Is Marketing Strategies Applicable Here?

By

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ABSTRACT

An exploratory research seeking to draw conclusion on the application of marketing strategies on consumer goods, industrial goods and services so that professional marketers can have a common and acceptable ground when discussing and generalizing the nature and characteristic of marketing. The paper examined based on the weight of literature and authorities that there are relatively only minor differences between them, that of; relationship building, buying behavior pattern, buying objectives, demand characteristics, size of the order, number of potential buyers, some marketing mix strategies, branding, marketing research and the characteristic of service. The paper was concluded with what authorities have written. I have come to a conclusion that, marketing is marketing, irrespective of the product type or marketplace.

Keywords: strategy, service marketing, industrial goods, consumer products, marketing, and buying behavior.

1. INTRODUCTION

In most cases, it is the service marketers that argues about the nature of service marketing being different from product and business-to-business marketing, owing to the basic characteristics of service, that of; intangibility, direct organization-client relationship, variability, consumer participation in the production process and perishability - (Simkin, 2005).

The upshot for service marketers’ argument has been the extension of the marketing mix from the classical or traditional marketing mix of; product, price, place and promotion, i.e. the “4Ps” to include at least people, physical evidence (ambience) and process, according to Stanton et al. (1994) Zeithani & Bitner 2000 in Esu (2012).

In the same vein, Kotler & Keller (2013) says, given the breadth, complexity and richness of marketing, clearly the traditional 4Ps are not the whole story anymore, and suggested an update to more representative sets that encompasses modern marketing realities; people, processes, programs and performance. But that if the traditional 4Ps are used, additional strategies can be abstract from them to still serve the purpose.

Again, the characteristics of service notably; intangibility, restricting opportunities for creating a differential advantage over competitors, with the inevitable dependence for differentiation and competitive edge on branding initiatives and personnel, suggested the expansion.

On the other hand, the 4P’s as applicable to the business-to-business goods, Chang and Simkin (1997) stipulates that in industrial markets, competitive intelligence is more difficult to attain and that market researchers cannot so readily conduct surveys of rival management teams and many businesses have only a haphazard awareness of their competitors’ intentions. Indeed, many managers seem so occupied with keeping up to date with product specification changes in their own portfolios and in sales force activities, that, time allocated to assessing competitive forces is minimal, couple with other challenges business-to-business market poses.

This paper therefore is intended to spark some level of discussion with regard to the way marketers should safely generalize when discussing the nature and characteristics of service, tangible goods and business to business goods markets and marketing, so as to find a common and acceptable ground for all professional marketers.

1.1 THEORITICAL FOUNDATION.

Before we proceed let’s examine from different authors, the meaning of marketing as it relates to both consumer goods, business to business goods and service marketing. According to Peter (2003) in Lyndon Simkin (2005), ‘ The aim of marketing is to make selling superfluous, i.e. knowing and understanding the customer so well that the product or service fits him or her and can so sell itself. United Kingdom’s Chartered Institute of Marketing (2007), defines
'marketing as a management process responsible for identifying, anticipating and satisfying customer’s requirements profitably'. Again American Marketing Association (2007) in Ebitu (2012) sees marketing, as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society at large.

Esu (2012) sees marketing as a social and managerial function which aims at satisfying human needs and wants through exchange of goods and services by individuals and / or institution at a profit. Zeithami and Bitner (2000) in Esu (2012) defines service as all economic activities whose output is not physical product or construction, and says service are generally consumed at the time it is produced, and provide added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concern of its first purchase. Kotler and Armstrong (2004) defines marketing as a social and managerial process whereby individuals and groups obtain what they need and want through creating and exchanging products and values with others. He argues that marketing offers are not limited to tangible products alone, but to services, activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything. Example includes; banking services, airline services, hotel services, tax preparation and home repairs service.

THE SIMILARITIES OR DISSIMILARITIES IF ANY

Marketing products and services can have many similarities as well as differences. Kethy (2002). There are several differences as well as similarities between marketing customer products, business products and services, most of which centers on relationship building, buying behavior pattern, buying objectives, demand characteristics, size of the order or purchase, number of potential buyers, marketing research, marketing mix strategies, branding and so on. More so, Industrial markets are divided into two; tangible products industrial markets and service industrial markets and in the United States for instance, service firms represents 73 percent of all industrial firms, or about 8.8 million while product has the remaining 27 percent of the industrial market. (Kerin et al, 2006). Furthermore, Kotler & Keller (2013) adds that services represent the fastest growing sector of the global economy and account for two-third of global output, one-third of global employment, and nearly twenty percent of the global or international trade. In support of this, Olayinka et al (2006) submit that, because of the peculiar nature of service marketing and the growth recorded in that sector, the traditional 4ps developed by MCarthor has been expanded to 7Ps thus; product, price, promotion, place, physical evidence, people and process.

In respect to buying behavior, specifically, organizational buying is more likely to involve complex negotiations concerning delivery schedules, price, technical specification, warranties, and claim policies (Kerin 2006). There are many similarities as well as variations, in the role of the buying centre versus consumer peers, the assessment of risk, the formality of buying and the nature of selling. Few marketers, though, seem to disagree with this, another distinction between organizational and consumer buying behavior lies in the nature of the relationship between organizational buyers and suppliers. Reciprocal arrangements also exist in organizational buying. Reciprocity is an industrial buying practice in which two organizations agree to purchase each other’s products or services. Behaviour models for consumer and business-to-business markets, revealing the additional specification stage in much business-to-business purchasing and the different sets of influencing forces (Assael, 1997; Ford, 1997) as shown in figure 1 and figure 2.

CONSUMER GOODS BUYING DECISION PROCESS

<table>
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<td>Purchase Proper</td>
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Figure 1

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INDUSTRIAL GOODS BUYING DECISION PROCESS

Problem Recognition

Develop Product Specification To Solve Problem

Search for Product/Suppliers

Evaluate Products/Supplies Relative to Specification

Select And Order Most Appropriate Product/Supplies

Evaluate Product & Supplier Performance

Figure 2

In making a purchase, the buying organization must weigh key buying criteria that apply to the potential supplier and what to sell. Organizational buying criteria are the objective attributes of the supplier’s products and services and the capabilities of the supplier itself. But Kerin (2006) argues that these criteria serve the same purpose as the evaluative criteria used by consumer goods. He listed the seven criteria to include; price, ability to meet the quality specifications required for them, ability to meet required delivery schedules, technical capability, warranties and claim policies in the event of poor performance, past performance on contracts, and production facility and capacity.

On marketing research, Business-to-business surveys are notoriously difficult to conduct owing to: secretaries gate keeping, busy managers not wanting to “waste time” attending discussion groups or completing questionnaires, incentives not being as attractive to recipients as in much consumer research; and, confidentiality concerns being a major drawback. Such marketing research does occur, but by no means as easily or as frequently as in consumer markets, nor does it utilize anything like the extent of in-depth qualitative techniques as favoured so strongly by the marketers of consumer goods, Simkin 2005.

With regard to competition, perhaps because of the prominence of brands and the high profile in-home media adopted in much consumer promotion, most consumer marketers are aware of their rivals’ brands and marketing tactics. All too often, such competitive understanding is only superficial, but consumer marketers at least exhibit strong awareness of their like for-like competitive arena (Chang and Simkin, 1997; Simkin, 2000).

On the number of potential buyers, firms selling consumer products or services often try to reach thousands or millions of individuals or households. In contrast, firms selling to organizations are often restricted to far fewer buyers, Kerin et al, (2006).

Concerning Time and Deliverability, Some products can be impulse purchases whereas services need time for delivery, selling a service also means you’re selling your time. When you sell a product, there is time invested to create or acquire the product and then it is sold again and again without further time invested, (Kethy 2002).

Services by their very nature are time-intensive activities because there is no way to continue providing a service without continuing to invest time performing the service. Time is an important part of marketing a service because if you promise results within a given time frame, you must be certain you’re able to deliver while still managing and providing services for others. You must be able to effectively estimate and manage the time needed for providing services to clients.

When you’re marketing products, you can give customers a delivery date estimate if they’re ordering online or through the mail, and they can walk out the door with the product in hand if they buy it in your retail or wholesale store. Services must be created after they’re ordered, and delivery times will vary. The challenge with marketing services is being able to convince customers that you can and will deliver quality results within a given period of time.
Usually service marketing materials have testimonials and case studies from other satisfied clients that work to prove you're able to deliver on the promises in your marketing materials.

On Wants and Needs, Many products can be marketed in ways that trigger impulse buying. If someone sees a pair of shoes, she can suddenly decide to buy them whether they're needed or not. She may justify the purchase by claiming they needed dress shoes for a special occasion, but in reality she gave in to a want instead. Industrial goods and most especially services are rarely impulse buys, but the marketing materials can help buyers justify the want or need by explaining the benefits the customer will receive from buying the service.

Another similarity or otherwise lies in Buyer-seller-Relationships, Marketing a service-based business relies more on building a relationship than marketing products does. Some relationship building is done with product marketing, particularly branding and name recognition, but it's not as important a part of the overall marketing process for service-based businesses. When services build up trust and reliability with clients, they gain relationships that can continue earning them money for years to come. Products and services benefit from adding trust and name recognition into the marketing offerings, but products can be impulse purchases whereas services need time for delivery. Entrepreneur magazine says in a service-based business, "you are the product." In other words, you have to sell confidence and trust in yourself, and your ability to perform the services as described. When marketing a service, you need to instill trust and confidence in your abilities because instead of receiving a tangible product in exchange for money, the customer receives a promised result.

Again, Mossinkoff M. & Peelen E. (2001), posited that the recent emergence of internet-based electronic market places is changing the structure of traditional marketing channels in a fundamental way and that collaboration may increase because of lower transaction costs related with increased information availability. At the same time these same factors, through the effect they have on mutual dependency and uncertainty in the buyer-seller dyad, are considered to be key drivers of a shift towards a market-type of governance of buyer-seller relationships. So understanding the impact Internet based electronic

Market places have on buyer-seller relationships is of crucial importance for the success of such market places as well as for buyers and sellers to fully exploit the benefits.

Industrial and consumer goods are both classified as products, but their difference lies in their distinct role in the production process. Industrial goods, otherwise called capital goods, are used during the production process, while consumer or final goods are actually its result. Therefore, these two types of goods feature distinct characteristics and appeal to different potential buyers.

The core dissimilarities from basic marketing analyses, via target market strategy decisions, to the determination of tactical marketing mix programmes and controls, are marked differences in the issues encountered and the approaches deployed between service, consumer and industrial marketing.

There are many additional minor variations, including the role of the buying centre versus consumer peers, the assessment of risk, the formality of buying and the nature of selling. Few marketers, though, seem to disagree there are some quite stark differences in how consumers buy and how businesses make purchases.

Finally, the fundamental issue when designing any marketing strategy is that every customer including corporate customers has unique expectation and values, which they bring to the market place, (Ibok and Etuk 2010). This is true across service, consumer goods and industrial goods. Their needs must first be discovered before tailoring marketing strategies to meet those needs at a profit.

CONCLUSION

Though service marketers, consumer goods marketers and business-to-business marketers has outlined, according to them, a significant differences for "their marketing", nevertheless, authorities always concludes that there are relatively only minor differences between them, that of: relationship building, buying behavior pattern, buying objectives, demand characteristics, size of the order, number of potential buyers, marketing mix strategies, branding and on marketing research and so does not justify a complete departure from an ideal marketing principles and theories.

Though from this write up, two most common exceptions cited to this proposition are buying behaviour models between consumers and business buyers and the extended ingredients of the services marketing mix. While the overall sentiments of marketing hold true across products, service and industrial market boundaries, perhaps the differences are in the basic characteristics of services viz: direct organization-client relationship, variability, intangibility, consumer participation in the production process; (Dibb and Simkin, 1997; et al., 1997; Kotler, 1998). But as I complete this investigation of what authorities has written, I come to a conclusion that Marketing is marketing, irrespective of the product types or marketplace.
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