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Original Research Paper

Management

MARKETING STRATEGIES FOR PHYSICAL GOODS AND SERVICES: A COMPARATIVE STUDY

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ABSTRACT The relationship between marketing mix and strategic marketing decision for goods and services had been explained in this paper. Strategic decision making with regard to marketing of goods and services had been described by comparison. The findings of this study help marketing managers to formulate strategic decision while marketing products. It is observed from this study that strategic decision making for goods is complex compared to strategic decisions for services. The aim of goods and services with regard to customers is also explained in this paper.

KEYWORDS : Marketing strategy, marketing mix, goods, services, strategic decision making.

INTRODUCTION

Organizations develop strategic marketing decisions by considering both internal and external factors. Marketing mix is an internal controllable factor for marketing managers and it plays a vital role in performance of organization. Marketing mix is popularly known as '4Ps' which are product, price, place and promotion (Kotler & Keller, 2012). For services the marketing mix consists of 7Ps which are product, price, place, promotion, physical evidence, process and people. Marketing strategy considers marketing mix for strategic decisions. The marketing mix varies by type of product and according to the stage of product in its life cycle. A service is an act of performing something for someone in exchange for adequate consideration. Hence strategic marketing decision for services is different from decisions related to product. Strategic planning occurs at three levels which are corporate level, business level and product level (Hitt, Ireland, & Hoskisson, 2013). Marketing managers develop marketing strategy at product level for both goods and services.

Goods help in meeting the needs and wants of customers whereas services are offered for maintaining long term relationship and gaining trust from the customer. The goods are sent to customers whereas customer involvement is essential in distribution of services. Once the products are sold they belong to customer whereas services cannot be separated from the provider. For example Apple iPhone can be purchased an owned by customer, but for cellular network the customer has to depend on provider like Jio for lifetime. Before purchase customer can imagine about a product but for services it cannot be done. In this current research the marketing mix role in strategic decision making had been described.

Objectives of the study

1. To describe about marketing mix from the perspective of marketing strategic decisions.
2. To compare marketing mix strategy between goods and services.
3. To provide suggestions for marketing practitioners for developing marketing strategic decisions.

Review of Literature

Goi (2009) had reviewed elements of marketing mix and stated that in spite of criticism, it is best to describe the products. Even in practical applications many marketing managers had adopted elements of marketing mix for defining the products. Organizations customize the proportions of contributions of elements in marketing mix according to the need to the situation. Knowledge of marketing mix helps in developing marketing strategy and it is controllable task for marketing managers. Yoo et al (2000) had described association between brand equity and elements of marketing mix. The frequency in changing price of products lowers brand equity where as high allocation for advertising enhances brand equity of products.

The major dimensions for analyzing brand equity are marketing efforts, dimensions of brand equity, value to the customer and value to the firm. Brand equity is influenced by factors like perceived quality, brand loyalty and brand awareness. Organizations can highlight any of the elements in marketing mix in marketing strategy. Ulaga and Reinartz(2011) had explained that organization are creating hybrid offering to consumers by combing goods and services in their marketing strategy. Industrial goods along with service are liked by customers creates value added service.

Ailawadi et al (2001) had explained about marketing mix with Procter and Gamble's value pricing strategy. Marketing mix strategy helps in development of competitive strategy in response to fluctuations in market share of the product. Customer retention and brand loyalty are influenced by marketing mix strategy. Market share elasticities, structural factors and firm-specific effects influence elements of marketing mix. Companies in fast moving consumer sector have increased net price by introducing coupons and deals. Ailwadi et al (2009) had described about customer management strategy through promotions in retailing environment. Manufacturer implement pull strategy through marketing mix elements and retailers consider promotions for pushing the products.

Table 1: Differences between goods and services

Goods	Services
• Can be touched	• Cannot be touched.
• Quality can be tested by anyone.	• Consumer can express the quality.
• Goods can be returned.	• Services cannot be returned.
• Goods can be stored for some duration.	• Production and consumption happen simultaneously.
• Goods can be distributed across the borders.	• Consumer involvement is essential and cannot be distributed.
• Some standard goods cannot be customized.	• Easily customized.

(Source: Compiled by the researcher)

Theodosiou et al (2012) had stated that organizational performance in offering services is influenced by the orientation of front line managers. Marketing capabilities of a firm determine the firm performance through competitor orientation and innovation orientation. The other factors which influence marketing capability are cost orientation and customer orientation. Munuswamy and Hoo (2008) had made empirical investigation to explain the impact of marketing mix elements on consumer motives. The consumer perception towards products is influenced by marketing mix elements along with demographic variables. The consumer perception towards private labels and national labels is influenced by their perception towards elements of marketing mix.

Organizations make strategic decisions for attaining goals like expansion into new products or services, change management, construction of new facilities, maintenance and mergers & acquisitions (McKinsey & Company, 2009). Investing in existing goods and services is given more importance compared to other elements in the strategic decision making process by top management. The aim of top level decision making is to complete the tasks quickly and enhance market share for their goods and services. Modern organizations are implementing analytical tools for strategic marketing decisions related to both goods and services.

Methodology

It is conceptual paper therefore secondary sources like journals, books, magazines, electronic sources have used for collecting the data. The keywords like marketing strategic decisions, marketing mix, goods and services have been used for collecting the relevant literature. The difference between goods and services with regard to marketing strategic with mediating variable marketing mix had been considered during review.

Discussion

Goods are tangible items and services are intangibles but at the same time it is difficult to differentiate them exactly. For example some services like food delivery through mobile app are combination of variables like food items, delivery time and taste. It is evident from this study that organizations manufacturing goods are integrating service to and developing a hybrid product. The characteristics play a vital role in developing strategic decision either for products or services. Since goods can be stored it is simple to develop marketing strategy compared to services. However price can be increased for service during peak season whereas for goods completion and market share determine the price.

Reverse logistics is not required for services only feedback can be collected from consumers whereas for goods it is essential to design reverse supply chain. The quality of goods can be tested either at in-house or by third party organization and universal standard exist for good whereas for services only consumer can determine the quality after consumption. The marketing managers need to consider supply chain costs which is also referred as 'place' in marketing mix because in the era of globalization products can be offered to any consumer without regard to geographic location whereas it is important that consumer need to be involved while delivery of services.

Marketing decision for goods is also made complicated because ownership need to be transferred for example when a bike is sold it is important to register for transfer of ownership from manufacturer to customer whereas in service there is no need of any formal transfer of ownership but at the same time a physical evidence like bill can be given as proof for reference. Marketing managers for goods need to consider about resale of the product because consumers can be sell their product to purchase a new model or updated version of the product. For example when a new mobile model is released consumers may sell their old mobile for purchase of new model.

Managers in marketing services consider process design, location strategy, layout design while offering services whereas marketing managers for goods consider about inventory management, supply chain and product life cycle for strategic decisions. Sometimes if goods are not reached as per the agreement the customer may simply reject the contract and it will be potential loss for the company. For some industrial products like turbines there may not be alternate customer if the actual customer rejects the product. In the post modern society the customers are expecting products which meet their image rather than a mere product. Organizations in service sector are opening new branches in remote or foreign location and providing service to delight the customers. For example Volvo offers services to its automobiles across the globe to enhance customer confidence with regard to any issue with performance of the product.

Strategic marketing decisions can be formulated only after with coordination with product design managers whereas for services the design is customized according to the specifications of consumers. The strategic decisions regarding services may get altered at the time of delivery. However there would be consistent demand for services compared to products because even during recession also demand for food and personal care exists. Whenever drastic changes occur in economic cycles, it will negatively influence consumption of goods like cars, gold and electronic products. From the perspective of supply chain strategic decision for goods is complex whereas for services it is simple. Marketers need to consider packing and labelling for strategy formulation towards goods whereas for services such consideration need not be given because delivery service may take place at firm or at customer place.

Conclusion

Strategic decisions for marketing of goods and services are essential to sustain the modern world. The strategic decisions help in gaining competitive advantage for manufacturer of goods or firms which deliver services. Marketers can consider Consideration Theory and Involvement Theory of marketing for effective decision making while formulating strategies for goods and services. Even though services marketing mix is easy with regard to strategic marketing decisions the involvement of marketing managers is more compared to goods marketing strategic decisions.

Top management involves in strategic marketing decisions but at the same time freedom should be given to managers for giving constructive suggestions. In the era of internet technology it is important to adopt marketing analytical tools in decision making. Marketing managers should be encouraged when they make best profits through rewards and recognition. The aim of goods should be of high quality and services must be maintaining customer relationship. It is essential for marketing managers to design the control points for monitoring the implementation of strategic marketing decisions.

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