Managing the Expanded Marketing Mix (EMM):

A critical Perspective Approach, (From 4Ps to 7Ps).

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By

Prof. Elisante ole Gabriel (PhD, Marketing)

Lecturer – Mzumbe University
Faculty of Commerce, P O Box 6, Mzumbe, Morogoro, Tanzania

Visiting Professor of;
Strategic Marketing & Management – Finland, India, Australia & Kenya

Email: elisante_gabriel@yahoo.com

Mobile Tel. +255-784-455499, Fax +255-732-979949

Private Website: http://www.olegabriel.com

Abstract

The paper will address issues of Marketing Mix in a more expanded form, from a managerial emphasis. The traditional Marketing Mix has been known and operational for a long time. However, this is mainly applicable in the manufacturing sector. The case of the service sector needs more than that. The paper will address aspects of services marketing from a service management perspective. Issues of service competition will also be considered. The additional three Ps to the commonly known 4Ps will be discussed to get the expanded marketing mix, which consists of 7Ps. The three additional Ps are *People, Physical aspects* and *Process information.* The relationship of service quality gap with the need of managing the gaps using the additional three Ps will be also discussed. Therefore, the Service Quality (SRVQUAL) model by Parasuraman, will form part of the discussion of the paper. It is imperative to understand that there is a need to appreciate the existence of the gap and manage them. The optimal position is to manage the service system in such a way that the gaps will not be occurring. The best approach to achieve this is by involving the customers in the expanded marketing mix design so that so much they form part of the delivery system. In conclusion, it is hoped that coordination of the Expanded Marketing Mix (EMM) will always lead companies and practitioners to a higher lever of satisfying the customers hence a sustainable competitive Advantage.

Introduction

The traditional marketing mix has been always known as 4Ps. This implies *Product planning, Pricing, Promotion* and *placing (channels of distribution).* These are marketing activities, which are considered to make the marketing department in an organisation to have meaning. However, there is a great challenge to 4Ps due to the recent growth of the marketing of services. Services are now considered as products hence need to be professionally marketed. The service sector is more sensitive and delicate compared to the manufacturing sector. In services customers neither do they touch or see the products (services). They (customers) put their confidence on the additional 3Ps. The next discussion will give a detailed managerial implication of the traditional marketing mix.

Traditional Marketing Mix (4Ps)

This mix has four key functions of marketing. It is important to notice that this mix should never be mixed when setting the marketing functions. Its order needs to remain as generic as it is. Its order must be:

PLANNING ⟶ PRICING ⟶ PROMOTION ⟶ PLACING

Product Planning:

What goes into the product planning process? And what is expected of engineering professionals? Product planning enables companies to decide the best use of resources for technology and product development to create both short-term and long-term competitive advantages. Planning ensures that the right products are developed; development ensures that development is done right; validation makes certain that products hit the design targets, and product launch ensures optimal benefits from the development efforts. This implies a need for the product planning to consider explicitly the needs of the customers. Product planning takes into account the understanding of products in the market and adds understanding and analysis of current and future market and technology trends. Market segmentation can show where the company should direct its efforts towards the greatest opportunities. Prioritization of customer needs reveals where the company can apply its technology resources to solve compelling customer problems. It should be noted that the needs of customers are not and will never be static but very dynamic. For this very reason, product planning should equally be driven by the ever-changing needs of customers.

Example:

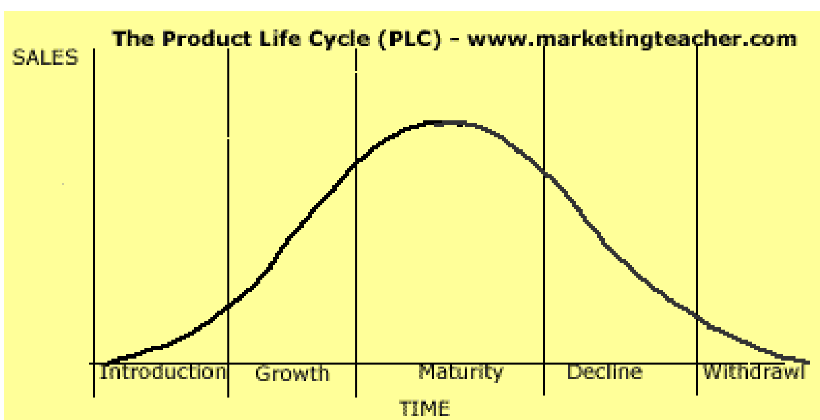
In 1994, the mobile phone industry was almost not in existence in Tanzania. In 1996 one company (Mobitel) was just starting the operations. Therefore up to the year 2000 (just five years ago), customers of the mobile phones industry in Tanzania were just interested with the core product (mobile communication). The same customers now (2005) have changed their needs beyond expectation. Customers are now looking beyond mobile connectivity. They are concerned on the fashion of the mobile handset, the multiple functions to be performed by the handset, the brand name, the coverage of the service provider, compatibility, etc. All these challenges have been face with the new company in the said industry, Celtel Corporation, which started its operations in 2002. The product planning of Celtel in 2002 was so different firm the product planning of the same product by Mobitel in 1996. Moreover, these companies have to me continuously modifying their products to cope with the needs of the new generation.

Leading edge companies create a strategic product plan that meets the company's strategic objectives and will generate top and bottom line growth. By aggregating the entire product line plan, the innovative companies can identify the timing and contribution of all products and dynamically manage new product development for overall revenue growth. The product line plan includes the full portfolio of current Products in the Markets (PIMs), Products in Development (PID) and break through Product Innovation Charters (PICs). There is no more room for losers in the market but winners. Sales, marketing or product management team members are in the best position to determine the impact of products in the market on the overall plan and how they meet current and future market segment needs. Engineering or those managing the individual new product programs in development are especially valuable in discussions about launch timing, risk, and intended product performance in the target markets. Product planning or marketing has the greatest insight into the strategic value of the major product innovation opportunities. The team provides the insight from their perspective and collective wisdom. They should be familiar with and have access to the product line plan gathered to date. One or more workout sessions with the entire team is used to determine options and recommending the product line plan to management.

Product Life Cycle (PLC)

This concept applies to both physical goods and services. Products do pass on a certain psychological conception by customers at different times at different markets. This is different from the 'shelf life time' of a product. PLC is not just about time but time with psychological conception. The product life is generally of S-shape with four general stages: Introduction, Growth, Maturity and Decline. This is just a general form since other products (like fashions) may have a completely different shape. One important thing, which many literatures do not emphasize, is the nature of profitability curve in the PLC. The profitability is generally maximum at the maturity stage. This is because at that stage the advertising cost is minimum. The example of the Celtel Company (as explained above) can still depict the same fact. Celtel have advertised heavily during their introduction while now, they rarely do so. Figure 1.0 below shows the various stages of PLC, including the withdrawal stage, a stage which a company might have to take out the product out of business due to its poor performance.

Figure 1.0: General Product Life Cycle (PLC)



Source: www.marketingteacher.com

Believe it or not the Product Life Cycle (PLC) is based upon the biological life cycle. For example, a seed is planted (introduction); it begins to sprout (growth); it shoots out leaves and puts down roots as it becomes an adult (maturity); after a long period as an adult the plant begins to shrink and die out (decline). In theory it is the same for a product. After a period of development it is introduced or launched into the market; it gains more and more customers as it grows; eventually the market stabilises and the product becomes mature; then after a period of time the product is overtaken by development and the introduction of superior competitors, it goes into decline and is eventually withdrawn. However, most products fail in the introduction phase. Others have very cyclical maturity phases where declines see the product promoted to regain customers. Using the same mobile phone industry in Tanzania, it should be remembered that, one company called Tritel, could not exist after three years only of operation in the business. On January 31st, 2003, it was declare closed by the then Tanzania Communication Commission.

Strategies for the differing stages of the PLC:

Introduction

The need for immediate profit is not a pressure. The product is promoted to create awareness. If the product has no or few competitors, a skimming price strategy is employed. Limited numbers of product are available in few channels of distribution.

Growth

Competitors are attracted into the market with very similar offerings. Products become more profitable and companies form alliances, joint ventures and take each other over. Advertising spend is high and focuses upon building brand. Market share tends to stabilise.

Maturity

Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise. Producers attempt to differentiate products and brands are key to this. Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins. There is no need of doing significant advertising at this stage since no more new customers a taking the product.

Decline

At this point there is a downturn in the market. For example more innovative products are introduced or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be improved by reducing marketing spend and cost cutting.

Critiques of PLC :

- It is too simplistic. Some of the products do not follow the said shape
- It is difficult to know the real stage of a product at a certain point in time. The length of each stage varies enormously.
- The decisions of marketers can change the stage, for example from maturity to decline by price-cutting.
- It cannot be standardised since products have different brand equity in various markets
- If sales persons are paid by commission, they can inflate sales hence to have misleading results.

Marketers need to be very careful in observing the position of the product in the PLC whenever managing the marketing mix. Failure to make proper product planning will lead to the failure of the product in the market. It should be noted that 'if you fail to plan you have planned to fail'. Product planning is the first component of the marketing mix. If marketers get it wrong, the whole mix will collapse.

Product Pricing

This is another sensitive marketing activity of the marketing mix. In any case this is the function, which will determine the survival of the firm. Pricing enables the firm to recover it accounting and social costs while keeping the profit margin for the shareholders. It is important to understand that there are accounting costs

(eg. material, labour, utilities, etc) and social costs which are connected to social obligations of the firm to the community it is located (societal marketing concept).

There is also what is known as opportunity cost. A good pricing strategist will consider pricing in a broader sense than just from an 'accountant' perspective.

Pricing therefore can be defined as follows:

Pricing is a social and managerial process of quantifying the value(s) to be offered to the customer by the product on offer.

The selling process is like a contract. Any contract must have an offer and consideration. The price is then the consideration on the said contract. This consideration can either be on material form (monetary of exchange of goods) of on a kind form (friendly offer or based on any other type of relationship hence no money involved).

Pricing Strategies

There are various strategies in pricing and no one is superior to another. It all depend on the prevailing situation in the market place. Strategies can change from time to time since the market forces also keep on changing. The strategies include:

- COST PLUS

  In this strategy the marketer determines the price of a product a sa function of cost. The simple mathematical expression could be:

Price = Total unit cost + Unit Profit margin

This strategy is simple to use and it is widely used. However, one of its major weaknesses is that it transfers the inefficiencies of the firm to the customer.

- MARKET PENETRATION

  The pricing process is done in such a way that the product can be sold in more uncovered areas in the same market. The main objective is *super coverage.*

- MARKET SKIMMING

The price is initially set higher than normal to reap maximum profits. This is only a short-term strategy in a monopolistic market. Over time, competitors will bring competing or substitute products in the market. Once customers have a broader choice, market skimming is not a possibility. Mobitel Company, for instance, have bee charging about USD 300 for the handset and connection in 1996. The company now charges as low as USD 50 for handset and connection. Just within a span of eight years. This suggests that market skimming is focusing to super profits as opposed to market penetration.

- MARKET FOLLOWER

Setting prices just as the prices charged by the market leader in that market. Taking the same mobile industry in Tanzania; when Celtel was getting to business, it had an option of charging the price just as charged by the market leader (say Vodacom Ltd).

- MARKET LEADER

Setting prices in such a way that competitor will always be using your prices as a reference. This is more possible when the company commands a higher market share in the industry. An example of Cocacola and Pepsicola can serve the purpose. Cocacola may wish to be setting its prices in such a way that it can always be leading the market. Market leader does not imply lower prices. It is a combination of the brand community and the perception of customers about the product.

- MARKET DRIVEN

This strategy requires firms to be setting prices depending on the purchasing power of the customers of the target market. It is exactly the opposite of cost plus strategy. This is a market-oriented strategy but few firms are willing to apply.

- CLEARING THE STOCK

The price id decided with an objective of clearing the stock so as to use the warehouse for new stock. A good example is in western countries like UK, where weather is so diverse in periods of the year. Take an Example of Max and Spencer; if it kept a lot of stock during winter, then towards summer, the winter clothes can be sold at half price or below. This is just to make the stock moving faster. This is also applicable in food products. Imagine someone selling mangos at Kariakoo market, Dar Es Salaam, at Tsh 500 each. As days go on the same stock might start decaying hence to be sold half the price or below before they are completely not fit for consumption.

- DIFFERENTIATION

The products are priced with an objective of being different from the competitors. It might be higher or lower than that of the competitor or sold in technical way so that customers will feel a difference. Using tactics like buy two get one free might be employed, or pricing same products differently so that customers will just buy the other one (just same as the one not buying) with little complaints of price discounts.

CROSS-SUBSIDIZATION

This strategy is mainly used to price international products. This is the case where one company is operating in more than one country. It can happen that the company makes super profits in one country hence be able to subsidize its operations in another country. This will enable the company to sale its products cheaper in a subsidized market hence a threat to competitor. Cocacola in 1998 reduced it price of its soft drinks from Tsh 200 to Tsh 150. Pepsi-cola followed the same. Cocacola reduced prices in thr Tanzanian market after doing subsidization from other countries. Pepsicola by then was not applying the same strategy but follow the leader. Three months later, Cocacola came to the original price but Pepsicola could not. In most cases, to date, Pepsicola is selling below the prices of Cocacola in most of the markets.

We can therefore say, the pricing function is such a sensitive task, which needs to be performed strategically. A continuous review of the performance of the pricing strategy used is a MUST to ensure survival in the competitive business environment.

Promotion

This is a marketing function, which communicates to the customers about the availability of the products, their prices, delivery system and terms attached to the offer. It is imperative for the promotion to tell the customers that 'here is the product to needed as to produce to meet your needs'. This is under the marketing generic philosophy. Promotion helps to keep the gap between promise making and promise making. Promise making is when you are alerting the customers that you can offer something to them. Promise keeping is the actual performance of what was promised. Promotion is such an important tool to link the two domains (promise making and keeping). Promotional activities are performed through the four components of promotional mix, which are:

- Personal selling
- Advertising
- Packaging
- Publicity

Many people do confuse advertising and promotion. It should be understood that advertising is one component of the promotional mix. By managing the promotional mix properly, the company will communicate the value of its products to its prospective and existing customers. There is no point of creating the value without communicating it to the customers (Gabriel, 2005). Gabriel suggested that co-creation and co-delivery of value leads to a greater level of satisfaction. This will enable promotion to be effective, interactive and persuasive.

Placing

This is a marketing function, which deals with the real movement of the finished products from the point of manufacturing to the point of order. It is related to the physical products since there is no distribution of service. Placing needs to meet the required lead time by the customers. Led time (LT) is the time which elapses from the time a customer identifies the need until it the products is delivered and satisfy the need. The concept of lead time is mismanaged by many firma both in the manufacturing and service sector. In the banking industry for instance, the service providers (bankers) tend to consider that the lead time is the only time since the customer enters the building of the bank until he/she is served. This is not true from the real world consideration. If we consider CRDB, Azikiwe ranch in the heart of the City of Dar Es Salaam and its customer who resides Mbagala in Temeke municipal, the lead-time ought to be the time such customer identified that he has to come to Azikiwe branch. This will then suggest a need to consider the factor of location in the marketing mix management. This is why some other banks in Tanzania, like Stanbic Bank, have set some special branches like ‘Industrial area branch’ along Nyerere road. Placing has to consider the factor of timing from the customers point in time. In Japan they introduced the Just In Time (JIT) strategy. Placing is the last component of the traditional marketing mix (4Ps).

Having the above analysis of the four components of the marketing mix, it is important to understand that these components need to work as a system (synergy). They need to be coordinated for better performance. However, as discussed in the introduction section, these four components of the marketing mix do ignore important facets of the marketing of services. This calls for a need of expanded marketing mix (7Ps).

The Concept of Expanded Marketing Mix (EMM) – 7Ps.

The concept of expanded marketing mix is an extension of traditional marketing mix (4Ps) discussed above. Therefore it includes the 4Ps and other 3Ps. The additional Ps are: *Physical Aspects, People* and *process information.* Unlike the 4Ps, the additional 3Ps have no any generic order (no special order). The additional 3Ps are mainly for the marketing of services. Services are different from physical goods. Due to those differences, the management of marketing mix in the service industry ought to be different from that of the manufacturing sector, though they are the same components. Since this is very much connected to the service industry, there is a need to understand first the characteristics of the service and how customers perceive service with gaps between the perceptions and expereince. The knowledge about services will lead to a batter understanding of how we ought to manage the expanded marketing mix.

The service.

A service is a complicated phenomenon, which cannot be easily described by few words. The word is used in many meanings, ranging from personal service to a service as a product. Researches have revealed that, in defining service there is a need to consider some basic characteristics of service. Four basic characteristics can be identified for most services. These are:

- Services are more or less intangible
- Services are *activities* or *services of activities* rather than things
- Services are at least to some extent *produced* and *consumed simultaneously*
- The customer *participates in the production process* at least to some extent.

A service is normally perceived in a subjective manner. When customers describe a service, expressions such as experiences, trust, feelings, and security are used. It is due to these characteristics, always becomes difficult for the customer to evaluate a service.

There are so many definitions of service but let us consider one definition, which is more communication oriented.

> *" A service is an activity or series of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and the service employee and/or physical resources or goods and/or systems of the service provider which are provided as solutions to customer problems."*
>
> Gronroos (1990, p.27)

The above definition states that, for the service to be provided there must be an interaction with an objective of providing a solution to the problem of the customer/client.

From the "philosophy" for service management point of view, service is defined as;

> "*........the sum total of all value delivered to the customer, whether tangible or intangible"*

The second definition addresses the concept of "*value"* which needs to be communicated to the customer. This value needs to be managed in order to achieve the intended communication objectives. Service management is a *total organizational approach* that makes quality of service, *as perceived by the customer,* the number one driving force for the operation of the business. Therefore the marketing functions need to be managed in such a way that the expectations of customers are met timely.

Generally, the characteristics of services are addressed as;

Inseparability, Intangibility, Perishability, and Heterogeneity. In this way they are not very much marketing oriented. Gabbott and Hogg (1997) attempted to analyse the characteristics of services from the marketing point of view. To do this, they set a basic question; *what are the marketing characteristics of services?.* Thirteen answers are given to this question as follows:

Marketing Characteristics of Services.

1. Unlike a good, where monetary values are stated in terms of a price, services are more likely to be expressed as *rates, fees, charges, admissions, tuition, contributions, Commissions, Interest, and the like.*
2. In many types of service transactions, *the buyer is a client rather than a customer of the seller,* the client, when buying a service, figuratively or literally places

himself `in the hands' of the seller of the service. Consider, for example, the relationship between the student and the college, the patient and the hospital or physician, the passenger and the carrier. The buyer is not free to use the service as he wishes, as would be the case in the purchase of a good; he must abide by certain prescripts laid down by the seller in order for the service to make any contribution.

3. The various marketing systems in the services' category have taken on *highly differentiated characteristics.* Although contrasts do exist in those marketing systems that have evolved for different types of physical goods, they are primarily differences of degree. In case of services, marketing of recreation bears little resemblance to the marketing of medical service.
4. Services are consumed as they are produced. To this regard, *they cannot be inventoried* and in most cases channels of distribution are shorter compared to physical goods.
5. The question may be raised as to *the economic nature* of certain products in the services category, for example, payments to charitable and religious bodies and non-profit educational institutions. Are the church at the corner, the college at the hill, and the United Fund Agency in town economic entities on the supply side? Certainly they compete for the consumer's money.
6. Services are more formal and professionally managed. Not all of them are professionally managed but in general most of them.
7. It is very difficult to standardize services. This is because mass-production is a problem in services. Though service producers can be standardized, the taste of the service differ from one customer to another.
8. There is a great variation in price-making practices within the service category.
9. Because of the *intangibility* nature, it is rather difficult to apply the economic concepts of supply and demand. Moreover, values of some services are difficult to fix or to measure.
10. Most fringe benefits take the form of services. If a service is created by an outside specialist, such as a life Insurance Company, the employer is an agent (in marketing sense) between the seller-creator of the service and the buyer-consumer.
11. There appears to be limited concentration in the services sector of the economy. There are few service chains; carriers and utilities are regulated.

12. Until recently, service industries failed to differentiate between the production and marketing of services. Performance was equivalent to marketing the service.
13. The core aspect of symbolism in service is derived from performance rather than from possession.

All the above characteristics indicate the way services management is more complicated than the case for the goods. It is due to this sophistication a need arise for proper communication management for better customer service. There is a need to understand the customer with his/her specific needs before serving him/her. This will only be the case if there exists a learning relationship between the service provider and the customer. In relation to service, interactive communication should not be *a choice* but *a must*. This will make the customers to feel part of the service delivery system.

Service Quality Assessment.

The assessment is always from two extremes. These are from the customers and management point of view. This assessment is analytically done by the help of **service quality model (SRVQUAL).** This model expresses how the quality of services is evaluated by customers. When the service provider understands how the services will be evaluated by the users, it will also be possible to identify how to manage these evaluations and how to influence them in a desired direction. The relationship between the service concept, the service offered to customers, and customer benefits has to be clarified. This approach is based on the research into consumer behavior and the effects of expectations concerning goods and services performance on *post consumption evaluations.* This work was introduced by Gronroos in 1982 with the introduction of the concept of *perceived service quality* and *the model of total service quality.*

Determinants of Perceived Service Quality.

According to Parasuraman, A. etal, there are different determinants for the perceived service quality. These determinants are shown in the table below (see Table 1.1).

Table 1.1 DETERMINANTS OF SERVICE QUALITY:

S.N	DETERMINANT	DETAILS
1	RELIABILITY	Doing things correctly the first time, consistently
2	SERVICE PREPAREDNESS	The willingness, interest and proficiency in giving service
3	COMPETENCE	Knowledge and skill in performing service
4	AVAILABILITY	Being accessible and easy to contact
5	COURTESY	Polite, respectful and friendly attitude
6	COMMUNICATION	Keeping customers informed in a language they understand and listening to them
7	CREDIBILITY	Dignity, confidence and honesty through personnel behavior, company name and reputation.
8	SAFETY AND SECURITY	Freedom from danger and risk, physical safety, financial security, confidential assurance
9	UNDERSTANDING	Understanding customer needs and problems
10	TANGIBLE	The evidence of service through personnel behavior, environmental factors, location etc.

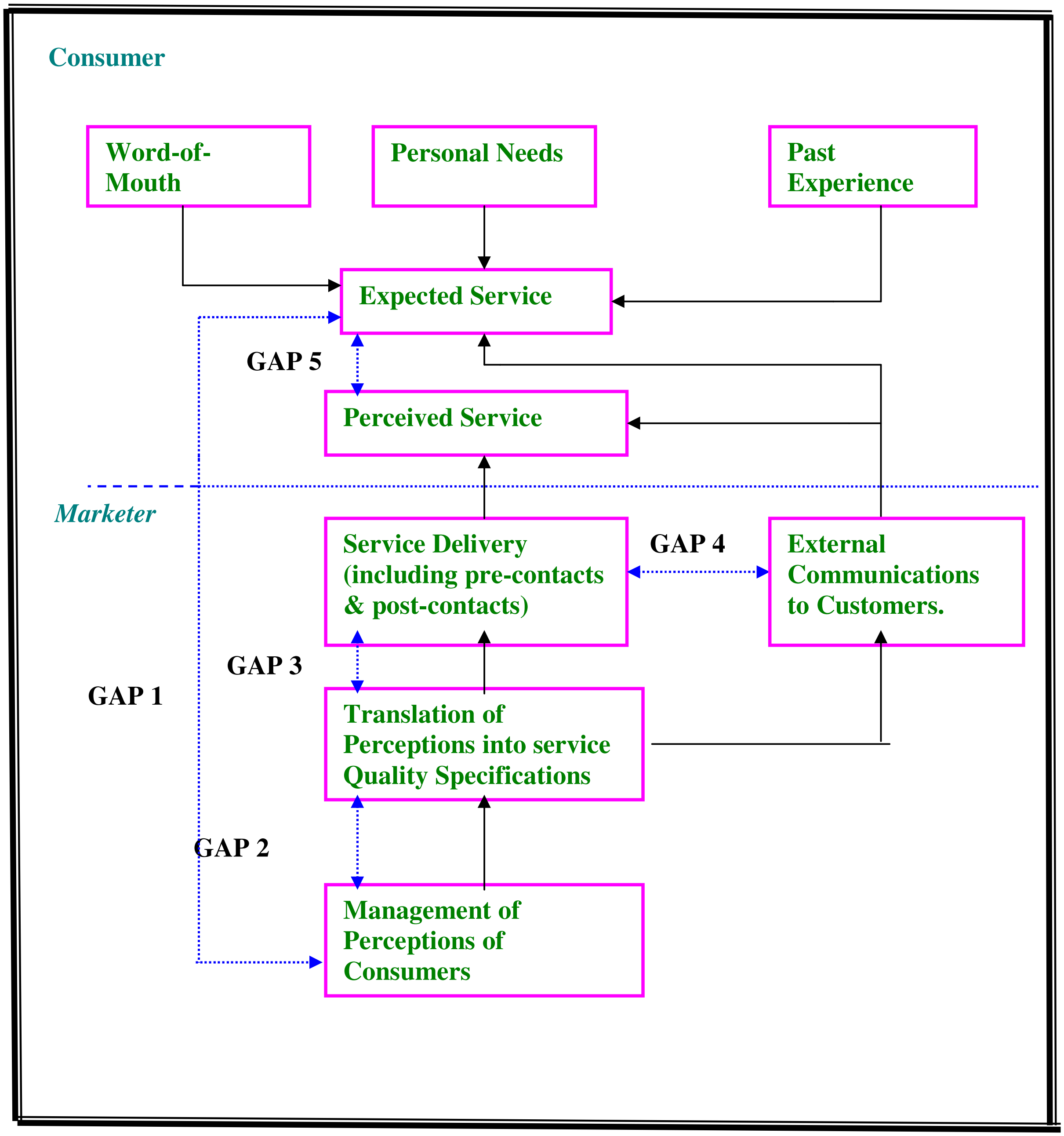
Source: Parasuraman A., Zethhaml V.A., Berry L.L., "A conceptual Model of Service Quality & Its Implications for future Research". *Journal of Marketing, Volume 49 (fall, 1985).*

The sixth determinant in the above table is COMMUNICATION. This suggests that the approach of the service quality model recognizes the need for communication in the service management. These determinants are analysed inline with the components of service quality. These components are strategically coordinated to assess *Expected service, Perceived service* and *Service Quality evaluation.*

What customers receive in their interactions with the firm is clearly important to them and to their quality evaluation. Internally, this is often thought of as the quality of the service delivered. However it is not the whole truth but merely one quality dimension. This dimension of quality is called *technical quality of the outcome* of service production process. It is what customers are left with when the production process and buyer-seller interactions are over. Customers are also influenced by *how* they receive the service and how they experience the simultaneous production and consumption process. This is another quality dimension, which is very much related to the buyer-seller interactions and how they function. Therefore it is called the *functional quality of the process.*

These concepts and ideas about Service Quality Management are aggregated and shown clearly in the model for monitoring service Quality Performance. In this model the possible gaps are shown when relating assessments of service quality from different point of view in relation to marketing mix management.

Figure 1.2 THE CONCEPTUAL MODEL OF SERVICE QUALITY.



Source:
Parasuraman A. etal . " A conceptual Model of Service Quality and its implications for future research". *Journal of Marketing* , **49,** Fall, 1985.

The analysis of the Gaps is given as follows:

GAP 1: Difference between consumer expectations and management perception of Consumers' expectations.

GAP 2: Difference between management perceptions of consumer expectations and service quality specifications.

GAP 3: Difference between service delivery and what is communicated about the service to consumers.

GAP 4: Difference between service delivery and what is communicated about the service to consumers.

GAP 5: This is the gap between the consumer expectations and their perceptions, and it is influenced by the four preceding gaps.

These GAPS need careful management in any business. Any service firm needs to keep an eye in managing these gaps in order to achieve a good level of customer delivered value (Kotler, 1994)

Six Criteria of Good Perceived Service Quality: (Gronroos, 1987)

These criteria are based on existing knowledge of how service Quality is perceived. This enables marketer to know whether they communicated to customers what they thought they have communicated. As said earlier, the application of these criteria may differ from one group of stakeholders to another (e.g Customers and Management). The criteria given below are very much from the customer's point of view.

(i) **Professionalism and skills:**

The customers realize that the service provider, its employees, operational systems, and physical resources have the knowledge and the skills required to solve their problems in a professional way (*Outcome related criterion).*

(ii) **Attitudes and behavior:**

The customers feel that the contact persons are concerned about them and genuinely interested in solving their problems in a friendly and spontaneous way.
(Process related criterion)

(iii) **Accessibility and Flexibility:**

The customers feel that the service provider, its location, operating hours, employees and operational systems are designed and operate so that it is easy to gain access to the service and so that they are prepared to adjust to the demands and wishes of the customer in a flexible way. (*Process related criterion).*

(iv) **Reliability and Trustworthiness:**

The customers know that whatever takes place or have been agreed upon**,** they can rely on the service provider, its employees and systems to keep promises and perform with the best interest of the customers at heart.
(Process-related criterion).

(v) **Recovery:**

The customers realize that whenever something goes wrong or something unpredictable unexpectedly happens, the service provider will immediately and actively take corrective action. *(Process-related criterion)*

(vi) **Reputation and Credibility:**

The customers believe that the operations of the service provider can be trusted and that it stands for good performance and values which can be shared by them.
(Image-related Criteria).

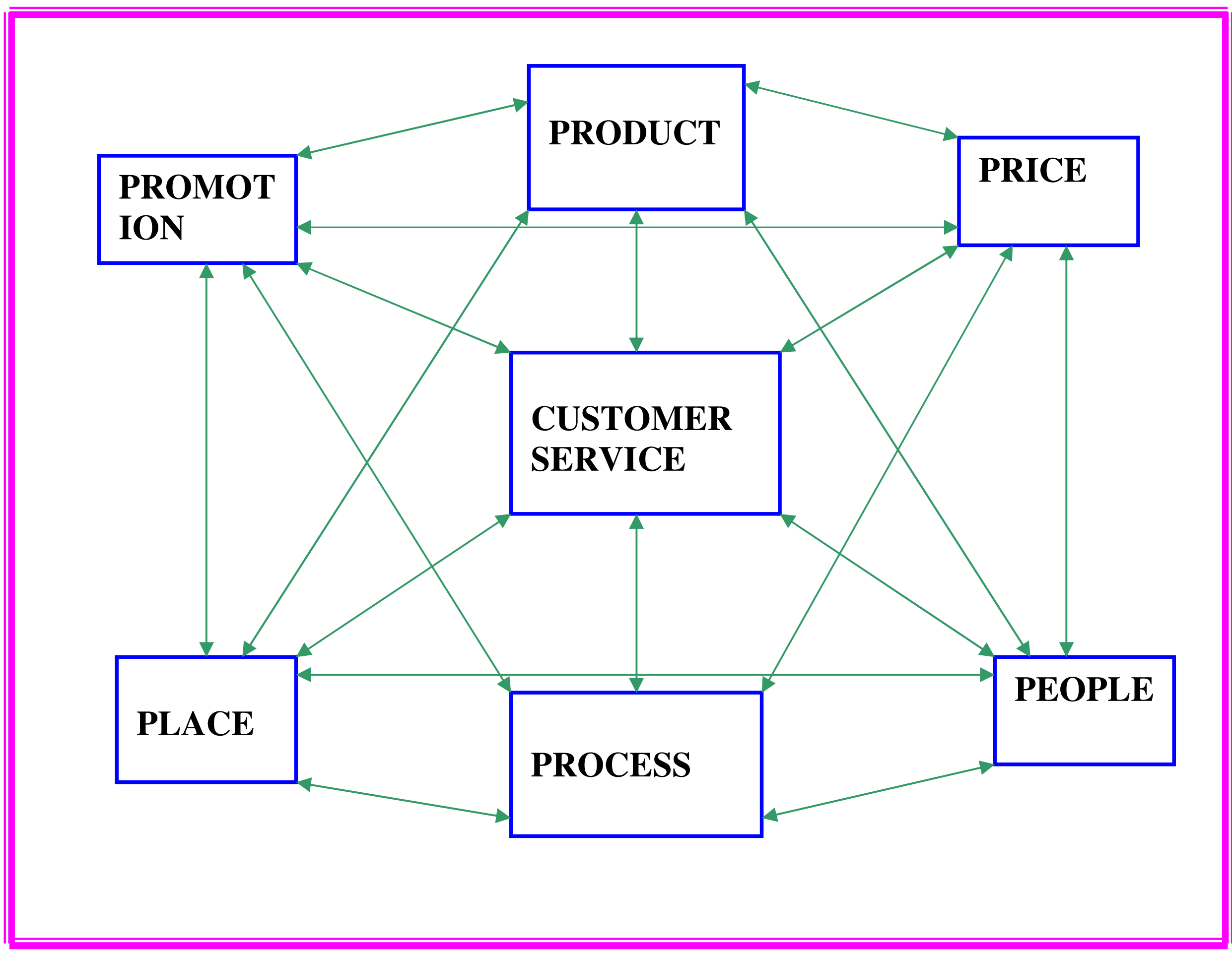
As can be seen from the list of these criteria, they are very much of social oriented. This needs any service provider to use a social approach to win the confidence of customers in managing the marketing mix.

Customer service.

This is the art of putting a customer first, anticipating the needs and problems, tailoring products and services to meet needs and establishing customer relationship. It is this notion of customer service, which necessitated a need for the expansion of traditional marketing mix (4Ps), so as to have 7Ps. This has been a result of the fact that, the 4Ps model is too simplistic hence does not capture the full complexity of services marketing in practice. It does not also recognize the cross-functional relationships in the services industry. The three additional elements are *people, process information,* and *physical aspects.* 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 (relationship marketing), than catching the customer (transactional marketing). The cost of creating new customers is always higher than the cost keeping the existing ones. Good management of EMM will act as glue between a firm and the customers.

The coordination of the Expanded Marketing Mix is shown in Figure 1.3 below.

Figure 1.3 EXPANDED MARKETING MIX



These elements of expanded marketing mix need to be integrated to one another to achieve synergy for better service quality. The use of double-arrow lines implies the need for two-way communication within elements of the expanded marketing mix. David Ballantyne (1991) discussed the concept of EMM but considered other elements to be affecting customer service (physical Aspect). In this case the effect is mutual hence double arrowed, since each element of the EMM affects one another interactively. The author of this article had an opportunity to discuss this model with David Ballantyne in September 2003. David appreciated the use of double arrowed lines to depict the concept of interactivity.

EMM is different from the traditional marketing mix (4Ps), in that sense of the need for interaction. In the traditional approach, the concept of customer service and the need for integration of the elements was not considered (by the authors and advocates of 4Ps).

Communication Objectives in Customer Service Management.

Objectives are the desired end results of the business, which can be quantified. They have to be compatible with the mission of the business. It is not appropriate to start setting communication objectives before understanding the mission. In customer service management, among other things, the communication objectives should address the following:

1. What main point do you want the customer to take away from the communication?
2. What action do you expect the customer to take after receiving the message?
   (eg. Try the service, send more information, use the service more often, etc).
3. Sales may not be the only goal. There is a need to enhance image and reputation.
4. To create awareness of the service to potential and prospective customers.
5. To create an interactive and dialogical set up of business transactions.
6. To assure feedback for adequate running of business and instituting corrective measures to meet customers' assessment for better customer service.

These objectives are achieved through communications strategies. In practice the strategies are incorporated in the communications plan.

Planning is a disciplined thinking process, which integrates the program. The program defines the position of the service as well as the benefits that the customer will enjoy.

In customer service improvement we can set the strategy process to have the following three components.

i) Start and end with the customer. This is to be done by having incentives and points of contact. Having good points of contact will enable the tracing of the delivery of the service. By doing so, the customer will get the right service at the right time and the competitive price (not lower).

ii) Establish a relationship. The complaints are to be collected, analysed and adjustment should take place to close the gap if any.

iii) Differentiate by establishing rapport, empathy and dialogue. This is the way of creating a relationship.

The key issue is the need of communications management. This is to enable clear interaction of activities and the flow of the benefits. Objectives are always reached by having a clear communication plan. The plan includes components such as; Situation analysis, Objectives, Strategies, and Evaluation. This is a dynamic process, which operates with interdependence of each component. Under the component of communications objectives, we have to consider the following questions:

- ♦ How can we co-ordinate the entire company towards one mission?
- ♦ How can we achieve competitive advantage?
- ♦ How can we achieve image congruence?
- ♦ How can we reach our customer?
- ♦ How can we achieve our financial goals?

The Additional 3Ps

Having the above discussion on services, quality gaps, and communicational interactions; it is now easy to conceptualise the role of the additional 3Ps and how they ought to be managed, especially in the service industry.

People:

Referring to the characteristics of services discussed above, services are not tangible and need to be produced and used simultaneously. The value of people in the service delivery system becomes extremely important in the co-creation of value (Gabriel, 2005). Customers attach the value of the service to the characteristics of the service provider. Considering a passenger transport industry for instance (*Daladala for the case of Dar Es Salaam, Tanzania*) the behaviour of the driver forms part and parcel of the perceived service quality by the passengers. This implies a tremendous need for the service providers to understand their contribution to the service quality. If there is a mismatch of the expected value by the customers to what the customers are offered, there will be a perception gap as discussed in Figure 1.2. The intention of service providers should be to deliver the service in such a way that there will beeven no gapd to manage. The Communicational Interaction Model (CIM) as propounded by Gabriel (2005) can be one of the solution to avoid differing appreciations.

Physical Aspects:

This is also known as customer service. It is placed at the centre of the Expanded Marketing Mix (EMM). Surely it is in the heart of the EMM, with a significant impact to the other components of EMM while other components affect it as well. The double effect is shown by the double-arrowed lines (see Figure 1.3). This also means the physical appearance of the tangible part of the service offered. For the hotel industry for instance, think of La Quinta Motel in Spain, the tidiness of the reception desk, the room and other facilities, form part of the physical aspect of the service. The nature of the service delivery including the lead-time is also part of the customer service. Customer service (discussed in a previous section), do affect the other components since it is almost the combination of the performance of all components of EMM. Gronroos (2000) extended the concept of customer service to 'service cape', which means the physical evidence of the service. An international travel agent for instance, needs to have some computers and good furniture in the office, which in turn gives customers the confidence to buy tickets. In contrary, if an agent claims to be doing an international business, but without any computer on the desk, it creates doubts about the reliability of the service.

Process Information

The service providers need to be well knowledgeable of the way the service is generated and delivered to the customers. In this case the aspect of communication, communication objectives and strategies forms part of process information. There should not be confusion between this component of marketing mix and that of traditional marketing mix, promotion. Process information is about the nature of the service creation and delivery system while promotion is about informing prospective and existing customers about the availability of the product-service. Since customers cannot see service they will build confidence on the information given to them by service providers about the whole process about the service. Some customers are argumentative, so they will need details about the process of the service. Once the service provider is not confident about the information he is giving about the service of the process, customers can object the offer. The power of IT needs to be integrated in this component as it can speed up the availability of the information hence a good customers service to customers

Conclusion

Managing the expanded marketing mix is a challenge to most of the organisations, both in the manufacturing and service sector. There is no more pure service and pure goods. Business now is a combination of both goods and services, what matters is the core product. The core product can be either service or physical goods but in any case a certain magnitude of the other part of the product (service of physical goods) will be needed. In transport, we consider the core product to be service (movement) but there are so many physical goods needed, including coaches, roads, offices, etc for the business to operate. On the other hand, in the manufacturing of automobile, the business cannot operate without the transportation of raw material, insurance of the business, etc. This suggests that, the expanded marketing mix is the 'real mix' in the business of the millennium. From the managerial perspective, the traditional marketing mix does not have a real room for operation since the connection of service is also attached to the manufacturing sector. Companies, which will not manage the Expanded marketing mix strategically, are destined to fail by 100%. The question is not whether they are going to fail or not but when they are going to fail. The three additional 3Ps to make EMM of &Ps forma the software part of the EMM while the traditional marketing mix is like the hardware part of the EMM. For a system to work properly, both the hardware and software part need to be coordinated. Therefore, the 4Ps need to be properly integrated with the 3Ps for a company to achieve a Sustainable Competitive Advantage.

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