. However, this is a very limited view. Marketing embraces much more than just telling people about a product and selling it to them (Stimpson and Smith, 2011). Marketing is the management process responsible for identifying, anticipating and satisfying consumers' requirement profitably. (Chartered Institute of Marketing, 2015). Marketing is the process of planning and undertaking the conception, pricing, promotion and distribution of goods and services to create and maintain relationships that will satisfy individual and organizational objectives (Boone and Kurtz, 1998). The delivery of customer satisfaction at a profit (Kotler, 1996). Those activities involved in the flow of goods and services from the point of production to the point of consumption. (American Marketing Association, 2004).

From above definitions, we can conclude that marketing are activities related with analysing and identifying needs of target-market customers with the intention to satisfy those customer needs better than competitors. This require conducting market research to identify customers and their needs in order to offer products or services that can meet the identified needs.

Marketing Mix

Marketing mix was originally coined by Neil Borden in 1953 in his article 'The Concept of the Marketing Mix' (Maulik, 2016). These include product planning, pricing, branding, channel of distribution, personal selling, advertising, promotion, packaging, display, servicing, physical handling and fact finding & analysis (Rafiq & Ahmed, 1995). These 12 elements of Borden's marketing mix summed up into 4Ps - Product, Price, Place and Promotion (McCarthy, 1960). Marketing mix is the set of tools that the firm uses to pursue its marketing objectives in the target market (Kotler et al, 1999). Kinnear and Bernheerd (2002) cited in Khalid (2015) defined marketing mix "as the use and specification of the 4Ps (price, product, place and promotion) to describe the strategic position of a product in the marketplace". Macmillan and Baron (2004) cited in Khalid (2015) was of the view that marketing mix "are those activities that show similarities to the overall process of marketing, requiring the combination of individual elements". Marketing mix is not a theory of management that has been derived from scientific analysis, but a conceptual framework which highlights the principal decisions that marketing managers make in configuring their offerings to suit customers' needs.

Therefore, marketing mix are ingredients which product and service organizations can blend in their operations to serve the target market with the right product, amount, location and awareness, using the right people, process and operating environment that will create a positive image and lasting impression in the minds of customers.

The concept of marketing mix helps marketers to review and define key issues such as Product, Price, Place, Promotion, People, Process and Physical evidence that affect the marketing of their tangible offering (Products)

and intangible performances (Service). Marketing mix concept is a well-established tool used as a structure by marketers. It consists of the various elements of a marketing programme which need to be considered in order to successfully implement the marketing strategy and positioning in the company's market. It is the important internal elements or ingredients that make up an organisation's marketing programme (Payne, 1993). Booms and Bitner (1981) had modified and expanded the traditional marketing mix elements from 4Ps to become 7Ps by adding another three new Ps which are people, process and physical evidence. These new marketing variables are fundamental marketing variables for the success of any service organization.

Service

Services were considered as pure intangibles capable of providing satisfaction to the customer which could be marketed like tangible products (Regan, 1963). Service is any act or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything and its production may or may not be tied to a physical product (Kotler & Bloom, 1984). Services can be summarized in terms of their key characteristics such as intangibility, inseparability and heterogeneity (variability). Therefore, organizations that offer intangible operations and activities whose services cannot be separated like the physical products are service organizations. Example of these service rendering organizations are financial, health, telecommunication, educational, training and consulting organizations among others.

III. IMPORTANCE OF MARKETING MIX

Marketing mix as tool for effective marketing strategy is of diverse benefits to professional marketers and also product and service organizations that are desirous in meeting the needs and expectations of their customers. Marketing mix as a tool enable organizations to define a target market for its products or services that will be offered. It is by defining the target market that the right product and service will be identified and produced.

Marketing mix serves as a guide in the operations of product and service organizations, as each of the marketing mix element are required to provide a direction in executing marketing plan which enable the entire organization to achieve its goals and objectives.

Differentiation of products and services are easily done when marketing mix elements of competitors are analysed to identify weaknesses which can be capitalized on in order to serve the target market more satisfactorily. Example, if the competitor has incompetent people to provide services and ineffective processes, you ensure that the people are competent enough to handle any operation, and the processes of delivering expected services are effective.

Adjustment to meet the needs of the target group and the other dynamics of the marketing environment can only be achieved when organizations understand the change in marketing mix elements (products/services, price, promotion, place, people, process and physical evidence)

Finally, the activation of physical evidence element of marketing mix creates a reputable image with a lasting and positive impression in the minds of customers who will get attracted in buying and demanding for organizational products or services.

IV. TRADITIONAL MARKETING MIX

The traditional marketing mix known as the 4Ps were originally created by E. Jerome McCarthy and published in 1960 in his book "Basic Marketing. A Managerial Approach". The 4Ps were designed at a time where businesses were more likely to sell products, rather than services and the role of customer service in helping brand development wasn't so well known (Annmarie, 2023). According to Arpit (2015) traditional marketing mix model (also known as the 4 P's) can be used by marketers as a tool to assist in defining the marketing strategy. Marketing managers use this method to attempt to generate the optimal response in the target market by blending variables in an optimal way. It is important to understand that the marketing mix principles are controllable variables. The Marketing Mix can be adjusted on a frequent basis to meet the changing needs of the target group and the other dynamics of the marketing environment.

The traditional marketing mix components known as 4Ps (Product, Price, Place and Promotion) were regrouped from 12 elements (product planning, pricing, branding, channel of distribution, personal selling, advertising, promotion, packaging, display, servicing, physical handling and fact finding & analysis) of Borden's marketing mix. A detailed explanation of Product, Price, Place and Promotion that constitutes the traditional marketing mix elements are of importance to both product and service organizations.

- **Product** element is tangible and intangible offering manufacturers of physical goods and providers of services make available to the target market and group for consumption. A product or service will be

produced or provided only when a target market and group is identified. Example of products among others include computer hardware, machines, clothes, food items (tangible products) and training, consulting services, treatment, road and rail construction (intangible products).

- **Price** element is a cost and fee or an amount of money charged on physical and intangible products. The price to be charged on physical and intangible products should be competitive and reasonable to make profit, while value for money must also be derived. Therefore, the direct cost or amount of money the buyer has to pay for the product or service that is likely to be purchased. Since the price is the total the buyer must pay, it is subject to the variables that make up the rate of exchange. Everything else, including sales and profits, is directly proportional to the price (Masood et al, 2022)
- **Place** element which is concerned with the location, outlines how and where an organization will place its products and services in an attempt to gain market share and consumer purchases. Locating a target market or group for products and services is crucial for any organization to increase its patronage.
- **Promotion** element ensure that all programmes and avenues of getting target customers and groups are activated to inform and enlighten them about the products and services. Getting customers informed on products and services is to enable them have knowledge and understanding of products and services they will be demanding for. Promotion is a vital element of marketing mix. It is an exercise aimed at informing persuading and influencing (Etuk and Udonde, 2023). Therefore, organizations must ensure that programmes like advertising, special offer and advertisement are convincing and persuasive in nature to attract customers.

However, the traditional marketing mix discussed has been criticized from a number of perspectives. For instance, Moller argues that it does not account for customer behaviour and services, it does not allow for interaction and the building of personal relationships, and it allows for no personalization or customization within its framework (Moller, 2006). These negative viewpoints of the traditional marketing mix necessitated the expansion in marketing mix elements.

V. EXPANDED MARKETING MIX

Emerging marketing mix also known as extended marketing mix or service marketing mix is an important aspect of a service plan which play crucial role in optimum service delivery. The art of putting customer first, anticipating the needs and problems, tailoring products and services to meet needs and establishing customer relationship is customer service. It is this notion of customer service which necessitated the need for the expansion of traditional marketing mix (4Ps) to 7Ps (Gronroos, 2005). These three elements in the marketing mix represent elements of services marketing that are cross-functional in nature. They are more concerned with retaining the customer, than catching the customer (Kotler, 1994). The 7 Ps - price, product, place, promotion, physical presence, people, and process comprise the modern marketing mix that is particularly relevant in the service industry, but is also relevant to any form of business where meeting the needs of customers is given priority. The first two "Ps" (People and Process) of the additional 3Ps are explicit and the third "P" (Physical Evidence) is an implicit factor.

A significant body of literature has revealed that the 4Ps of the marketing mix have come under criticism by many marketing scholars from different perspectives e.g., services marketing and relationship marketing scholars. For services businesses, the traditional marketing mix framework should be expanded to include the new 3Ps (people, process and physical evidence) as strategic elements, which affect companies' performance. There is a general agreement among marketing scholars that services organisations do need the expanded Services Marketing Mix (Mamoun, 2011). During the past decade, marketers and researchers have identified and adopted the importance of 7Ps of services marketing and customer orientation for sustainable competitive advantage (Gronroos, 2004). As a tool of marketing strategy to review competition in the market, the service marketing mix which also known as extended marketing mix is a significant part of a service plan which is essential for optimum service delivery. As the scope of 7Ps is wide and it includes all the dimensions, marketing becomes part of various functions of the firm (Gronroos, 2007).

Detailed discussion of these 3Ps that constituted the expanded marketing mix is of great importance particularly to service organizations, to enable them have a deeper understanding on the application of these 3Ps (people, process and physical evidence) in service operations to achieve service delivery and customer satisfaction. The additional 3Ps (people, process and physical evidence) of marketing were developed by Booms and Bitner in 1981, which now make it 7Ps (product, price place, promotion, people, process and physical presence). These emerging marketing variables (3Ps) are fundamental marketing variables for the success of any service organization.

People variable are employees of organization who are provider of services. These are humans who play crucial role in influencing the perception of customers and the delivery of services. People variable of marketing mix

are organizational staff who interact with customers before, during and after services. Achievement of a customer-orientation and service encounter is not possible if there is no interaction and cooperation coming from the personnel (Judd, 2001). The term service encounter is used to denote person-to-person interactions between a customer and an employee of an organisation during the purchase of a service (Bitner et al. 1994). Therefore, putting the right people (employees) in place is strategic in the organizational operational chain.

Processes variable are the flow activities that take place or occur in the course of delivering services. Zeithaml and Bitner (1986) viewed processes as the actual procedure mechanisms and flow of activities through which a service is delivered. This takes into account the length, duration and logistical effectiveness. Regarding length, the number of steps taken by participants to access required services is a major concern, duration is the time that elapses from the first to the last activity of the service delivery process and logistical effectiveness being the degree of smoothness in the flow of the steps of the service delivery process. The delivery of service can be done in-person or through electronic gadgets like machines, phones and others. It is important that service provider offers the best to the customers because a negative delivery of a process may affect the overall effectiveness of the process.

Physical evidence variable of marketing mix are the physical appearance of organizational environment, buildings, staff, equipment, and other visible signs that provides tangible evidence of organizational product/service style and quality. This is a good and impressive appearance of the organization that customers can have at the back of their mind anytime they remember the organization. Service organizations should create physical evidence to build environments that appeal to the pleasure and arousal states, and stay away from creating atmosphere that create submissiveness (Hoffman et al., 2006). Boom and Bitner (1981) explained that physical evidence is of relevance to retailers or to those who maintain premises from which a service is sold or delivered.

VI. IMPLICATIONS OF EMERGING MARKETING MIX

Service provider need to put emphasis on service marketing mix to acquire and retain customers as service is intangible performance (Hoehle, Scornavacca, & Huff, 2012). The people, process and physical evidence are the key elements of service marketing mix that service organizations need to apply with a proper combination in order appeal new customers and retain old customers for higher sales, market share, and profits. The implications of these service marketing mix on service organizations are detailed below.

People: The presence of people element has now enabled organizational employees who interface with customers in providing services to build and establish long-term relationships and networks to retain and attract customers, personal attention is given to each transaction for feedback, training of organizational employees to make them courteous, caring and responsive, etc.

Process: The presence of process element now enables service organizations to ensure that delays in the delivery of services are avoided and required services are delivered on time, smooth and effective flow of activities for services required, quick response to customers' demands, etc.

Physical evidence: The physical evidence element is now compelling service organizations to put in place modern infrastructural facilities with advanced technology, good landscaping system, interior design with a comfortable seating arrangement, pleasant lighting system, cleanliness, network connectivity, modern equipment and gadgets, etc.

VII. CONCLUSION

The satisfaction of customers whether in product or service-oriented organization require a combination of controllable variables which are manipulated and adjusted in the dynamic marketing environment. These controllable variables are typical marketing mix that enable organizations to achieve their marketing plan of providing satisfaction to customers. Initially, the traditional marketing mix of the 4Ps was strictly designed for product-oriented organizations, with no variable for service organizations to manipulate for their operations to achieve service plan for optimum service delivery and customer satisfaction. Considering the challenges experienced by service organizations, the traditional marketing mix has now been expanded with additional 3Ps (People, Process, Physical evidence) to provide service organizations with tools to deploy in order to achieve service plan for optimum service delivery and customer satisfaction.

Therefore, this paper has been painstakingly structured to reveal issues of marketing mix which are crucial in the operations of service-oriented organizations. The ideal is to enable these organizations deploy the emerging marketing mix variables in their operations to serve customers better and also retain and attract them.

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