

### 7Ps of Services Marketing



Companies are competing strategically through service quality for greater differentiation in today's competitive marketplace. Successful companies focus on the services-dominant paradigm with investment in people, technology, human resources policies, and compensation linked to service performance of employees. This is important because contact employees' attitudes and behaviours significantly influence the quality of service. They present the "face and voice" of their organizations to customers.

#### Extension of the 4Ps - 7Ps Services Marketing Framework by Booms and Bitner

The 4Ps marketing mix which represents **P**roduct, **P**rocess, **P**ricing and **P**romotion, have been most widely employed as a model for product marketing. It shows the company preparing an offer mix of the product and price, with an integrated promotion mix to reach the target consumers through the selected distribution channels. The 4Ps of marketing have been the key areas where marketing managers allocate scarce corporate resources to achieve the business objectives. Services have unique characteristics : intangibility, heterogeneity, inseparability and perishability. To discern the differences between services and physical products, Booms and Bitner suggested the extension of the 4Ps framework to include three additional factors : **P**eople, **P**hysical evidence and **P**rocess as marketing mix variables for services marketing :

- (i) **P**eople refer to all people directly or indirectly involved in the consumption of a service, example employees or other consumers,
- (ii) **P**hysical evidence, that related to the environment in which the service is delivered, and the tangibles that help to communicate and perform the service, and
- (iii) **P**rocess is the delivery and operating systems of procedures, mechanisms and flow of activities which services are consumed.



The additional 3Ps has gained widespread acceptance in the services marketing literature. The 3Ps together represent the service and provide the evidence that makes services more tangible.

### i) **3Ps of Services Marketing - People**

In Booms and Bitner's 7Ps services marketing framework, people are all people directly or indirectly involved in the service encounter, namely the firm's contact employees, personnel and other customers. Due to the inseparability of production and consumption for services which involves the simultaneous production and consumption of services, service firms depend heavily on the ability of contact employees to deliver the service. Contact employees contribute to service quality by creating a favorable image for the firm, and by providing better service than the competitions. Service providers (such as hair stylists, personal trainers, nurses, counselors and call centre personnel) are involved in real time production of the service. They are the "service". Much of what makes a service special derives from the fact that it is a lived-through event.

Service firms must find ways in which they can effectively manage the contact employees to ensure that their attitudes and behaviors are conducive to the delivery of service quality. This is especially important in services because employees tend to be variable in their performance, which can lead to variable quality i.e. heterogeneity in the performance of services. The quality of a service (a visit to a hospital for medical check-up, having a meal at the restaurant, accountancy and consulting services) can vary from service providers and customers among many other factors. This lack of homogeneity in services creates difficulties for the service firms. As delivery of services occurs during interaction between contact employees and customers, attitudes and behaviors of the service providers can significantly affect customers' perceptions of the service. This is important, because customers' perceptions of service quality and its value can influence customer satisfaction, and in turn, purchase intentions.

### ii) **3Ps of Services Marketing – Physical Evidence**



Physical evidence refers to the environment in which the service is assembled and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service. The physical evidence of service includes all the tangible representations of service such as brochures, letterhead, business cards, reports, signage, internet presence and equipment. For example, in the hotel industry, the design, furnishing, lighting, layout and decoration of the hotel as well as the appearance and attitudes of its employees will influence customer perceptions of the service quality and experiences. Because of the simultaneous production and consumption of most services, the physical facility i.e. its servicescape can play an important role in the service experience.

For theme park, restaurant, health club, hospital or school, its servicescape is critical in communicating about the service and making the entire customer experience positive. The “servicescape” illustrates how three physical environment dimensions (ambient conditions, space/function and signs, symbols and artifacts) provide a means of understanding environment-participant relationships in service systems.

As services are intangible, customers are searching for any tangible cues to help them understand the nature of the service experience. The more intangible-dominant a service is, the greater the need to make the service tangible. Credit cards are another example of the use of tangible evidence that facilitates the provision of (intangible) credit facilities by credit card companies and banks. In fact, the physical environment is part of the product itself. In summary, physical evidence serves as a visual metaphor of what the company stands for, and facilitates the activities of customers and employees.

### iii) 3Ps of Services Marketing - Process



Process is referred to the procedures, mechanisms and flow of activities by which the service is delivered i.e. the service delivery and operating systems. The process of travelling with a budget airline, is very different from that with a full-fledged premium airline. Because services are performances or actions done for or with the customers, they typically involve a sequence of steps and activities. The combination of these steps constitute a service process which is evaluated by the customers.

Furthermore, in a service situation customers are likely to have to queue before they can be served and the service delivery itself is likely to take a certain length of waiting time. It helps if marketers ensure that customers understand the process of acquiring a service and the acceptable delivery times. Creating and managing effective service processes are essential tasks for service firms.

Managing the process factor is essential due to the perishability of services which means that services cannot be inventoried, stored for reuse or returned. Hotel rooms not occupied and airline seats not purchased cannot be reclaimed. As services are performances that cannot be stored, it is a challenge for service businesses to manage situations of over or under demand. Another distinctive characteristics of the service process that provide evidence to the customer is the standardized or customized approach based on customer's needs and expectations. Since services are created as they are consumed, and because the customer is often involved in the process, there are more opportunities for customizing the service to meet the needs of the customers. The first concerns the extent to which the characteristics of the service and its delivery system lend themselves to the scope of customization; the second relates to the extent of

flexibility the contact employees are able to exercise in meeting the needs of the customers.

As services are dynamic and experiential, and frequently co-produced in real time by customers and employees, service firms use “service blueprinting” to better manage the service encounter and to allow clearer visualization of the service processes. Blueprinting is a method invented by Shostack (1984) to accurately portrays the service system with

- (i) “line of interaction” separates the customer action area from the supplier action area,
- (ii) “line of visibility” differentiates between actions visible and invisible to the customer,
- (iii) “line of internal interaction” distinguishes between front office and back office activities,
- (iv) “line of implementation” separates between planning, managing and controlling (management zone) and support activities (support zone)

In a typical service blueprint, the customer occupies the top zone, management occupies the bottom zone and service operations are sandwiched between them. Thus, service blueprint shows how service provider can be empowered to manage the service components to bridge the gap between management intent and customer demand. As the service providers span the boundary between the firm and the customers, they can become frustrated. The role ambiguity experienced by boundary-spanning employees greatly decrease job performance, which negatively affect customers’ perception of service quality.



In summary, the unique 3 Ps of services marketing : **People**, **Physical evidence** and **Process** are within the control of the firm and its contact employees. They influence the customer’s initial decision to purchase a service, customer’s level of satisfaction and repurchase decisions. Service firms rely heavily upon their service providers to enhance the provision of service quality to acquire and retain their customers in the designed service processes and servicescape.