

# Services Marketing is Different

## *The case of Telecom Services*

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### **Abstract**

This study is a systematic reviews research planned to achieve an in-depth understanding for the basic concept of service marketing. The world economy nowadays is increasingly characterized as a service economy. Developing nations have invariably experienced a shift from agriculture to industry and then to the service sector as the main stay of the economy.

Particularly, in Jordan, telecommunications service provision in Jordan is considered a key component in the services-oriented economy (Central Bank of Jordan, 2017) which employs more than two-thirds of the country's labor force. Hence, this research represents a contribution for service marketing literature by highlighting the challenges that may face marketers within tech-based services marketing.

**Keywords:** Jordan, Tech-Based Services, Telecommunication Services, Services Marketing

### **I. INTRODUCTION**

Due the highly competitive, turbulent and fluid environment, delivering value to customers in high-tech service markets and achieving compelling outcomes could not be accomplished easily. The mission is punctuated by difficulties. Firms offering services in such environment face significant challenges.

There are substantial differences between service-based businesses and goods-based businesses (Afridi, 2009). Gilmore and Carson (1996) have emphasized that services are difficult to study through traditional research methods. The inherent characteristics of services require an appropriate methodological approach.

As a mutually and synergistic combinations services relationship, telecommunication services markets reflect the complexity and multi-directional nature in addition to the overlapping roles and dynamic actors related to the triangular - external, internal and interactive - service perception (Zaithaml and Bitner, 1996).

On the one hand, the predominant characteristics of services (intangibility, heterogeneity, integration of acts and provider-consumer interaction, etc.) complicated customer evaluation for consumed services (Regan, 1963; Zeithaml, et al., 1985; Gilmore and Carson, 1996; Martin, 1999; Lovelock, et al., 1999; Palmer, 2001; Fitzsimmons and Fitzsimmons, 2006), on the other hand, telecommunication industry has matured as it reached saturation levels in many different provided services. Marketers in such tech-based market face considerable challenges as their companies don't have the opportunity to gain access to new untapped customers.

### **II. SERVICE MARKETING IS DIFFERENT**

There seems to be broad consensus that there are well-recognized differences between goods and services (Regan, 1963; McCarthy's, 1964; Booms and Bitners, 1981; Goncalves, 1998; Kurts and Clow, 1998; Martin, 1999; Lovelock, et al., 1999; Palmer, 2001; Fitzsimmons and Fitzsimmons, 2006).

Zeithaml, et al. (1985, p. 33) argued that there are fundamental differences between services and goods: "unique characteristics - notably intangibility, inseparability of production and consumption, heterogeneity, and perishability -

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separate services from tangible goods`. Also, `these characteristics pose vexing problems for firms` offering services that are not faced by other firms.

Earlier, Bateson (1977) has focused on intangibility as a fundamental difference between services and goods. The lack of tangible assets, which can be seen or touched, is the most important goods-services distinction criteria, which all other differences emerge from, as Bateson (1979) discussed in Zeithaml, et al. (1985).

There is a considerable overlapping - in practice - between the definitions for both: goods and services. Decision makers cannot easily identify the boundaries between pure goods and pure services. While Bharadwaj, et al. (1993) highlighted the fluid nature of the boundary characterizing and depicting services from goods, Shostack (1977) in his molecular model explained that, market entities could be partly tangible and partly intangible. The Shostack model proposed that all market entities have varying levels of tangible and intangible elements. `The greater the weight of intangible elements in a market entity, the greater will be the divergence from product marketing in priorities and approach` Shostack (1977, p. 75).

Although the attention of relevant literature was mainly focused on intangibility as a decisive criteria to differentiate services from products, perishability which is related to services lack of inventory, was cited by many authors: (Bateson, 1977; Berry, 1980; Goncalves, 1998; Kurts and Clow, 1998; Lovelock, et al., 1999; Palmer, 2001; Martin, 1999) as a unique service characteristic, too.

Inseparability reflects the simultaneous of production and consumption processes, which characterizes most services (Zeithaml, et al., 1985; Lovelock, et al., 1999; Martin, 1999). Which means customers will perceive high risk in purchasing services that they may not be able to evaluate its quality until after they have received the service and committed its value. `Whereas goods are first produced, then sold and then consumed, services are first sold, then produced and consumed simultaneously` as Regan stated (1963) in Zeithaml, et al. (1985, p. 33).

Finlay, variability (heterogeneity): refers to the non-standardization or the random levels of the provided service quality from specific branch to another, from specific employee to another when customers evaluate the received services when they patronize a specific service firm as (Regan, 1963; Shostack, 1977; Berry, 1980; Kurts and Clow, 1998; Martin, 1999) argued.

Furthermore, the previous services attributes were expanded by Goncalves (1998) to include four new aspects in addition to the main four characteristics; sensitivity to time, high of risk and difficulty of experimentation, customization of the offering and personalization.

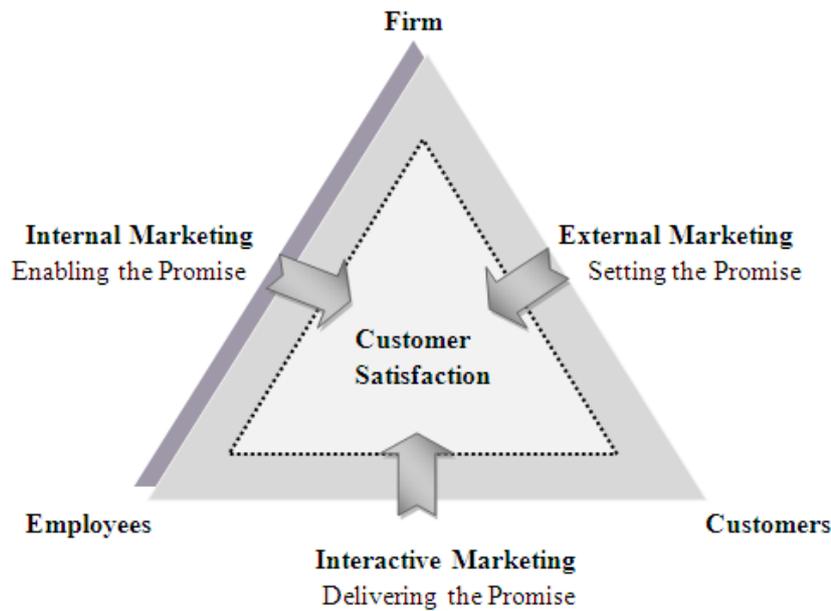
Each of the eight service characteristics was viewed as a tool for services classification or for differentiation products from services. The eight services characteristics were anticipated to `serve as a test to see if offering accurately belongs in the service sector` as Goncalves (1998) stated.

Hence, existence of the distinguished attributes of services caused total comprehension of services difficult (Regan, 1963). Firms offering services face challenges that stem frequently from each of the eight service characteristics by developing their appropriate strategies. Relevant literature (Zeithaml, et al., 1985) suggests that each unique characteristic of services requires a specific technique to overcome problems caused.

According to the Nordic school of services (Gronroos & Gummesson, 1985; Gronroos, 1994; Gummesson & Gronroos, 2012) marketing of services is viewed as cross-functional process that cannot be separated from overall management. Accordingly, marketing is "more a management issue than a function and it has to be built on relationships rather than transactions" as conceded by Gronroos (1997, p.5). In the context of service markets, different sorts of interactions (e.g. firm-customer relationship, customer-employee relationship, management- employee relationship or even between different departments in the same firm) are expected in practice. Meanwhile, marketing of services in such complex environment is restricted by the challenges related to the inherent characteristics of services (e.g. intangibility, perishability, ownership, and inseparability), in addition to the difficulties associated with understanding customers' needs and expectations, and dealing with the promises made to customers. Simultaneously, Service Marketing Triangle (SMT) (Zeithaml & Bitner, 1996) represents an interactive relational model that considers comprehensively the potential complexities of service marketing and offers marketers a multidimensional framework to enable dealing with service marketing associated difficulties.

Services marketing triangle (SMT) model is concerned with illustrating relational aspects of the three marketing functions; the external, the interactive, and the internal marketing for services firms. It also discusses how these variant marketing activities are divided between the different three actors; management, employee and customer.

Fig. 1: Services Marketing Triangle



Adapted from Zaithaml and Bitner (1996)

Furthermore, in marketing of services dynamic and interactive relationships occur between the different three actors meanwhile making, keeping and delivering the promise [the desired value] is the focus of attention within the interactive SMT relationships as shown in figure (1).

Consistent with services marketing triangle (SMT) understanding, service firm utilizes its marketing mix elements within **external marketing strategy** in order to set firms promise [what to expect and how it is delivered]. While external marketing is intended to grab the attention of potential customers and to stimulate the interest in the offered service, different elements of marketing mix are being used cooperatively

Firm who intends to manage its marketing mix efficiently to enable delivering customers what have been promised should focus on two main aspects; (i) the strategic base that firm relies on to deploy its resources, to enhance its resources' performance, and to enable response to environment changes. Also, (ii) the appropriate marketing view that firm's service marketing mix sub-strategies should be approached within.

Wilson et al. (1994) have justified how important it is for services providers to concentrate attention on employees and consider them as internal customers whom satisfaction is essential. Here too, **internal marketing** comprises firm's employees' skills and related training programmes and motivations, aiming at enabling the promise made.

Finally, **interactive marketing** (delivering the promise) is concerned with service delivery capabilities at the time when the customer and firm's staff come into contact and the service is performed as Zaithaml and Bitner (1997) explained.

In line of the contextualising of the SMT relational perception, all of the three relationship marketing sub-strategies (external, internal, and interactive) should be managed within a synergistic combination in which making promise about value, facilitating value fulfillment and delivering it to firm's customers, all should be considered as integral components of integrated relational marketing system (Gronroos, 2006).

III. SERVICE CHALLENGES SCHEME FOR SERVICES/ THE CASE OF TELECOM SERVICES

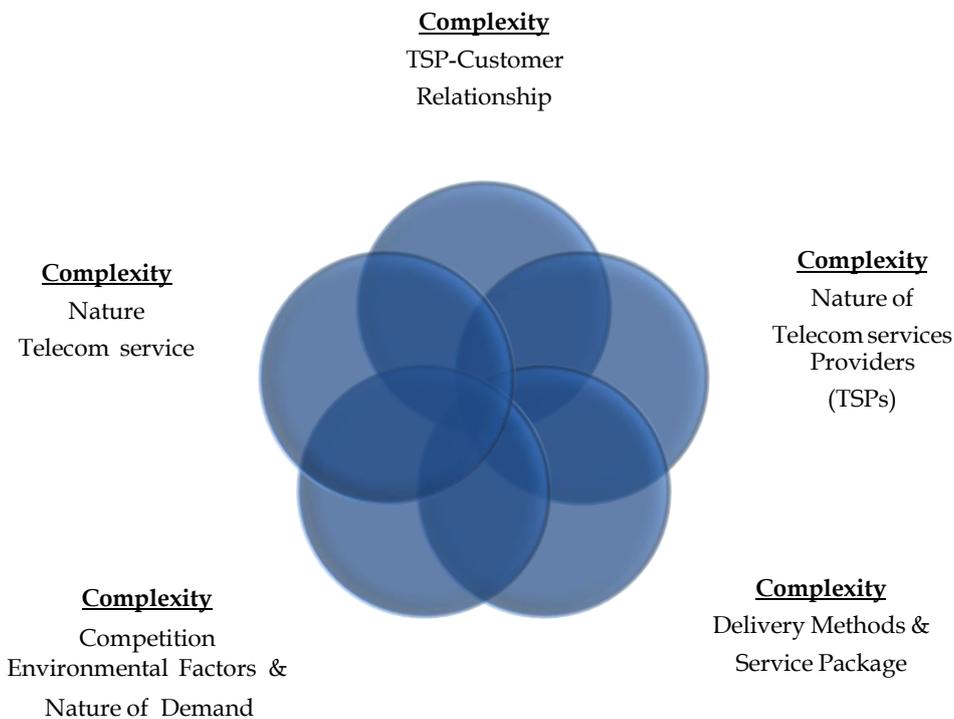
In addition to its dependency on the high rapid technology, there are many reasons contributing to the complexity which characterizes the telecommunication services; the high contact customer-service provider relationship, its short life cycle and demand fluctuation difficulties. Telecommunication services providers (TSP) believe they are competing in a dynamic and turbulent environment.

Furthermore, the inseparability and nature of consumption, the complex delivery methods and because of TSPs desired performance is (directed at peoples` minds not things) presented in achieving the highest levels of customer satisfaction. Telecommunication services are classified as a highly complex industry (Lovelock, et al., 1999).

Telecommunication services complexities, which stem from the traditional well-recognized characteristics (key distinctions) as Martin (1999) noted, are resulting in challenges to be faced by telecommunication services providers (TSPs) in implementing their service marketing mix strategies.

However, on the one hand, in order for gaining advantage in such a service sector that is based on high technology, TSPs my face considerable constraints, on the other hand, TSPs who search creatively for non-traditional approaches for differentiation, and success in managing their resources and capabilities may be able to compose unique and hard to imitate competitive advantage.

Fig. 2: Telecommunication Services Complexities



Services vary and differentiate with respect to its complexity and divergence. Developing a services classification system depends on deriving its categories from unique services characteristics its self.

While the traditional basis for classifying services under headings such as Telecommunication, Hotels, Banking, Insurance etc, are not practically helpful (Palmer, 2001). An effective services classification system should allow us to understand the nature of the service act and the relationship between service organization and its customers (Johari, et al., 2004).

The classification scheme for services aims at enabling the achievement of an in-depth understanding of the anticipated research complexities within Tech-Based Services, represented in the case of Telecommunication Services in Jordan. Also, services analyzing process, takes into account both of services overall complexity and divergence as an appropriate criteria for services analysing process (Lovelock, et al., 1999). This analysis follows ``the steps and sequences that constitute the processes or according to the executional latitude or variability of those steps and sequences `` (Lovelock, et al., 1999, p. 230).

### IV. CONCLUSION

Marketing is not confined to the product, but services, ideas, property, experiences and even people are marketed. Marketing of products and services involves different strategies due to the dissimilarities in their characteristics. However the long debate about the nature of services, the predominant characteristics of services (e.g. intangibility, inseparability of production and consumption, heterogeneity, and perishability) represent the main base for developing a scheme for differentiating services from goods.

As market matures, the competitive environment becomes more turbulent. Meanwhile, tech-based services providers face critical threats with regard to delivering value to customers and maintaining their market share, caused by the incumbents' competition, the new potential entrants and the high penetration rate.

Tech-based service marketing is still a hot spot in marketing research. Consequently, in telecommunications, service provider need to understand that, one of the fundamental characteristics of such services is the technical integration and the physical interaction between the customer and service provider facilities during obtaining the service. Hence, service scholars often claim that services' demand is characterized by the extensive interaction between the customer and the service provider.

To be competitive in the marketplace, companies must manage and take advantage of the opportunities that technology may offer. Achieving superiority in today turbulent tech-based services markets requires more efforts for constructing value-creating relationship strategies. A main requirement for go forward in such strategy is to gain in-depth understanding for such kind of services.: its requirements and challenges which deserve to be in the heart of firms priorities.

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