

MARKETING STRATEGIES BETWEEN GOODS AND SERVICES – A COMPARATIVE STUDY

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ABSTRACT

The aim of this study is to compare the marketing strategies between goods and services. Selected companies for goods and services have been considered and their core marketing strategy had been analyzed. The results of this study provide insights for practicing marketing managers while formulating strategic marketing decisions. It is also evident from this study marketing goods is simple whereas marketing services is typical because it requires customer involvement either directly or indirectly.

Keywords: Marketing strategy, strategic decisions, marketing goods, marketing services, durable goods, e-services.

I. INTRODUCTION

Organizations formulate marketing strategies for attaining success in the business. Marketing goods and marketing services are two different things because goods are tangible and services are intangible. Hence each of them requires a unique marketing strategy for reaching the consumers. When an organization develops a new product it is important to remember that goods and services are different and each of them requires unique strategy. The advent of globalization and trade agreements between the nations had given scope for marketing of services and goods across the borders. It would be easily possible to transfer goods to destination and it is happening from centuries but transfer of services from source to destination across the borders is complex process. Only due to support of internet technology some of the services are being marketed at the global level. In addition to services the goods electronic services (e-services) have also evolved in the recent years. A comparison of goods, services and electronic services is shown in Table 1.

A strategy is a long term plan and it is needed to provide direction for all the members in organization during production of goods and services. The marketing strategy is sub plan under the organization level strategy. Based on the product type organizations formulates either goods strategy

or services strategy and implement them for effective marketing of products. This paper is an attempt to understand how companies are marketing goods and services and comparing their strategies. The marketing strategy of automobile companies and marketing strategy of selected banks are compared in this regard.

Table 1. Difference between Goods, Services and Electronic Services

Goods	Services	E-Services
<ul style="list-style-type: none">• Physical presence• Patent rights exists• Process nature not exits.• Can be stored• Used only with consumption• Homogenous in nature.• Ownership takes place.• Dimensions exist.	<ul style="list-style-type: none">• Cannot be seen• Not applicable• Consists of process nature• Cannot be stored• Used only with consumption.• Heterogeneous• Non- ownership.• No shape	<ul style="list-style-type: none">• Cannot be seen• Patent can be taken• Consists of process nature.• Cannot be stored• Can be used without consumption.• Homogenous in nature.• Non-ownership.• Measured in bits/bytes

(Source: Compiled by the researcher)

Marketing strategy can be defined as a process of concentrating on firm's capabilities, energies and resources for a course of action which can enhance sales and dominance of a targeted market niche. A marketing strategy integrates product development, promotion, distribution, pricing, relationship management and other elements. A strategic marketing decision considers organization's marketing goals, and explains how they will be achieved, ideally within a stated timeframe.

II. RESEARCH OBJECTIVES

- To describe about strategic marketing decisions for goods and services.
- To compare the strategic marketing decisions between goods and services from select companies.
- To provide some suggestions for practicing marketing managers while developing marketing strategies.

III. SCOPE AND LIMITATIONS

The marketing decisions related to goods and services are compared from the perspective of elements of marketing mix. The companies from India are selected and they belong to automobile industry and banking industry. The companies pricing strategy is given more importance compared to other factors. The time and cost are major limitations else first hand information could have been gathered from executives in those organizations.

IV. REVIEW OF LITERATURE

Desai et al (2007) had explained the production of goods and services under uncertain marketing demand. Even though goods can be stored for some time period but they also cannot be produced when there is huge demand because of lead time during the production cycles. The technological advancements also make goods perishable because when innovative product enters into the market the existing products with old technology becomes scrap. For example when Apple Inc had launched iPod then Walk-man and other similar devices have become scrap in the market. Hence storage is an issue for both goods and services when there is uncertain market demand.

According to Ke et al (2012) had stated that marketing of virtual goods and virtual services is rapidly growing with support of virtual infrastructure like e-commerce platforms. The pricing strategies for virtual goods and virtual services are completely different from traditional goods and services. Virtual goods are exchanged between users through online communication and from distant places. Fay and Xie (2008) had described about probabilistic method of selling the goods where distinct items are purchased in multiple sets based on the requirement of consumers.

Taherdoost et al (2014) had explained the marketing of services in international markets through electronic distribution channels. The era of services through internet technology had rapidly grown in the recent years for example patient treatment through video chat. The features of electronic services are process nature, non-rival, self-service and interactive nature in addition to traditional services characteristics. However electronic services can be marketing worldwide whereas traditional services are marketed domestically. In electronic services both service provider and consumer need to have knowledge on usage of technology.

Vargo and Lusch (2008) had stated that organizations are offering services along with goods for attaining the needs of consumers. The firms are shifting from goods dominant position to service and good dominant position for sustaining the competitive business world. It is also observed that most of the economies are exchanging services more than goods in the recent years. Even in business to business market the firms are giving equal importance for services and goods so that they can reach the final customer without intermediaries. Vargo and Lusch (2004) had initially mentioned that organizations developed strategies for marketing goods but later need aroused to developing strategy for marketing services.

Ulaga and Reinartz (2011) had stated that success can be attained by firms if they offer hybrid offerings which mean goods and services should be combined for delighting the customers. Organization should become one stop place for getting all the related services to the product for example automobile companies entering into finance business and insurance business to provide the service to customer at the time of purchase of core product. The capability of manufacturing firms can

be enhanced by collecting inputs from the sales force and service related data processing. Organizations possess unique resources like installed product base, manufacturing assets, sales force and field service. The organizations need to develop distinctive capabilities like interpretation capability, design to service and hybrid offering deployment capability.

V. RESEARCH METHODOLOGY

Secondary data from books, journals, magazines, reputed websites and electronic sources had been collected. The information related to selected companies in Electronic industry and Financial services in Service sector had been collected websites of respective companies. The data was compiled in tabular form. The data between the companies in the same industry and between the industries had been compared for this study. The electronic industry had been considered from the perspective of goods and Financial services had been considered from the perspective of services.

Data Analysis

The core marketing strategy of the selected companies had been kept in tabular format and they are analyzed by techniques of content analysis. It is observed that companies in the same industry are giving important one factor among marketing mix elements. The actual marketing strategy of selected companies is very complex but the mission or core objective of the marketing strategy had been considered for this study.

Table 2 Marketing Strategy for Goods of Select Companies

Bajaj	Godrej	LG
To develop products for meeting the requirement of domestic market.	Products for all segments of the market	Product penetration strategy

(Source: Compiled from Secondary Data)

Table 3 Marketing Strategy for Services of Select Companies

Karvy	Broadridge	Angel Broking
Providing Financial Solutions for end to end customers.	Target markets are tech-savvy, entrepreneurs and high net worth individuals.	Targets business class and tech savvy segments of the market.

(Source: Compiled from Secondary Data)

Strategic marketing decisions of selected automobile companies and banks are reviewed for understanding the strategic decisions related to goods and services. From the perspective of goods the three automobile companies which are mentioned in Table 2 have developed their strategies based on market segment. They are manufacturing products suitable to various segments of the markets. From Table 3 it is understood that banking firms are more concerned about the needs of individual

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customers. The service organizations are targeting the customers at the individual level and customizing their product according to their needs. The firms in manufacturing sector are developing products more suitable to the target market segment and not considering the individual needs.

VI. DISCUSSION

It is evident that strategic marketing decisions differ based on product type whether goods or services. In the present era the services are again categorized as general services and electronic services. Goods can be marketed worldwide and does not require customization or involvement of customer. But tough competition exists in marketing of goods and it is also difficult to maintain quality. The brand image plays a vital role in marketing goods therefore allocating high budget to advertisements is essential. For services it is important to maintain efficient front line managers or executives because they represent the brand image of the company.

Customers can have yard sticks to measure quality of products but it is not possible to measure the quality of services. When a quality issue arises with good they can be returned during the guarantee period and later product replacement or refund can be given to customers. But with services if quality is not delivered then it cannot be repaired at the next level. Customer involvement is high in services whereas customer involved may or may not exist in marketing of goods. The profits are more in marketing of services but at the same time there would be high risk. The profits may fluctuate according to the external environment. At the time of recession during 2008 there was low or nil demand for goods but for services the demand is average because services are consumed regularly by consumers.

VII. CONCLUSION

It can be concluded that marketing managers while formulating strategy should give more importance for 'product' in marketing mix which consists of 4Ps. For services marketing managers need to give more importance for 'people' among the 7Ps. The 4Ps and 7Ps list for goods and services respectively is available in Kotler et al (2016). In simple terms it can stated that quality is more important for marketing of goods whereas customer satisfaction or customer involvement is more important for marketing of services.

VIII. FUTURE RESEARCH

In this research the comparison is done between Consumer industry and Financial services in service industry with regard to marketing strategy. The future researchers can compare other industries to examine the strategic decisions between goods and services. The companies belonging to

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goods and services belonging to Indian origin have been considered future researchers can study the strategies of international companies marketing strategies. There are global companies like GE which is into both manufacturing of goods and services. The strategic marketing decisions of such companies should be compared between goods and services.

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