

## Service marketing mix and Organizational Performance: A proposed framework on the moderating Effect of Technological Turbulence

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### Abstract:

*The study presents a conceptual model that shows the moderating effect of technological turbulence on the relationship between service marketing mix and organizational performance. A review of related literature brings about the proposed model. From the proposed conceptual model, it is argued that service marketing mix has a direct impact on organizational performance but the impact will be stronger when technological turbulence is supportive and taken into consideration by organizations. Business organizations that leverages on opportunities in the external environment such as change in technology can gain competitive edge and also improves the performance of their organizations more efficiently and effectively than competitors.*

**Key words:** Service marketing mix, technological turbulence, competitive edge, efficiently, effectively organizational performance.

## **INTRODUCTION**

In the world today, the business world is very dynamic, unpredictable and very competitive (Kuratko, Ireland, & Hornsby, 2004). This is due to globalization, technological advancements especially in the area of information communication technology (Cardona, Kretschmer, & Strobel, 2013; Otache & Mahmood, 2015). The advancement of technology brought about global market, a system where business firms compete beyond their countries which is due to the rate of technological turbulence. The rate of change in technology creates unique challenges for organizations and managers due to the fact that previous technologies becomes obsolete (C.-W. Chen & Lien, 2013; J. Chen, Neubaum, Reilly, & Lynn, 2015). Due to the turbulence in the business world, there is no limit to expanding their business beyond national boundaries. Due to these scenarios, it is imperative for organizations to coordinate the service marketing mix effectively and efficiently in order to survive, gain competitive edge over competitors and achieve improved organizational performance.

Empirical literature review shows that the relationship between marketing mix and organizational performance has been studied (Ahmad, Al-Qarni, Alsharqi, Qalai, & Kadi, 2013; Akroush, 2011, 2012; Aremu & Bamiduro, 2012; Jandaghi, Amiri, Amini, & Darani, 2011; Shin, 2012). However, the findings of the study varies (Akroush, 2011, 2012; Aremu & Bamiduro, 2012). Some scholars revealed a positive significant relationship between some dimensions of marketing mix and organizational performance (Aremu & Bamiduro, 2012). While some studies revealed non-significant relationship between some dimensions of marketing mix (Ahmad et al., 2013; Kushwaha & Agrawal, 2015). These inconsistencies necessitates the introduction of a moderating variable to

strengthen the relationship between marketing mix and organizational performance.

Prior research have revealed direct relationship between marketing mix and organizational performance (Akroush, 2011, 2012), while some researchers have studied some dimensions of service marketing mix on performance neglecting the other aspect (Al-Eisa & Alhemoud, 2009; Asiegbu, Igwe, & Akekue-Alex, 2012; Obaji, 2011; Odunlami & Ogunsiji, 2011). Research have also studied the moderating role of technological turbulence on organizational performance which is an aspect of external environment which consist of market turbulence, competitive intensity and technological turbulence (González-Benito, González-Benito, & Muñoz-Gallego, 2014; Liu et al., 2013). The use of technological turbulence as a moderating variable is important due to the rate of change over a short period of time especially in the banking sector. Similarly, studies that considered external environment focused on competitive intensity and market turbulence and neglecting the moderating role of technological turbulence (Trkman & McCormack, 2009). The present study proposes the use of technological turbulence as a moderating variable due to inconsistent findings on some aspects of service marketing mix and organizational performance. Moderator can help in clarifying and strengthen the relationship between service marketing mix and organizational performance.

Base on the resource base view and contingency theory which guides the study under investigation. Service marketing mix can be regarded as organization capabilities and organizational resources which organizations use to win the heart of customers there by achieving competitive advantage and improving organizational performance. According to (J. Barney, 1991), resource base view states that organizations possess resources and capabilities which are unique, valuable and rare, available for deployment which is difficult for rivals to

imitate and leads to competitive advantage and improved organizational performance. Resources refers to assets that organizations use in implementing strategies (J. B. Barney & Arian, 2001) while capabilities are special types of resources which is used for the main purpose of improving resources which are possessed by an organization (Kozlenkova, Samaha, & Palmatier, 2014). Service marketing mix are organization resources which is used to attain and gain a favorable response from target market. While the failure of resource base view to consider external environment brings about contingency theory to in cooperate technological turbulence. Contingency theory states that organizations must be conscious of external environment so as to leverage on opportunities when it present itself. Contingency theory states that the relationship between two variables depends on the third variable. Relating resource base view and contingency theory, we therefore state that the relationship between service marketing mix and organizational performance will be stronger with the role of technological turbulence.

The main aim of the paper is to present a conceptual paper which shows the moderating role of technological turbulence on the relationship between service marketing mix and organizational performance. There a model which shows the moderating role of technological turbulence on relationship between service marketing mix and organizational performance was developed and explained. The other section of the paper reviews literature on service marketing mix, technological turbulence and organizational performance with a view to formulate propositions that shows the relationship among the variables under discussion. Finally, the paper will be concluded and implications of the proposed model will be discussed.

## **LITERATURE REVIEW**

### **Marketing mix**

Service marketing mix is an important issue when it comes to decision making and evaluations which relates to market. Service marketing mix is a process of combining different element together for planning and decision making that involves the entire organization. Service marketing mix are controllable variables of an organization and are related to each other due to the fact that making decision on one of them affects all others directly or indirectly. The service industry is made up of 7ps which an organization uses to change the perception of customers towards the organization and gain consumer satisfaction which leads to achieving organizational objective thereby leading to profitability by the organization (Mahmood & Khan, 2014). Marketing mix is defined as controllable variables which organizations put together to response to a particular target audience. Marketing mix comprises the entire work which organizations use in promoting and stimulating demand for their products (Armstrong, Kotler, Harker, & Brennan, 2012). Marketing mix entails presenting the product which customers are interested in, in a convenient location accessible to customers, with the right price, informing potential customers about the availability of the service or product, providing a customer oriented people to serve customers, a fast process in carrying out activities and also a conducive environment. In other words, marketing mix using controllable variables of an organizations to exploit the uncontrollable factors that exist in the environment.

The term marketing mix was coined by Borden in 1964 with 12 element which includes product planning, pricing, branding, advertising, personal selling, channels and distribution, promotion, packaging, display, physical handling, facts finding and analysis and servicing (Borden, 1964). This

Borden marketing mix was reduced by (McCarthy, 1964) which consist of price, place, promotion and product. Judd (1987) proposed a fifth P known as people (Judd, 1987). Kotler (1986) added political power (Kotler, 1986). Frey (1961) divided the marketing mix into two categories which are proposed offerings (products, services, packaging, price and branding) and processing or methods which involves (advertising, purchasing promotion, personal purchasing, marketing research, new product expansion, distribution network) which is directed at generating demand for a service or product (Frey 3rd, 1961). Bitner and Booms (1981) due to the divergent argument that the four ps framework was not enough for service industries came up with the seven ps framework which includes service price, service product, service distribution, process, physical evidence, promotion, and service people (Booms & Bitner, 1981). Product refers to anything that is offered to the market for acquisition, attention and consumption which is capable of satisfying a need or want. Price is the amount that is charged for a service or product. Promotion entails a way of stimulating demand in customers or making customers aware of a product or service. Promotional activities entails sales promotion, advertising, personal selling and public relations. Place refers to where the service is done. People refers to service employees that delivers service to customers. Physical evidence refers to the environment in which the service is carried out (Booms & Bitner, 1981). It comprises interior decorations, parking space, staff dressing and appearance etc. process involves the implementation of actions which increases value for a service. The seven ps framework was posited by (Rafiq & Ahmed, 1995) as the basic model to be used by service industries. In the present paper, seven ps framework which involves physical evidence, process, people, promotion, product, price and distribution were regarded as the service marketing mix variables.

Empirical literature review shows that the relationship between marketing mix and organizational performance has been studied (Ahmad et al., 2013; Akroush, 2011, 2012; Aremu & Bamiduro, 2012; Jandaghi et al., 2011; Shin, 2012). However, the findings of the study varies (Akroush, 2011, 2012; Aremu & Bamiduro, 2012). The inconclusiveness in literature provides an avenue for more research in the field of service marketing mix.

Hence, there is a significant positive relationship between service marketing mix and organizational performance.

### **Technological turbulence as a potential moderator**

Business firms interact with external environment on a daily basis. Similarly, business activities are contingent on what goes on in the external environment such as planning and decision making. External environment are what an organization as no control over and it is made up of market turbulence that is change of customers' needs and wants, competitive intensity which involves the rate of competition in the sector and technological turbulence which involves the change in serving customers due to improvement in technology that happens over a short period of time (Navarro-García, Arenas-Gaitán, & Rondán-Cataluña, 2014; Wang, Chen, & Chen, 2012). That is change in technology over a short period of time (Chavez et al., 2015). Technological turbulence makes all previous technology obsolete (Chavez et al., 2015). Due to this obsolescence in previous technology owned by organization, it is important to respond to the external environment by suiting a firm's controllable variable which is the marketing mix to suit the new technology (Lee, Kim, Seo, & Hight, 2015). For instance, before now banking sector operates and opens a ledger for each customer, when it comes to withdrawal by each customer, the ledger books is been cross checked to know the balances of the customer but presently with the advancement in technology

and the adaptation of organizations with new technology a customer account balance can be revealed at the comfort of his home. That is to say any industry that fails to invest in new technology will fall behind in the competitive market and will be over thrown by competitors that adapt to change in technology. It is proposed that technological turbulence affects service marketing mix positively and can act as a possible moderator in the relationship between service marketing mix and organizational performance relationship. In other words, it is proposed that technological turbulence will enhance the positive relationship that exists between service marketing mix and organizational performance.

Hence, it is stated that technological turbulence moderates the positive relationship between service marketing mix and organizational performance.

### **Service marketing mix, technological turbulence and organizational performance**

Organizations that are business oriented are set up for the purposes of making profit. Every business organization is set up with the aim of making profit and improving its performance. Performance can be in terms of profitability, market share, growth and overall performance. For a business firm to improve its performance, it must coordinate its marketing mix efficiently and effectively and make sure its strategies are properly aligned with external environment (Technological turbulence).

That is to say that business firms always strive for the best strategies to penetrate the market and to yield favorable return on investment. Previous research as acknowledged that service marketing mix is one of the strategies used by organizations to reach out to customers and improve performance of such organizations measured in terms financial and market performance (Akroush, 2011, 2012). In the same

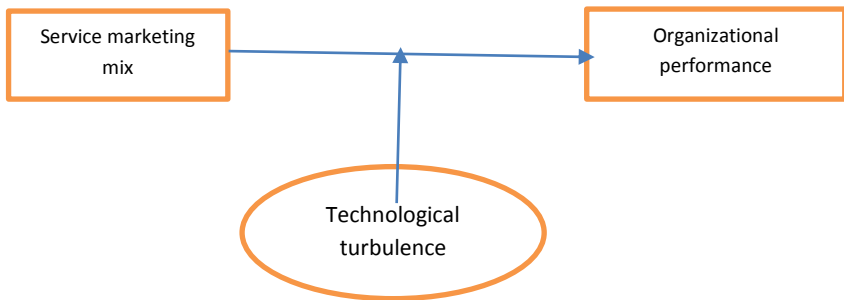


vein, service marketing mix as also been related to other performance measures such as customer satisfaction, customer retention, customer attraction, customer perception and profitability (Maharishi & Bhardwaj, 2012; Mahmood & Khan, 2014; Pour, Nazari, & Emami, 2013; Yasanallah & Bidram, 2012). This shows that organizations that coordinate the service marketing mix efficiently and effectively stand a chance in improving performance of their organization and gaining competitive edge.

Furthermore, technological turbulence acts as moderators between business activities and organizational performance. A review of literature shows that technological turbulence can moderate performance outcomes in varying conditions (Cruz-González, López-Sáez, Navas-López, & Delgado-Verde, 2015). Technological turbulence as also been neglected by researchers unlike market turbulence and competitive intensity which is used frequently in research (Bai & Chang, 2015; L. Sanders Jones & Linderman, 2014; Tsai & Hsu, 2014). Organizations that adapts the latest technology attains competitive edge over competitors and also improve performance (Tsai & Yang, 2014). That is organizations that change technology stand a change of meeting customers specification and achieving customer satisfaction which leads to improved organizational performance.

A review of related literature showed that technological turbulence helps marketing firms in attaining competitive edge by offering superior products and improved quality of services (Calantone, Garcia, & Dröge, 2003; Fernández, Del Rio, Varela, & Bande, 2010). Similarly, it has been revealed that technological turbulence has both positive and negative impact on organizational performance activities (Chavez et al., 2015; Cruz-González et al., 2015; Jaworski & Kohli, 1993; Kohli & Jaworski, 1990). The rapid change in technology creates new offerings in the market place thereby making available

technology obsolete (Tsai & Yang, 2014) . Efficient and effective coordination of the service marketing mix will help organizations to leverage on new technologies in other to satisfy customers thereby leading to superior organizational performance. Organizations planning and decision making is contingent on what happens in the external environment (Mohamad, Ramayah, Puspowarsito, Natalisa, & Saerang, 2011; Wiklund & Shepherd, 2005). In the same vein, organizations resources and capabilities are used to tackle the opportunities that are obtainable in the external environment.



**Figure 1: conceptual model**

## **PROPOSED CONCEPTUAL MODEL**

As noted earlier, the study aim is to present a model that shows the relationship between service marketing mix, technological turbulence and organizational performance. A review of related literature brings about the proposed model. The model shows the moderating effect of technological turbulence on the relationship between service marketing mix and performance. The thick line shows the direct relationship which the thin one shows the moderating variable. The proposed model shows that the relationship between service marketing mix and organizational performance is contingent on the moderating variable of external environment (Technological turbulence). Similarly, the model shows that technological turbulence as an

influence on both service marketing mix and organizational performance.

## **METHODOLOGY**

As a conceptual paper, the paper reviewed both theoretical and empirical literature in the field of service marketing mix, technological turbulence and organizational performance. To achieve the aim of the paper, which is to propose a model which depicts the moderating role of technological turbulence on the relationship between service marketing mix and organizational performance, related articles were reviewed and collated.

## **CONCLUSION AND IMPLICATION**

The present study presents a model which depicts the moderating role of technological turbulence on service marketing mix on performance of organizations in the banking sector. A review of literature reveals that taken together or dimensionally service marketing mix is an antecedent of organizational performance. Similarly, technological turbulence is an antecedent to service marketing mix and organizational performance. The proposed conceptual model shows that technological turbulence can strengthen the relationship between service marketing mix and organizational performance. It reveals that service industries can always leverage on opportunities in the external environment in terms of change in technology to provide superior quality services to customers at a faster pace better than competitors. Organizations that embraces new technologies stand a better chance of retaining customers and attracting new customers than organizations that do not. It is important for service industries to coordinate the service marketing mix efficiently and effectively so as to gain competitive edge and improve

performance of their organization. By embracing and leveraging on change in technology which makes previous technology obsolete, organizations will be able to provide and serve customers faster and reliable. Organizations have to always be on the watch out for change in technology which affects their organization so as to gain competitive edge by offering superior service. It will be important to study technological turbulence as a moderating variable between service marketing mix and organizational performance in Nigerian banking sector to fill the gap in literature and also to add to available literature. The implication of the framework is that managers have to coordinate the marketing mix efficiently and effectively in order to gain competitive edge and achieve improved organizational performance. It also implies that for organizations to achieve success in the market place, they have to leverage on opportunities which is presented outside the organization.

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