

Chapter Three

Marketing mix strategies

3.1 INTRODUCTION

In chapter one it was pointed out that a business that has a marketing orientation normally performs better than another similar business that does not focus on marketing. All businesses (whether they grow or mainly survive) have to adjust to changing environments and changing client needs. Marketing can help with this process. It seems, too, that marketing mix strategies (which are an important element in the marketing of the business) can be used to solve the problems small business owners experience and can also help to produce more sales growth.

In this chapter various potential marketing mix solutions are explored that independent financial advisers could possibly implement to deal with the problems in the general life cycle stages (as identified in chapter two).

The investigation in this chapter is influenced by three important factors. Firstly, since this study has to provide guidance on sales growth as well, the researcher is concerned only with potential marketing mix solutions to the problems that can simultaneously aid in generating sales growth. Secondly, to endeavour to propose practical solutions, the marketing mix strategies identified are further primarily related to the external marketing, interactive marketing and internal marketing components of the services marketing triangle (as was decided in Section 2.4). However, due to limited literature sources available on marketing mix strategies for service businesses, it is not possible to completely restrict the investigation in this chapter to research on services businesses only. Therefore, the discussion also includes, to a limited extent, practical marketing mix strategies for manufactured products that could be applicable to the businesses of independent financial advisers.

The final part of this chapter provides a comprehensive summary of all the various potential marketing mix strategies/solutions identified, in table format.

3.2 BIRTH STAGE

In Section 2.2.1, the birth stage was described as a phase in which the business endeavours to create a viable product market strategy. The business is small and ownership is held in the hands of one or a very few individuals. There is a simple structure and the owner manager delegates very little authority. The business shows slow but positive growth and the objective of the business is simply to stay alive.

In Section 2.3 it was indicated that the following problems could be obstacles threatening the business in the birth stage:

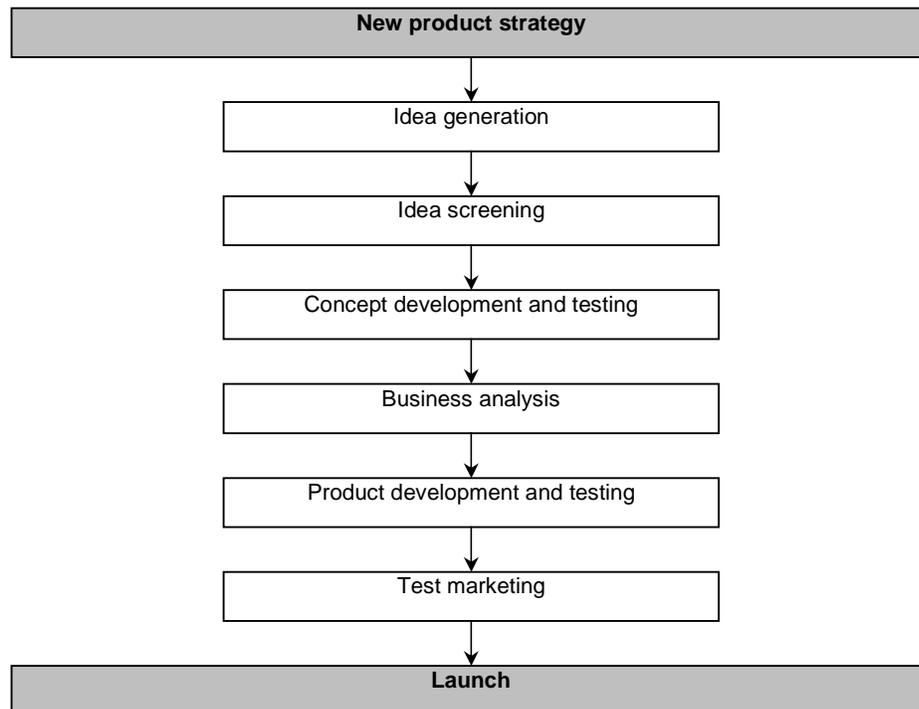
- An inability to meet the time standards required due to a lack of managerial delegation.
- Unknown competitors that have emerged in the market.
- The business is struggling to achieve planned channels of distribution on time.

In the remaining part of Section 3.2, the seven marketing mix elements for services (as noted in Section 1.8) are investigated further to determine potential marketing mix solutions to these three problems.

3.2.1 Product

Baker (2003:315) points out that business owners who are interested in offering a new product will need to go through a strategic process to achieve this objective. This process can be viewed in Figure 3.1 below:

Figure 3.1: The Booz Allen Hamilton model of new product development



Source: Baker (2003:315)

The *new product strategy phase* is the first phase of the development process and involves ensuring a balance between technology and marketing, the level and nature of new product advantage, the desired level of synergy and risk acceptance. The aim of the *idea generation phase* is to develop a database of ideas, which will fall within the parameters of the new product strategy. The *screening phase* involves determining the demand for the ideas generated and the capability of the business to offer the idea. In the *concept developing and testing phase* the idea is transformed into a concept and tested. The *business analysis phase* then examines whether the business should continue with the new concepts. Aspects such as market analysis, technical aspects and costs are used as criteria to make this decision. In the *product development and testing phase* the functional performance of the product is addressed. The *test marketing phase* involves small-scale tests with clients for approval. Should the product testing be successful, the new product will be launched into the market.

This final phase is a very costly process and includes decisions such as when and to whom to launch (Baker, 2003:316–322).

Small businesses offering a service, though, might follow a different approach when developing a new service. This matter was investigated in a small tourist business in Finland, which produced nature-based experiences for a specific group of clients and aimed to introduce a new service (Komppula, 2001).

The Finnish business in the first step of the development process built the core service offering on a specific idea, after which the concept was developed in accordance with the business's resource constraints. A proposal of the service was then developed, which included elements such as transportation, accommodation, meals and different activities scheduled. In the next phase own staff, family members and friends tested the proposal. Alterations to the service offering were then made and the service offering was formally piloted to a group of clients, which consisted of regional tourist organisations serving as intermediaries for the service products. However, the final service offering launched did not perform well and new service offerings were continuously generated without proper investigation as to why the previous offering did not succeed (Komppula, 2001).

Komppula, while evaluating this case study referred to above, argued that the business should have focused on the augmented tourist product as well in order to be more successful in its development. The augmented tourist product includes the business, its reputation and image. The business should also have attempted to create the best possible impression of the experience, through attractive descriptions of the service product, successful service processes and reliable systems. He subsequently suggested an alternative framework for new service product development in tourism. The new framework took into account the fact that new service development occurs in a service system environment, consisting of the business's physical plant, the environment, employees, network of partners, competitors as well as clients. It was further emphasised that the proposed service concept should be of benefit and value to the potential clients and that internal and external resources could be used as a source for idea

generation. The main determinant for the idea generation in the first phase therefore had to be addressing the client's needs and expectations. The next step involved the roughly designed concept to be tested by the employees in order to assist with the development of a more refined concept. Each activity pertaining to the concept needed to be outlined as a chain of activities, with time scheduling, costs, identification of all the service quality factors and possible gaps in the service delivery system. The employees then had to test the process prototype at this phase again, after which the final formal service product could be developed. It was further recommended that in the second last phase external stakeholders be used to finally test the concept and also identify a promotional appeal to commercialise the service product. After the service product had been launched, another investigation needed to be conducted to determine what the reasons for success or failure were and to use this information for further service development in the tourism industry.

Tailoring products according to the needs of clients was noted in Section 2.4.1 as a strategy that can be implemented to manage the inseparability characteristic of services. This approach, however, can also help a business to obtain a competitive advantage. Hunt (2008), for example, reported that a small broker business in Boston which followed this approach managed to differentiate themselves from their competitors and also became very successful. Ledwith and O'Dwyer (2008) in addition indicate that businesses that are market-oriented and that track and respond to the needs and preferences of their clients are in a better position to satisfy them and thereby improve their organisational performance.

In view of these findings, it could be beneficial for independent financial advisers to tailor their new service offerings to the needs of their clients. Unknown competitors that emerge in the market were listed at the beginning of Section 3.2 as one of the three critical problems that business owners could experience in the birth stage. As indicated above, a service product strategy tailored to the needs of clients could then help to obtain a competitive advantage. *(In the environment of an independent financial adviser, a new service offering would, for example, mean not following the traditional route of merely selling life policies and investment products, but rather offering clients a new unique "one stop solu-*

tion package” that includes additional services such as assistance with tax planning, wills and asset management).

3.2.2 Price

According to Jain (1997:401–403), the pricing strategy for a new product should be developed in such a way that the desired impact on the market is achieved, while the emergence of competition is suppressed. Two pricing strategies are available which can assist in achieving this goal:

- **Skimming pricing:** this strategy involves the business costing the new product at a relatively high initial price to attract only the top share of the market.
- **Penetration pricing:** with this strategy the market is entered with a low initial price in order to acquire a greater share of the market.

Small business owners, when establishing their pricing strategies for a new product, might use a different approach. In a study conducted among 40 small business owner managers in Northern Ireland, it was found that the small business owners used a number of different factors to determine their pricing structure (Carson, Gilmore, Cummins, O’Donnell & Grant, 1998). Some of the small business owners used a cost-plus approach, which involved adding up all the expenses plus a percentage markup. Others took competitor actions into account, although the quality of their competitor knowledge was sometimes questionable. Most of the small businesses, however, conformed to industry norms when prices were established. This practice made the small business owners very vulnerable to price changes in the industry.

Avlonitis and Indounas (2005) investigated 170 service businesses in Greece to determine what type of pricing objectives they pursued as well as the pricing methodologies they used to establish their prices. The study found that the three most important objectives for these businesses were maintaining the existing clients, attracting new clients and satisfying the clients’ needs. Other important objectives included covering costs, creating a prestige image of the business, long-term survival and service quality leadership. Avlonitis and Indounas (2005)

comment that these service companies understood the importance of the client factor when establishing prices.

These authors further highlight that the limited emphasis given to the customer-based pricing methods, for example pricing according to the client's needs, perceived value pricing and value pricing, was surprising, given the fact that client-based objectives were identified as the most popular among the service businesses in the sample. Difficulty in determining client needs, demands and the belief that by adopting the cost-plus method costs can be covered were provided as possible reasons for this phenomenon.

Avlonitis and Indounas (2005) conclude that the simplicity of pricing methods such as cost-plus formulae should not be used as an excuse why service businesses aiming to attract and maintain new clients are not using customer-based pricing methods. They recommend that service businesses rather treat pricing from the client's point of view and use customer-based pricing techniques. They also state that offering high quality services at lower prices presents one method of implementing customer-based pricing methods.

Making use of lower prices was described in Section 2.4.1 as a solution that can be implemented to overcome the perishability effect of services. In view of the discussion above, though, offering high quality services at lower prices (as one of the customer-based pricing methods) seems to present another possible solution that independent financial advisers could implement to address the emergence of unknown competitors in the market. As indicated by Avlonitis and Indounas (2005), this approach can help to attract and maintain new clients. *(In the insurance environment, high quality services at lower prices would translate into offering valuable services and at the same time not charging a high commission.)*

3.2.3 Place

Jordaan and Prinsloo (2001:219) explain that the concept of place (distribution) in the service context refers to the provision of time and place to the service product. According to Longenecker *et al.* (1997:352), a distribution channel can

either be direct or indirect. A *direct distribution channel* involves the distribution of the service product directly from the producer to client. In an *indirect channel* there might be one or more intermediaries between the producer and the client.

Three types of distribution objectives should be considered (Jordaan & Prinsloo, 2001:221):

- **Service coverage needed:** in this objective consideration should be given to whether the service should be provided to an exclusive group only or to a broad spectrum of clients.
- **Type of service contact:** a contact could either be the service provider visiting the client, the client visiting the service provider or no physical contact involved at all. Should a high contact service be considered, a location close to the client would normally be suitable.
- **Actual service delivery:** in this last objective consideration should be given to the degree of customisation of service provided. Should a service be customised, only a few service outlets must be used.

After the small business owner has considered all the objectives, a possible distribution channel, which can be selected in the birth stage, is the Internet. Lovelock (1996:319) explains that the Internet provides a distribution channel for information-based services and that orders can be taken and payment collected via email.

Small business owners, though, have different levels of Internet acceptance. Kula and Tatoglu (2003) conducted a study of 237 small businesses in Turkey to explore the underlying nature and pattern of Internet adoption by small business owners. The study revealed that the small business owners could be divided into most frequent users and less frequent users of the Internet. The most frequent users used the Internet for emailing, browsing company home pages as well as market and product research. The less frequent users used the Internet mainly for exchange of information with clients and suppliers. In general, small business owners were positive about the use of the Internet and thought it could assist in future in enhancing the business's image and serve as an effective means of communication.

Hsieh and Lin (1998), Longenecker *et al.* (1997:458) as well as Simpson and Docherty (2004) also favour the use of the Internet for the following reasons:

- The Internet presents a platform for small businesses to compete with bigger businesses.
- The use of the Internet enables small business owners to maintain full-scale after-sales client service at a relatively low cost.
- The Internet will assist the small business owner to increase sales.
- It provides a means to communicate quickly, effectively and inexpensively.

Delivering the services to the clients on time was listed at the beginning of Section 3.2 as another critical problem that independent financial advisers can possibly experience in the birth stage. Given the discussion above, it seems that an Internet distribution channel, which provides a means for quick and effective communication, and also offers the benefit of gaining a platform to compete with larger businesses and maintaining full-scale client services at a relatively low cost, could be a potential solution that independent financial advisers could implement to address this problem.

3.2.4 Promotion

According to Jain (1997:461), promotional strategies refer to the planning, implementation and control of persuasive communication with clients. There are several promotional methods that can assist the small business in this matter, including advertising, personal selling and sales promotion (Longenecker *et al.*, 1997:330).

Koekemoer (2004:11–13), in his description of the promotional elements, provides more clarity on how these methods can provide assistance to the promotional strategy:

- **Advertising:** this element involves all the forms of paid impersonal communication through the mass media regarding goods and services, with the purpose of attracting attention, informing, persuading and reminding the client.

- **Personal selling:** a person-to-person process by which the business learns about the prospective client's needs and seeks to satisfy them by offering suitable products or services.
- **Sales promotion:** this element refers to any activity that offers incentives for a limited time frame to encourage a desired response such as trial or purchase.

Given that the promotional methods described above can assist in creating persuasive communication to clients, they could potentially also be used to address the obstacle of unknown competitors entering the market. Independent financial advisers, for example, could use advertising, personal selling and sales promotion to convince clients to rather make use of their services.

3.2.5 People

According to Jordaan and Prinsloo (2001:168), employees can perform four different types of roles in the business, namely isolates, influencers, modifiers and contractors. *Isolates* refer to the back office personnel whose main function is to support client-contact personnel. *Influencers* are the personnel involved in research and the development of the marketing strategy. *Modifiers* are the receptionists in the businesses and will be involved in procedures and rules. *Contractors* refer to the sales personnel who will have contact with clients on a regular basis and will be involved in marketing.

Small business owners will need to ensure that these employees are remunerated sufficiently. As Jordaan and Prinsloo (2001:171) warn, employees who are not happy with their remuneration could cost the business more than the wages they are being paid through client loss.

Appelbaum and Kamal (2000) conducted a study of small businesses in North America to determine what types of incentive structures would specifically attract employees working for small businesses. The study revealed that small businesses should use non-monetary incentives to maintain control in attracting and maintaining an effective and productive employee base. More specifically,

these monetary incentives include job enrichment, employee recognition and internal salary equity.

These authors further recommend that, optimally, small business owners use these non-monetary incentives in conjunction with one another and also ensure that the salaries of employees are sufficient enough to provide them with the basic necessities for themselves and their families.

An inability to meet the time standards required due to a lack of managerial delegation was listed at the beginning of Section 3.2 as a potential obstacle that small business owners can experience in the birth stage. In view of the discussion above, this problem could potentially be overcome by recruiting the four types of employees as indicated by Jordaan and Prinsloo (2001:168) and motivating them through sufficient remuneration to perform. The employees could then help the small business owner to meet the deadlines required.

3.2.6 Physical evidence

According to Jordaan and Prinsloo (2001:150), there are two types of physical evidence, namely peripheral evidence and essential evidence. *Peripheral evidence* refers to a confirmation of the service provided, but is not the overall service experience. *Essential evidence* cannot be owned by the client but is essential as it adds to the overall service product, for example the physical layout of the building and equipment used.

The practical application of physical evidence in small businesses received further attention when Blacka, Couture, Coale, Dooley, Hankins, Lastovica, Mihalik, Reed and Uysal (2001) examined how the marketing mix elements for services could be used to promote the agri-tourism industry in Virginia. Most of the farms in Virginia were small businesses, which needed to diversify their product line in order to supplement their income. As a result, these small businesses decided to offer touring services on their farms, which included farm demonstrations, hayrides and harvest festivals.

Based on their analysis, Blacka *et al.* (2001) recommend that providing guests with easy access to business facilities is one physical evidence approach that could be used to advertise the business.

Blacka *et al.*'s recommendation (that can help to promote the business) presents another potential solution that independent financial advisers can use to address the problem of unknown competitors in the birth stage.

3.2.7 Process

In Section 1.8 the process element of the marketing mix for services was described as the concrete procedures, mechanisms and flow of activities by which the service is provided to clients, that is the service delivery and operating systems.

Quality control is a crucial aspect of the service delivery process (Jordaan & Prinsloo, 2001:200–202). According to Zeithaml and Bitner (1996:27), clients judge the service provided, based on the business's service process. "[I]f an organization can deliver a high quality of service, its customers will receive better value and are more likely to be satisfied" (Ennew & Waite, 2007:326). Research studies before have proven this scenario to be true (Cronin & Taylor, 1992; Zeithaml, Berry & Parasuraman, 1996).

Using quality control to create a favourable impression with clients could then be the final possible solution that independent financial advisers can use to address the problem of unknown competitors.

The following section is devoted to determine potential solutions to the problems that can occur in the growth stage, as depicted in Table 2.4.

3.3 GROWTH STAGE

In Section 2.2.1, it was noted that businesses in the growth stage are normally larger. The focus of these businesses is growth and early diversification. They are less centralised and have more formal procedures. Departments are, for example, established and the business owner is less involved with routine ad-

ministration. It is also possible for the business at this point to experience a high growth rate.

In Section 2.3 it was indicated that the following problems could be obstacles threatening the business in the growth stage:

- A lack of strategic thinking among the business owners who focus primarily on the operational side of the business.
- Inadequate cost management that does not keep pace with the business growth.
- Sales to new and existing clients that are not achieved on time.
- A lack of external networks to continue business growth.
- Business owners who are not managing for results, as they attempt to perform all the tasks themselves and do not delegate.
- A loss of clients through poor customer services.

The seven marketing mix elements for services now receive further attention, to determine potential marketing mix solutions to the problems in the growth stage.

3.3.1 Product

Section 2.2.1 indicated that businesses in the growth stage would normally follow a product line expansion strategy or modify their products to meet the needs of a new market. According to Paley (2006:278–313), there are also a number of other strategies that a service business can follow when reviewing and developing its service offering:

- **Positioning:** this strategy entails the service business aiming to change any undesirable perceptions by either moving a service to a new position or introducing a separate new service with the essential characteristics required for the new positioning.
- **Product competition:** additional services as competing lines can be introduced to obtain a larger share of the total market and to protect the service offering from external competitors.
- **Product design:** the business should investigate the demands of the market, the intensity of the competition and the flexibility of the business to determine

whether the business should follow a standard service offering or convert to a customised service offering.

- **New products:** promotion, image, positioning and market segmentation can be used as a strategic instrument to create new impressions and differentiation of an existing service offering.
- **Product mix:** a multiple-product strategy can be considered, involving the inclusion of additional service offerings to the business's current offering to expand the product mix.

However, a service business might need to take a few factors into consideration when implementing the new additional service. Southard and Swenseth (2003) conducted a case study of a service business to establish how successful the business was in implementing its new service development. The core principle of the business involved gathering data from the client's customers to report on specific opinions and attributes presented by the client. Soon after the start-up phase the business realised that it could not maintain itself with its current cost structure in the market it was operating in. The business then decided to expand with a new service offering, which generated an immense growth in sales. The same process structure was maintained with the introduction of the new service offering.

Southard and Swenseth, in their evaluation, indicated that owing to the increase in size and complexity of the business, the original process structure of the business could no longer function efficiently. Typical problems experienced included missing deadlines, scheduling dilemmas and numerous new employees who did not understand the original process design completely.

Since there was not sufficient research to indicate how to address the growing pains in the service business, Southard and Swenseth used the framework of Hill (2000), originally designed for manufacturing products, and applied it to a service business. The motivation was that with modification the framework and tools could be used to examine the changes in the business's processes and resources needs resulting from a rapid growth, and then transform those processes to accommodate the business's new requirements.

Based on their application of the framework, Southard and Swenseth suggested that the most appropriate alternative would be to realign the production process to match the market. This action would entail reviewing and altering the existing process to tie in with the higher volume and lower cost needs. In addition, the business had to include quality control measures, which was originally a separate function, as part of the production process. It was further recommended that the business use multifunctional teams based on project type and size to perform the projects.

Southard and Swenseth concluded that as businesses and their markets evolve through their cycles, their processes would need to evolve as well. Unless the business recognises these changes and adapts its process structure to tie in to the needs of the markets, growing pains such as those encountered in the study may be experienced.

One of the potential problems small business owners could possibly experience in the growth stage was listed above as a lack of strategic thinking among the business owners owing to a primary focus on the operational side of the business. Following the strategy described by Southard and Swenseth (2003) and making use of continuous service developments aligned with an appropriate business process that ties in with the needs of the markets appears therefore to be a possible solution that independent financial advisers could implement to improve their strategic orientation. *(In the business of the financial adviser this strategy could, for example, mean that the financial services package offered to clients is modified to also include, for instance, medical aid provision. The financial adviser would then need to make sure that the business processes followed to offer these services are appropriate and aligned with the client's needs and expectations.)*

3.3.2 Price

Jain (1997:414–415) indicates that businesses wishing to introduce a new product line to the business need to keep the following competitor considerations in mind:

- Effect on business volume and profit if the competition were to introduce the proposed line.
- Comparison of the business's existing offerings with competitors to identify gaps in the marketplace.

In Section 2.2.1 it was further revealed that because businesses in the growth stage serve broader markets, there is more direct confrontation with competitors.

According to Pitt, Berthon and Morris (1997), as external environments become more turbulent, the business's pricing strategy should become more externally focused and small business owners who are opposed by aggressive competitors will need to abandon conservative, risk-averse pricing approaches. They further suggest that small business owners should rather adopt more lenient pricing strategies, such as market-based pricing, as this would be a critical element in assisting the business to keep ahead of client expectations, take advantage of opportunities created by niche markets and respond rapidly to competitor initiatives.

Pitt *et al.* (1997) conclude that businesses should not only use pricing strategies to generate a return on investment, but should rather approach pricing strategies in an entrepreneurial way to address and capitalise on an increasingly complex change in the external environment. They present creative discount measures as one possible entrepreneurial technique that can be implemented.

Blattberg, Briesch and Fox (1995) indicate that it is believed that price discounts foster higher sales growth for the business.

This approach could then potentially help to address the cash flow problem in the growth stage. Inadequate cost management that does not keep pace with business growth was listed at the beginning of Section 3.3 as another problem that independent financial advisers could experience in the growth stage. In view of the discussion above, discount prices (such as lower commission) that can result in higher sales could potentially be implemented to address this problem.

3.3.3 Place

Jordaan and Prinsloo (2001:243) assert that service businesses introducing a new primary service to the mix will adopt a multiservice strategy. They raise the concern, however, that this strategy would require additional resources, which might impede the efficiency of the business.

Paley (2006:356) introduces a potential solution to the problem by revealing that small business owners with limited sales resources could design an Internet home page as a tool to announce a new service, offer special deals, launch a service into foreign markets and communicate a product message. In addition, Paley (2006:357) believes that should a dedicated promotion be created on the home page, it could be used as a tool to convince the recipient of a sale.

Vescovi (2000), in his study of ten small businesses in Italy, made the following further recommendations, which might assist a small business owner in designing an effective communication strategy:

- **Defining a clear communication strategy:** small business owners should ensure that they communicate a strategy with clear objectives.
- **Managing new communication paradigms:** Internet communication occurs in real time and as a result provision should be made for quick responses to client communication.
- **Addressing non-integrated marketing communication:** the communication activities of the various departments should be coordinated to develop an integrated Internet communication strategy.
- **Ensure marketing-oriented Internet communication:** the small business owner should also ensure that Internet communication strategies are designed that will enhance the business's relationships with clients.

At the beginning of Section 3.3, sales to new and existing clients that are not achieved on time was listed as the third potential critical problem that independent financial advisers can experience in the growth stage. Based on the discussion above, efficient and market-oriented Internet communication that presents an additional platform to deliver a new product line could possibly be implemented

as a solution to address this problem. *(In the insurance environment, independent financial advisers can, for example, use an effective communication message to advertise tax assistance on their websites. They could also communicate the type of information which the client would have to email to their offices. Valuable time would be saved in this scenario, as the advisers would not have to contact clients to sell their services. Furthermore, because the client would have to email the necessary information to the adviser's office, travel time would also be saved and it would be easier for the adviser to complete the client's tax forms before the tax submission deadline.)*

3.3.4 Promotion

In the introduction of Section 3.3, it was noted that it is also possible for businesses in the growth stage to experience a high growth rate.

Mazzarol (2004) conducted a study of small businesses in the UK and Australia to investigate the connection between their operational practices and the high sales growth they displayed. The results revealed that the relationships these small businesses had built with their clients, employees, suppliers and support networks were a critical factor in their success. These findings are in keeping with another study that was conducted by Coopers and Lybrand (1993) among 400 high sales growth small businesses. That study indicated that the small businesses with strategic alliances experienced 11% more sales turnover than those that had no network relationships (Anon, 1993:5).

Small business owners can approach networking practices as a promotional strategy.

Gilmore, Carson and Grant (2001:6) explain that owing to their limited resources, some small business owners are not able to carry out conventional marketing activities and rather make use of networking practices. Through an investigation of small business owners in Northern Ireland and Australia, they discovered that typical networking practices small business owners would use include the following:

- The small business owners knew their close competitors personally and would meet with them occasionally to benefit from their experience.
- Relationships were also built with clients to enhance the potential for further business.

A lack of external networks to continue business growth was listed at the beginning of Section 3.3 as the fourth potential problem that independent financial advisers could experience in the growth stage. Following the network activities described above and benefiting, for example, from the experience of competitors as well as relationships with clients, employees, suppliers and support networks could then be a solution to address this problem.

3.3.5 People

An additional potential obstacle, which was listed above, was the fact that business owners might not manage for results, as they attempt to perform all the tasks themselves and do not delegate.

Timmons and Spinelli (2007:261–262) present a possible solution to the problem by suggesting that small business owners operating in a phase of high growth should refrain from following an autocratic management style to manage employees who strive for achievement, responsibility and results. He recommends that close collaboration with employees and the entrustment of power and control to them would be the correct approach to follow.

Executing the recommendations made by Timmons and Spinelli (2007:261–262) appears therefore to be a potential solution independent financial advisers could implement to manage for results.

3.3.6 Physical evidence

In Section 3.2.6 physical evidence features pertaining to building facilities were described. According to Jordaan and Prinsloo (2001:159–160), social factors are another dimension of physical evidence and relate to the interaction between clients and service employees.

An employee's level of motivation when performing this interaction with clients will greatly influence the outcome of the service encounter. More specifically, in a study conducted by Hennig-Thurau (2004) among 989 students in Germany, it was discovered that the service employees' motivation to serve the clients in a customer-oriented manner as well as their social and technical skills impacted on the clients' satisfaction, emotional commitment and, as a result, the economic success of the business.

Various measures can be implemented to enhance the level of motivation of the employees. Baker (2003:369), however, cautions that the employees' age should be taken into consideration when evaluating a motivational scheme, since different features will motivate the employees at a specific age. Older employees with larger families, for example, might prefer financial rewards, while younger, better educated employees with no families could prefer higher order rewards, such as recognition, respect and a sense of accomplishment.

A loss of clients through poor customer services was listed at the beginning of Section 3.3 as the sixth critical problem that independent financial advisers could experience in the growth stage. In view of the discussion above, motivating employees appropriately to deliver a positive service encounter could then be a possible solution small business owners could implement to address this problem.

3.3.7 Process

Young (2005:296) sheds more light on the process concept of services by revealing that while businesses might focus on the technical expertise of the service delivery, clients may value the way they are treated as of similar importance.

Zeithaml and Bitner (1996:117–118) alert us to the fact that on certain occasions the manner in which clients are treated might even become more critical. More specifically, should the technical quality of the service outcome be difficult for the clients to evaluate, they will base their quality beliefs on process dimensions, such as the business's ability to empathise.

Zeithaml and Bitner (1996:306) further describe that the concept of empathy within a service business context entails the employees being flexible in providing what the individual clients need. Service customisation presents a technique service businesses can use to assist them in this matter, since Baker (2003:597) reveals that the individual client's needs could be met through this approach.

Service customisation was presented in Section 2.4.1 as a solution to the problem of the inseparability characteristic of services. In view of the discussion above, tailoring the service to the client's needs could also serve as another potential solution that independent financial advisers can use to deal with the problem of a loss in clients through poor customer service.

The next section is devoted to determine potential solutions to the problems that can occur in the maturity stage, as depicted in Table 2.4.

3.4 MATURITY STAGE

In Section 2.2.1 businesses in the maturity stage were described as more conservative, risk averse and also larger than those in the birth or growth eras. They do not engage in major innovation but rather follow the actions of their competitors that focus on the same target market. They also avoid any costly changes in product lines and rather focus on economical production and the preservation of their sales volume. They are concerned with cost control, budgets and performance measures.

In Section 2.3 it was indicated that the following problems could be obstacles threatening the business in the maturity stage:

- A decline in the sales of products or services offered owing to perishability, competitor ignorance and offshore competition.
- A lack of teamwork for a "greater purpose" and conflict over control of the business.
- Partners that are in conflict over business control.
- Inadequate financial resources.

The investigation of the seven marketing mix elements for services (as noted in Section 1.8) now continues, to determine potential marketing mix solutions to the problems in the maturity stage.

3.4.1 Product

Sales decline through competitor ignorance was listed above as the first potential problem that can be experienced in the maturity phase.

Simkin (1997), in a study conducted among 125 electronic businesses in the UK, identified inappropriate use of Porter's five competitor forces (1985) as a cause for competitor ignorance. (The five competitor forces are new entrants, buyers, suppliers, substitute products or services and existing competitors.) The study found that more than 90% of the electronic businesses monitored their rivals' strengths, weaknesses and marketing mix strategies, but failed to consider any other aspect of Porter's competitor analysis model. The result was a misconception regarding competitor strategies, intentions and insufficient use of competitor intelligence in decision-making. The conclusion was that should these businesses wish to prosper, their competitive analyses would need to be more comprehensive and their strategies would need to reflect the true nature of the competitive arena.

Timmons and Spinelli (2007:139–141) and Lovelock (1996:472) highlight the following additional resources small business owners could consult to improve their competitive intelligence:

- Published resources such as formal business information guides, the Internet, journal articles, market studies and client expenditures.
- Other resources including trade associations, employees, consulting firms and networking.
- Competitive market surveys can also be conducted to compare the business relative to its competitors.

Based on the discussion above, it appears that measures to obtain a comprehensive competitor framework and having the strategies reflect the true nature of the competitive arena present a possible solution that independent

financial advisers could follow to address the potential problem of sales decline owing to competitor ignorance.

3.4.2 Price

Timmons and Spinelli (2007:352) and Longenecker *et al.* (1997:509) explain that small business owners utilise their financial resources to pay for overhead expenses such as employee salaries.

Some small business owners, though, also approach their financial resources as an instrument to gain a competitive advantage. This phenomenon was discovered in a survey which investigated 12 small business case studies in the UK. These small business owners attempted, by operating from a low-cost venue such as their houses, to keep their overhead expenses as low as possible. The rationale was that if the business overheads were kept low, the business would be able to establish competitive pricing strategies independently of business overheads (Cunningham & Hornby, 1993).

Inadequate financial resources were listed at the beginning of Section 3.4 as another potential problem that independent financial advisers can experience in the maturity stage. In view of the discussion above, it appears that working from home to reduce overhead expenses, which can assist in creating competitive pricing, could be a possible solution to address this problem. *(Reduced overhead expenses would enable independent financial advisers to charge lower commission and consequently make their services more attractive to clients.)*

3.4.3 Place

A decline in sales owing to the perishable nature of products and services was also listed above as a potential obstacle that independent financial advisers might face in the maturity phase.

In Section 2.4.1 it was stated that services cannot be stored and are therefore viewed as perishable. Services can be created only when clients wish to purchase them. In periods of little or no demand, the service producer cannot

produce surplus services that can be sold when demand is high. For example, if an investment adviser's time is not taken up on a given day, it cannot be saved to provide extra capacity the following day (Ennew & Waite, 2007:58–59). Competitions, differential pricing and part-time employees were presented as solutions that can be implemented to address this problem.

Jordaan and Prinsloo (2001:222–224) believe that a solution to the imbalances between supply and demand is presented through the distribution function of service businesses. Employees can be cross-trained to perform different job functions at peak periods. *(In the world of the financial adviser, this approach would, for example, mean that when the demand for the service is high, the secretary could assist with preparing quotations and completing application forms. This could then free the financial adviser's time to see more clients and sell policies to them.)*

Cross-training existing employees to perform different job functions at peak periods might be more cost efficient than hiring extra employees or launching competitions. Therefore, this study will focus on the cross-training of employees to perform different job functions at peak periods as a potential solution to the problem of the perishability effect of services.

3.4.4 Promotion

Cravens (2000:189) explains that positioning could be used to create the perception of a distinct business offering which is more favourable than other competing brands.

Ferrell, Hartline and Lucas (2002:88–89) validate this approach by revealing that the following measures could be implemented to manipulate the clients' perception of the offering:

- **Reinforce the current position:** this measure entails the business continuously raising the expectations of the clients and creating the perception that it is the only firm capable of meeting their expectations with its offering.

- **Progress to a new position:** a new position is normally approached when clients appear to have lost faith in the business's offering.
- **Reposition the competition:** the core principle of this measure is to attack the strengths of the competitor directly to position its offering in a less favourable light or even compel the competitor to change its positioning strategy.

Young (2005:127) postulates that the strength of a service business's positioning strategies is that they are built upon clients' value propositions and that if constructed through client research, the business will have a clear indication of how to achieve a long-term viable market position.

Cravens (2000:194) and Lovelock (1996:170) further reveal that businesses wishing to use this type of approach could implement a combination of promotional strategies, including advertising, personal selling and sales promotions to assist them in creating the enhanced position.

At the beginning of Section 3.4, a decline in sales due to offshore competition was listed as another problem that independent financial advisers could experience in the maturity stage. In view of the discussion above, it appears that promotional strategies aligned with the positioning guidelines for creating a superior competitive image, as described above, could present a possible solution to this problem.

3.4.5 People

Conflict between partners over business control was also noted above as a potential problem that independent financial advisers could experience in the maturity phase.

Pace and Faules (1994:249) define conflict as the interference one individual will experience from another individual with incompatible goals. Hellriegel and Slocum (1996:552) have a similar point of view and describe conflict as opposition experienced by an individual as a result of goal disagreement.

Hellriegel and Slocum (1996:558–562) identify the following four approaches an individual could adopt when experiencing conflict:

- **Avoidance style:** this style involves the individual withdrawing from the conflict situation or remaining neutral.
- **Smoothing style:** perceived differences are suppressed in this style and the focus rather evolves around the other individual's point of view.
- **Forcing style:** power is used to pressure the other individual to accept a certain viewpoint.
- **Compromising style:** in this style both individuals are willing to concede some of their own views to reach an agreement.
- **Collaborating style:** in this approach the underlying causes of conflict are identified, information is shared openly and a mutually beneficial solution is sought.

Timmons and Spinelli (2007:267) suggest that proficient business managers follow a distinct conflict management approach. Characteristics of creativity are normally displayed, consensus is generated and information is shared. In addition, they also facilitate discussion regarding problems, do not become defensive when others disagree with their views and rather blend ideas.

Timmons and Spinelli conclude that the benefits proficient business owners gain from following this approach include motivation, commitment and teamwork. In addition, new disagreements do not restrain business growth, since there is both high clarity and broad acceptance of the overall goals and underlying priorities.

The conflict management description illustrated by Timmons and Spinelli, which can assist businesses in benefiting from unrestricted business growth, therefore presents a possible solution that independent financial advisers could implement to address the problem of conflict between partners over business control.

3.4.6 Physical evidence

In Section 3.3.6 it was noted that Jordaan and Prinsloo (2001:159) have identified social factors (involving the interaction between clients and service employees) as an additional dimension of the physical evidence for services. In their initial description, they highlighted that the employees' moods and behaviour will impact on their interaction with clients and that engagement between employees should be facilitated to create a positive influence.

Zeithaml and Bitner (1996:321–322) also argue in favour of engagement between employees to improve client satisfaction. They assert that service positions are frequently frustrating and demanding and that a teamwork environment will assist in reducing some of the tension and strains. In addition, they argue that employees who feel supported will be more able to maintain enthusiasm and that by promoting teamwork the business can enable the employee to deliver excellent service.

Independent financial advisers, though, might struggle to obtain these results, as a lack of teamwork was listed at the beginning of Section 3.4 as a potential problem that they could experience in the maturity phase.

Zeithaml and Bitner (1996:322) provide a potential solution to this problem. They indicate that teamwork could be promoted by ensuring that every employee is aware of the essential role they play in the final delivery of quality service.

3.4.7 Process

According to Lovelock (1996:234), a service blueprint can be used to document all the processes in the service business. Shostack (1981) initially developed the service blueprint based on the theory that services are fundamentally processes. She portrayed the basic requirements of a service blueprint as being time dimensions in a diagram format, a description of all the main functions and subfunctions and the degree of variation allowed, which will not affect the client's perception of the overall quality and timeliness (Alonso-Rasgado, Thompson & Dannemark, 2004).

Zeithaml and Bitner (1996:284) reveal that service blueprints could also provide the following benefits:

- Identifying ineffectual links in the chain of service activities, which can be targeted for continuous quality improvement. (High service quality in turn leads to satisfied clients (Jordaan & Prinsloo, 2001:76)).
- Providing a basis for identifying and evaluating cost, revenue and capital investment in each component of the service.
- Providing an integrated view of the service provided.

In view of the discussion above, implementing a service blueprint for the first benefit mentioned by Zeithaml and Bitner (1996:284) could be another possible solution that independent financial advisers could employ to assist in addressing the potential offshore competitor obstacle.

The next section focuses on determining potential solutions to the problems that can occur in the revival stage, as depicted in Table 2.4.

3.5 REVIVAL STAGE

In Section 2.2.1 it was indicated that businesses in the revival stage are normally larger than any of the businesses in the other eras. They usually engage in major and minor product line and service innovations (more so than in any other period). The stagnation of the maturity phase is subsequently reversed with new products tailored to specific market segments. New markets result in new competitors that the business has to face, which creates higher environmental dynamism than in any of the previous eras. The business has divisionalised structures to deal with the increased market heterogeneity. The strategy-making power may be highly centralised but the operating decisions are made in the different divisions.

In Section 2.3 it was indicated that the following problems could be obstacles threatening the business in the revival stage:

- A lack of new product and service developments.

- An eroded opportunity, which facilitates very low profitability and return on investment for the business.
- Business owners who are not prepared to sell equity and rather use bank debt to solve their financial resource requirements.

To identify potential marketing mix solutions to these problems, the seven marketing mix elements for services now receive attention one more time.

3.5.1 Product

An eroded opportunity, facilitating very low profit and return on investment, was noted above as a possible problem that independent financial advisers could experience in the revival phase.

Jordaan and Prinsloo (2001:132) indicate that outdated services should be replaced by new service developments.

Longenecker *et al.* (1997:293–295) recommend that small business owners adopt the following process when developing new products for the business:

- **Idea formulation:** new product ideas generated from client suggestions should first be formulated.
- **Business analysis:** in the second step the new product ideas are validated against several financial considerations.
- **Total product development:** branding and pricing decisions are made in the third step.
- **Product testing:** in the final step the acceptability of the product is tested with clients.

The new product development process described above, which allows for the formulation of new product ideas from client suggestions, could then be a possible solution that independent financial advisers can implement to address the problem of eroded business opportunities.

3.5.2 Price

Business owners who are not prepared to sell equity and would rather use bank debt to solve their financial resource requirements was listed above as another possible obstacle that can be experienced in the revival stage.

Timmons and Spinelli (2007:604–605) provide a potential solution to the problem when he proposes that business owners could use an alternative pricing strategy to reduce debt and increase cash flow. The strategy entails business owners encouraging clients to pay their accounts earlier than required by offering them a discount and thus turn underutilised assets into cash.

(An adviser, for example, could have charged the client a fee for financial needs analysis done and then offer him or her a discount if he settled the account earlier.)

3.5.3 Place

Longenecker *et al.* (2000:441) say that outsourcing could be used to reduce cost, benefit from the expertise of external providers and facilitate economies of scale. Outsourcing certain functions of the business can be far more economical than the payroll and capital costs of performing them internally (Zeithaml & Bitner, 1996:55–56).

Jordaan and Prinsloo (2001:245) indicate that the distribution activities of the business present one of the functions a service business could outsource to obtain economies of scale. They further postulate that by outsourcing the distribution activities service providers could focus on becoming more proficient and trustworthy.

In view of the discussion above, outsourcing the distribution activities and benefiting from reduced cost as well as more proficient and trustworthy services could then be another possible solution that independent financial advisers experiencing a lack of cash flow and debt can use to improve their financial situation.

(In the insurance environment, this strategy would mean that in order to save money, independent financial advisers could, for example, request their broker consultants to collect their clients' medical reports that need to be submitted to the insurance company.)

3.5.4 Promotion

Sales promotion was identified in Section 3.2.4 as one of the promotional tools a business could utilise in its promotional strategy.

Koekemoer (2004:289–290) and Baker (2003:471) reveal that sales promotion could affect business sales in the following manner:

- **Revitalise sales of a mature product:** sales promotion can invigorate the sales of a mature product that requires rejuvenation.
- **Retain existing clients by endorsing repeat purchases:** effective sales promotion programmes could encourage repeat purchasing and retention of clients.

Longenecker *et al.* (1997:344) further reveal that small business owners wishing to implement sales promotion could use three types of tools. The *first tool* is to provide speciality items to the client, for example calendars and coffee mugs. Publicity is the *second tool* and refers to presenting information about the business and its products or services as a news item. Trade shows and exhibits can be used as the *third tool* and permit demonstrations of an offering.

In view of the discussion above, focusing on sales promotional strategies that revitalise sales and retain existing clients could then be another possible solution that independent financial advisers can implement to address the problem of an eroded business opportunity.

3.5.5 People

According to Jordaan and Prinsloo (2001:181–182), employees are in a position to listen to clients' needs and to identify the products and services that are essential to satisfy clients. Suggestion involvement and quality circles are levels of empowerment that can be used by a business to obtain client

information from employees to improve product and service offerings. *Suggestion involvement* means allowing employees to provide suggestions for enhancement and *quality circles* concern the engagement of small groups from various departments to brainstorm and provide additional suggestions.

A lack of new product and service developments was noted at the beginning of Section 3.5 as another potential obstacle that independent financial advisers could face in the revival phase.

Based on the discussion above, employee empowerment to present client-oriented new developments could be a possible solution that independent financial advisers could implement to address this problem.

3.5.6 Physical evidence

In Sections 3.2.6 and 3.3.6 the physical evidence elements of services were described as building facilities and social factors. Zeithaml and Bitner (1996:25) advise that the provision of guarantees presents another element of the physical evidence for services. Longenecker *et al.* (1997:302) define a guarantee as a promise that an offering will meet certain standards. These authors (1997:616) further state that small business owners who provide guarantees to their clients will gain a competitive advantage and that the cost of fulfilling guarantees should not be viewed as a loss, but rather as a marketing investment and a second chance to create a positive impression.

From the discussion above, it appears therefore that the provision of guarantees, which presents the benefit of a competitive advantage as well as a second chance to create a positive impression, seems to be another possible solution that independent financial advisers could implement to address the problem of eroded business opportunities.

(In the insurance environment, a financial adviser could, for example, provide a guarantee that the client's tax forms will be completed correctly and submitted before the tax submission deadline.)

3.5.7 Process

Jordaan and Prinsloo (2001:208–209) postulate that during the service encounter interaction both clients and employees should be able to perform a certain number of activities according to an established guideline, which can be referred to as the client/employee script. In addition, they recommend that the roles be clearly defined to promote client satisfaction.

Gabbott and Hogg (1999:70–72) identify different types of client involvement. In the traditional service delivery approach the client is placed in a specific physical environment and interacts with the service delivery employees and the physical tangible components of the product to construct a service. In contrast, a technological service delivery approach, such as the Internet, requires the client to be more involved with the physical components of the product and to have less interaction with the service provider.

Baker (2003:604–605) stipulates that many service businesses have sought to facilitate a greater level of client involvement in the production of the service in an attempt to facilitate price competitiveness.

A technological service delivery approach, which can assist in creating competitive prices, could then be one more possible solution that independent financial advisers could employ to address the problem of an eroded business opportunity.

(In the insurance environment, independent financial advisers could, for example, teach their clients to track the performance of their investments via the insurance company's secure Internet services. By following this approach, they would be able to charge lower (annual) commission.)

The following section presents a high-level overview of the literature that was discussed in this chapter.

3.6 SUMMARY

Chapter three investigated previous research studies on marketing mix elements to establish various possible solutions to the problems (as depicted by Timmons and Spinelli (2007:260–261, 536–538)) that independent financial advisers could experience in their life cycle. The literature investigation pointed out possible solutions that can also potentially serve as marketing mix strategies for sales growth. Furthermore, to endeavour that the marketing mix strategies identified are practical and mostly consistent with the services marketing triangle, solutions that are related to the interaction between the service business and its employees, the service business and its clients as well as the promises that service businesses can make to clients were favoured in particular. Attention was also given to relationship marketing principles to ensure that this study investigates and recommends marketing mix strategies that will allow for the build of good relationships with clients, suppliers and employees to further enhance the potential for business growth.

Finally, this chapter further acknowledged the importance of the service profit chain model that according to Yee, Yeung, Cheng and Lai (2009:617), in the milieu of a service organisation, integrates operations management and human resources management for organisational improvement. More particularly, the service profit chain proposes that operations contribute to the profits of a service business through the following sequence of logical deductions: (1) profit and growth are stimulated predominantly by the loyalty of clients; (2) loyalty is a direct outcome of customer satisfaction; (3) customer satisfaction is highly impacted by the value of the service provided; (4) value is generated by satisfied, loyal and productive workers; and (5) employee satisfaction results predominantly from high-quality support services and policies that allow workers to deliver results to clients (Yee *et al.*, 2009:617; Homburg, Wieseke & Hoyer, 2008:38–54). The marketing mix strategies discussed in Sections 3.2.5, 3.3.5, 3.3.6, 3.4.6 and 3.5.5 and that will be tested among independent financial advisers are all aimed at the provision of high-quality support services and policies that will allow workers to deliver results to clients. Independent financial

advisers making use of these strategies could therefore improve the operational effectiveness and profits of their businesses.

Table 3.1 below presents a detailed summary of these potential marketing mix strategies/solutions.

Table 3.1: Potential marketing mix strategies/solutions

Growth phase	Marketing mix element	Possible problem	Potential marketing mix strategy/solution
Birth	Product	Unknown competitors emerge in the market	Client-oriented service offerings
	Price	Unknown competitors emerge in the market	Customer-based pricing
	Place	Struggling to deliver the service to clients on time	An Internet distribution channel providing quick and effective communication, with the benefit of a platform to compete with larger businesses and to maintain full-scale client services at a relatively low cost
	Promotion	Unknown competitors emerge in the market	Various promotional methods, which can assist in creating persuasive communication
	People	Unable to meet the time standards required owing to a lack of managerial delegation	Recruit four specific types of employees and motivate them through sufficient remuneration
	Physical evidence	Unknown competitors emerge in the market	Provide easy access to business facilities to promote the business
	Process	Unknown competitors emerge in the market	A process strategy implemented by small businesses that creates a favourable impression with clients such as focusing on quality control in the service process delivery
Growth	Product	A lack of strategic thinking among the business owners owing to a primary focus on the operational side of the business	Continued service developments aligned with an appropriate business process that ties in with the needs of the markets
	Price	Inadequate cost management that does not keep pace with business growth	Implement creative discount measures
	Place	Sales to new and existing clients that are not achieved on time	Implement efficient and market-oriented Internet communication to provide an additional distribution channel to deliver a new product line
	Promotion	A lack of external networks to continue business growth	Focusing on external networks to benefit, for example, from the experience of competitors as well as relationships with clients, employees, suppliers and support networks
	People	Business owners might not manage for results, as they attempt to perform all the tasks themselves and do not delegate	Executing the suggestions made by Timmons and Spinelli (2007:261–262), such as refraining from following an autocratic management style to manage employees who strive for achievement and being more inclined to entrust power and control to the employees



Growth phase	Marketing mix element	Possible problem	Potential marketing mix strategy/solution
	Physical evidence	A loss in business clients through poor customer service	Appropriately motivate employees to deliver a positive service encounter
	Process	A loss in business clients through poor customer service	Service customisation
Maturity	Product	Sales decline owing to competitor ignorance	Implement measures to obtain a comprehensive competitor framework and have the strategies reflect the true nature of the competitive arena
	Price	Inadequate financial resources	Work from home to reduce overhead expenses, which can assist in creating competitive pricing
	Place	A decline in sales owing to the perishable nature of products and services	Effective management of distribution channels to match supply and demand by, for example, cross-training employees to perform different job functions at peak periods
	Promotion	A decline in sales owing to offshore competition	Implement promotional strategies aligned with certain positioning guidelines for creating a superior competitive image
	People	Conflict between partners over business control	Focus on the conflict management description provided by Timmons and Spinelli (2007:267), which can assist businesses to benefit from unrestricted business growth
	Physical evidence	A lack of teamwork	Promote teamwork through the measures described by Zeithaml and Bitner (1996:322) and as a result enable the employee to deliver excellent service
	Process	A decline in sales owing to offshore competition	Implement a service blueprint to obtain the benefit of being able to identify ineffectual links in the chain of service activities, which can be targeted for continuous quality improvement
Revival	Product	An eroded opportunity facilitating very low profit and return on investment	A new product development process that allows for the formulation of new product ideas from client suggestions
	Price	Business owners who are not prepared to sell equity and would rather use bank debt to solve their financial resource requirements	Implement a price discount strategy to improve the financial situation
	Place	Business owners who are not prepared to sell equity and would rather use bank debt to solve their financial resource requirements	Distribution function outsourcing, which presents the benefit of reduced cost as well as more proficient and trustworthy services as a result
	Promotion	An eroded opportunity facilitating very low profit and return on investment	Focus on promotional strategies that revitalise sales and retain existing clients



Growth phase	Marketing mix element	Possible problem	Potential marketing mix strategy/solution
	People	A lack of new product and service developments	Employee empowerment to present client-oriented new developments
	Physical evidence	An eroded opportunity facilitating very low profit and return on investment	Offer guarantees which provide the benefit of a competitive advantage as well as a second chance to create a positive impression
	Process	An eroded opportunity facilitating very low profit and return on investment	Implement a technological service delivery approach, which can assist in creating competitive prices

The empirical part of this study will provide more insight into whether independent financial advisers in reality do make use of these potential marketing mix solutions identified in their businesses.

Chapter four describes the various potential internal and external environmental factors that can possibly hinder the implementation of the proposed marketing mix strategies. Potential strategies that can be implemented to counter these environmental factors are also investigated. Based on a comprehensive summary of the study's literature findings, the research propositions for the empirical part of this study are then formulated.

Chapter Four

Barriers to implementing marketing mix strategies, counterstrategies and research propositions

4.1 INTRODUCTION

Chapter three investigated various potential marketing mix solutions to the problems that independent financial advisers could experience in their business's life cycle. It was decided that the practical application of these solutions would be further explored in the empirical part of this study.

If independent financial advisers do follow these strategies in their businesses, they might be confronted by a number of obstacles. In Section 1.3.3 it was indicated that small business owners could encounter various problems when implementing marketing mix strategies in their businesses. Businesses making decisions about the most favourable strategy to implement are challenged by a set of environmental conditions, which can pose a threat to the business's objectives and strategies. It was further stipulated that although the elements of the environment constrain the activities of the business, it is important to understand that the business itself, through its marketing activities, can influence the environment to create conditions which are more favourable to the success of its strategies.

Consequently, chapter four commences with a clarification of the types of internal and external environmental factors that can have an influence on the business. Previous relevant studies are then consulted to determine which of these environmental factors can potentially hinder the implementation of the marketing mix strategies proposed in chapter three. Possible strategies that can be implemented to counter these environmental factors are also determined.

The literature sources available that specifically address the environmental factors that small service businesses such as independent financial advisers

experience are limited. For this reason, and because the occurrence of these potential environmental factors and counterstrategies would also be further tested among independent financial advisers, this chapter considers previous relevant literature studies not only on small service businesses, but also on large service businesses and businesses selling manufactured products.

Following this investigation, a comprehensive summary of the study's literature findings is then presented. Based on this summary, the chapter concludes with various research propositions, which will be tested further in the empirical part of this study.

4.2 CLARIFICATION OF ENVIRONMENTAL FACTORS

4.2.1 External environmental factors

Romaguera and Kirby (2002) conducted a study of 105 small businesses offering services, more specifically, physicians in Puerto Rico. The study found that internal and external environmental factors might have an influence on the growth of small businesses. Typical external environmental factors identified included competition and changes in the industry. The study also found that these factors would influence the motivation of the small business owner.

A more detailed explanation of the types of external environmental factors that can have an influence on the business will now be given.

Kourteli (2005) explains that the external environment refers to all the influences outside the business that are taken into account when business decisions are made. The external environment can be divided into two main groups, namely *influences of the general business environment and influences of the task environment*.

- **Influences of the general business environment**

The general business environment can be described as a distant environment and the influences in it will have an indirect impact on the business. Typical influences in this environment include social values,

educational, political, economic, legal, behavioural, demographic, natural environment, natural resources and technological influences (Kourteli, 2005).

The types of environmental factors that a business will need to take into consideration will, however, depend on the goals and objectives of the business. Mitchell (2005) is of the opinion that should a business wish to analyse trends and variables, the focus should primarily be on the four major general business environmental factors, classified as technological, political-legal, economic and socio-cultural influences. Important variables that can be associated with each of these major external environmental factors are listed in Table 4.1 below:

Table 4.1: Variables related to the major external environmental factors

Major external environmental factors	Variable
Technological	New developments New innovations Focus of technological activities in the industry Trends in manufacturing automation and constructiveness Industry and government expenditure on research and development
Political-Legal	Changes in laws and regulations influencing the industry Amendments in foreign trade regulations Environmental protection law and regulation modifications Changes in government administrations and key role players
Economic	General economy trends in financial markets Inflation rates, interest rates and money reserves
Social-Cultural	Growth rate of residents Age distribution of residents Regional shifts of residents Family demographics

Source: Mitchell (2005)

- **Influences of the task environment**

The task environment is closer to the business than the general business environment and will consequently have a direct impact on the business. Typical influences included in this environment are competitors, suppliers, labour market, industry and financial resources (Kourteli, 2005).

In contrast, Mitchell (2005) argues that the majority of external environmental factors that are important to the business will occur in the competitive environment. As a result, only the competitive influence needs to be taken into account in the task environment.

Mitchell (2005) further suggests that the five forces of Michael Porter's model should be used as a tool to assist businesses in this matter. These constitute the following:

- **Competition among existing firms:** competition will increase in slow market growth, capacity surplus and when standardised services are provided.
- **Potential new competitors:** new competitors will enter the market and increase the level of competition when the switching cost for competitors is low and the new competitors can provide a new unique offering.
- **Alternative products or services:** alternative products or services will increase the level of competition when existing products from other industries can satisfy the same need or new improved offerings become available.
- **Dealing power of suppliers:** the level of competition will increase when the suppliers have many customers and options for selling their products.
- **Buyers:** buyers who have many sources and options for purchasing their products will also increase the level of competition.

4.2.2 Internal environmental factors

The study conducted by Romaguera and Kirby (2002) identified the typical internal environmental factors to which a business is exposed as the personal goals of the small business owners, their change of attitude towards marketing, personal contact network and the motivation of the small business owners to grow to a large business.

The internal environment refers to the influences that are primarily under the control of the business and include the business's mission, objectives, management structure, culture and resources (for example employees, capital, knowledge and information) (Van der Walt, Strydom, Marx & Jooste, 1997:44–45).

Correia and Wilson (2001) identified additional internal influences when they conducted a study of 47 small, medium-sized and larger businesses. These influences are the following:

- **Individual influences**

Two types of individual influences are recognised, namely information consciousness and exposure to information.

Information consciousness refers to the business manager's awareness of and attitude towards gathering and distributing information. The study conducted by Correia and Wilson (2001) revealed that managers of larger businesses primarily monitored and distributed information, while managers of small businesses approached environmental scanning as an important personal responsibility, but owing to the small business structure were not concerned about distributing the information.

Exposure to information involves the number of opportunities to be in contact with knowledgeable resources. The study revealed that most of the respondents were well exposed to information and made use of established networks.

- **Organisational influences**

The organisational influences discovered in the study are information climate and outwardness.

Information climate means the creation of opportunities, which will determine access to and use of information in the business. The study found that the majority of businesses that participated in the study had an absence of skilled staff to manage the information.

Outwardness is a term created by the study and refers to the business's susceptibility to the external environmental factors and ability to influence the external environment. The study indicated that only a portion of the small and larger businesses used research and development to address the environmental factors. In addition, the larger businesses also used network organisations to influence the environment. Most of the smaller businesses that participated in the study did not have access to these resources.

The outcome of the study conducted by Correia and Wilson (2001) is the denotation of relationships between the influences identified. The first relationship is established between the *information consciousness and the information climate* influences, since the manager's attitude towards information-seeking is affected by the culture of the business. Managers in businesses where an oral culture exists predominantly acquire and distribute information orally. In contrast, managers in businesses where a formal culture exists use a formal means of communication.

The link between the *outwardness and exposure to information* influences is the second relationship established in the study. This relationship portrays the impact of the business's ability to relate to its environment on the degree of exposure to information by business employees.

The conclusions made were that managers with a strong information consciousness tend to direct their businesses in an outward direction and that a stimulating information climate increases the employee's exposure to information.

From the discussion above it can be noted that there are different perspectives of the types of internal and external environmental factors that can influence the business and that should be considered. However, owing to the exploratory nature of this study and because no formal research regarding independent financial advisers and their environmental factors has been conducted and published before, this chapter views all the environmental factors identified in Section 4.2 as factors that can influence the business.

Table 4.2 below provides a summary of all these influences.

Table 4.2: Internal and external environmental factors

Internal environmental factors	External environmental factors
Personal goals of the small business owner	Competition
Change of attitude towards marketing	Changes in the industry
Personal contact network	Social values of the small business
Motivation of the small business owner to grow	Education
Mission of the small business	Political issues
Management structure of the small business	Economy
Small business culture	Legal concerns
Small business resources	Demographic concerns
Information consciousness	Natural environment
Exposure to information	Technology
Information climate	Suppliers
Outwardness	Labour market
	Financial resources

Previous relevant literature studies were consulted to determine which of these environmental factors listed in Table 4.2 could potentially hinder the implementation of the marketing mix strategies proposed in chapter three. Possible strategies that could be implemented to counter these environmental factors were also determined. These are discussed below.

The investigation commences with the group of product strategies, as identified in chapter three.

4.3 BARRIERS TO IMPLEMENTING THE PRODUCT STRATEGIES AND STRATEGIES FOR COUNTERING THEM

In chapter three, four potential product strategies were identified. The proposed product strategy for the birth stage receives attention first.

4.3.1 Product strategy for the birth stage

In Section 3.2.1 tailoring the service offerings to the needs of the business's clients was identified as a potential solution that independent financial advisers could implement to address the problem of unknown competitors entering the

market. It was indicated that this approach could help a business to gain a competitive advantage.

More clarity regarding the environmental factors that can potentially hinder the implementation of this product strategy is provided through a study that was conducted by Vermeulen (2005) of 30 small financial service businesses. The study investigated the barriers that small financial service businesses might experience in their service development processes.

Four categories of barriers were identified:

a) Resources

The small businesses complained that they did not have enough financial resources to manage the new innovations.

b) Project-based working

The study revealed that small business employees were not skilled to work in project-based teams. The project team members barely met outside the formal project meetings and the main discussion in the formal meetings revolved around the progress of various activities. In-depth discussions concerning specialised matters between the project leader and a specialist were often viewed as unnecessary. The lack of communication between team members increased the possibility for difficulties in the development process.

c) Lack of incentives

The employees were of the opinion that their management expected them to work on a highly insecure project without receiving any incentives, in addition to their workload. As a result, the employees did not view the innovation process as necessary.

d) Information technology

The information technology employees caused a bottleneck in the development process, since they were not really interested in new service

developments. During meetings they normally had the opinion that a new system would not be possible. Owing to the complex nature of the information systems, it was not possible for the other employees to judge whether an innovation would be feasible.

In view of the above description, it appears that a lack of financial resources and education played a key role in the occurrence of the four categories of barriers. Due to a lack of capital, the small business owners were not in a favourable position to manage their new service innovations. Similarly, because of a lack of education, the small business employees were not skilled to work in project-based teams and the non-information technology employees were not able to judge whether an innovation would be feasible.

However, the financial resources environmental factor as well as the education environmental factor are not impossible to overcome.

Vermeulen (2005), in the conclusion of his study, presented the following potential guidelines that small business owners can implement to counter these factors:

- Businesses can be structured for enhanced cross-functional communication and project management.
- Management also need to create a shared understanding of the need for and features of the new service innovation between departments, such as marketing and information technology.
- The most daunting task for managers in small financial service businesses is to provide legitimacy to the new innovation development, by creating lower levels of uncertainty, communicating the importance of the project, assuring employees that their work is appreciated and aligning business resources.

4.3.2 Product strategy for the growth stage

In Section 3.3.1 it was established that continuous service developments aligned with an appropriate business process that ties in with the needs of the

markets appear to be a possible solution that independent financial advisers could implement to improve their strategic orientation.

Humphreys, McAdam and Leckey (2005), through a longitudinal case study concerning a manufacturing small business in the UK, provide further insight into which environmental factors could potentially hinder the implementation of this proposed service product strategy.

The study observed the application of a continued process of innovation within a small manufacturing business over a period of six years. The results indicated that the managerial resources were not always able to manage the new innovations and several initiatives had to be recalled. In particular, according to the team leaders, increased production pressures had a negative impact on the key factors such as devotion to the business, consistencies in management behaviour and an absence of blame needed to achieve high enrolment of the new innovation. The business was not able to establish fruitful external networks either.

In view of the discussion above, it seems that the environmental factors of networking and education could possibly influence the proposed service product strategy for the growth stage. Amidst the new innovation process, the business in Humphrey *et al.*'s study had no fruitful external networks to benefit from. If the business managers had had more knowledge, they would also have been in a better position to manage the innovation process.

Humphreys *et al.* (2005), based on their findings, present the following potential solutions to the problem:

- Managers should ensure that communication issues are resolved promptly.
- Conflict and resistance to innovation should be predicted and new motivational tools should be sourced at different phases in the innovation process.
- Prudent allocation of scarce managerial resources to assist innovation is also essential in these small businesses.

- Implicit knowledge should be better administered through, for example, improved apprenticeship schemes to contribute to the innovation process.
- Finally, it was also recommended that small business owners learn from the innovation processes of businesses in other sectors and universities.

4.3.3 Product strategy for the maturity stage

Implementing measures to obtain a comprehensive competitor framework and having the strategies reflect the true nature of the competitive arena were identified in Section 3.4.1 as a possible approach that independent financial advisers could follow in their service product strategy to address the problem of sales decline owing to competitor ignorance.

Based on further literature investigation, it appears that the environmental factors of exposure to information and education could potentially have an influence on this proposed service product strategy for the maturity phase.

Lang, Calantone and Gudmundson (1997), in a study conducted among 671 small businesses, investigated the information-seeking capabilities of these small businesses when exposed to opportunities and threats. The results show that small businesses appear not to be thinking of business opportunities when they perceive competitive threats. Lang *et al.* (1997) conclude that these weaknesses of the small business owners, if uncorrected, could result in missed opportunities. They recommend that small businesses be made aware of this process of selective perception through, for example, standard modules of small business and entrepreneurial training.

Groom and David (2001), through their study of 139 small businesses in the United States, provide a further perspective of this matter. The study investigated the extent to which these small businesses employ competitor intelligence activities. The findings highlighted the following barriers, which prevent small business owners from performing more proficient competitor analyses:

- Small business owners have no formal processes to share information.
- An inability to draw information together also restrains the businesses in properly assessing the competitor's strengths and weaknesses.

A competitive intelligence system and the necessary resources to assess the environment for the maintenance of a competitive edge were presented as possible solutions small business owners should implement to address these barriers.

4.3.4 Product strategy for the revival stage

A new product development process that allows for the formulation of new product ideas from client suggestions was described in Section 3.5.1 as a possible solution that independent financial advisers could implement to address the problem of eroded business opportunities.

According to further literature investigation, it appears that the environmental factor of exposure to information could also potentially influence the proposed service product strategy for the diversification phase. Magnusson, Matthing and Kristensson (2003) conducted an experimental study among three different groups in Sweden. The study investigated the standard of contributions for new end-user telecom services ideas made by clients in comparison with professional service developers.

Table 4.3 below provides more information regarding the role each group of participants played in the study:

Table 4.3: Information concerning role performed

Experimental group	Role performed
Professional designers	Twelve respondents recruited from a Swedish mobile telephone operator to generate new ideas
Ordinary user group 1	Nineteen students from the University of Karlstad who had to generate new ideas themselves
Ordinary user group 2	Twenty students from the University of Karlstad who were allowed to consult a service design expert to guide them in terms of technical feasibility

Source: Magnusson *et al.* (2003)

The quality of the respondents' ideas was measured in terms of the originality of the concept, producibility and user value.

The study revealed that the creativity of the ordinary user group 2 was dampened when they were exposed to and used the information provided by the service design experts in the idea generation process. The observation was made that the users, through their interaction with the consultants, tended to start aligning their view with that of the design expert. Conversely, the ideas of ordinary user group 1, who were not exposed to information from the service design experts, were not very producible. Furthermore, no significant differences were found between the originality and producibility of the ideas of the professional designers and ordinary user group 2.

Based on the findings, Magnusson *et al.* (2003) postulate that the potential solution to this scenario lies in the fact that clients should be allowed the freedom to present their high quality service ideas, but should also be made aware of the limitations of the business in order to enhance more producible ideas. Magnusson *et al.* (2003), in their final conclusion, stipulate that businesses that learn how to use the potential of client involvement will be able to gain a competitive advantage.

The investigation in this chapter now continues with the group of price strategies that was identified in chapter three.

4.4 BARRIERS TO IMPLEMENTING THE PRICE STRATEGIES AND STRATEGIES FOR COUNTERING THEM

The next section is devoted to the proposed price strategy for the birth stage.

4.4.1 Price strategy for the birth stage

The customer-based pricing method involving, for example, offering high quality services at lower prices was identified in Section 3.2.2 as a possible strategy that independent financial advisers could implement to address the emergence of unknown competitors in the market. It was indicated that this approach can help to attract and maintain new clients.

In Section 3.2.2 it was further described that the service businesses in the study conducted by Avlonitis and Indounas (2005) were reluctant to implement customer-based pricing strategies, since they preferred the simplicity of the cost-plus pricing strategy.

Hankinson (1995), in his study analysing the specific pricing strategies of 50 small engineering businesses in the South Wessex region of England, found that these small businesses also rather favoured the cost-plus pricing strategy above more flexible options. Technical constraints in the business and workloads were provided as reasons by the small business owners why they preferred to use the cost-plus method.

In an earlier investigation Hankinson (1994) also identified the provision of reasonable prices without adequate knowledge of market demand as another reason why the cost-plus pricing method is preferred.

Given the abovementioned motivations for the use of the cost-plus pricing method, it appears that a lack of exposure to information can hinder the implementation of more customer-based pricing strategies. If the business owners had more technical information, they would not be confined by the technical constraints in the business. With market knowledge, they would also be in a more favourable position to understand the demand of the market and subsequently introduce a customer-based pricing strategy.

As a solution, Hankinson (1995) recommends that businesses can obtain professional advice from consultants, universities or other training courses to confront and attack their pricing deficiencies.

4.4.2 Price strategy for the growth stage

In Section 3.3.2 it was determined that creative discounting measures (such as lower commission that can result in higher sales) seem to be a possible solution to address the cash flow problem in the growth stage.

Blumberg (1991:141) and Lovelock (1996:371), through their evaluations of price strategies in service businesses, shed further light on which environmental

factor could potentially impact the proposed price strategy for the growth stage. According to Blumberg (1991:141), service businesses wishing to implement price reduction strategies must note that a significant increase in sales volume is required to maintain the same gross profit margin that was achieved before the reduction. From another service business perspective, Lovelock (1996:371) suggests that this type of pricing strategy could dilute the average price perceived by clients as well as reduce the payment from each sale.

Hence, in the light of the discussion above, it appears that the environmental factor of exposure to information in particular could potentially influence the proposed price strategy for the growth stage. Clients who are exposed to discount prices might form the perception that the business will always charge lower prices.

Lovelock (1996:371) provides a potential solution to the problem by advising that service businesses should be aware of the price elasticities of different segments and focus on using selective price discounting for specific market segments.

4.4.3 Price strategy for the maturity stage

Working from home to reduce overhead expenses, which can assist in creating competitive pricing, was identified in Section 3.4.2 as a potential solution that independent financial advisers can implement to address the problem of inadequate financial resources.

According to further literature investigation, though, it appears that exposure to information could also potentially have an influence on this proposed price strategy for the maturity phase. Walker and Webster (2004), in their study of 260 home-based businesses in Western Australia, clarify this matter further. One of the research objectives of that study was to investigate the perception of the market pertaining to home-based businesses. The study revealed that the main concern for the small business owners was that the market did not perceive their businesses as very credible. One small business owner was even unsure about establishing a price, since the business owner's clients had

the perception that if they bought from a home-based business, the price must be cheaper.

Through his examination of home-based small businesses, Fraser (1999) presents a potential solution to the problem: these types of small business owners experiencing credibility dilemmas should focus on keeping abreast of technical, financial and legal matters and should also keep in mind that the positioning of their business in the market is more important than their physical locations.

4.4.4 Price strategy for the revival stage

In Section 3.5.2 it was determined that a discount pricing strategy seems to be a potential solution that independent financial advisers experiencing inadequate cash flow and debt could apply to improve their financial situation.

Based on further literature investigation, it seems that the networking environmental factor could potentially influence the proposed price strategy for the revival stage.

According to Lane (1997), who examined the technique of providing discount to prompt payment, the following variables can affect the business's discount operations:

- **Vendor offers and participation:** the number of vendors that will participate in a discount programme will influence the number of available discounts to be offered.
- **Ability to negotiate with vendors:** the business's ability to negotiate with vendors will determine the level of discount to be offered.

(When applying this scenario to the insurance environment, it could mean that a financial adviser's ability to negotiate with outside vendors, such as his or her stationery suppliers, might in turn influence the amount of discount (lower commission) that he or she can afford to offer clients for financial services provided.)

Lane (1997) further postulates that a potential solution to this problem would be to perform a cost-benefit analysis that investigates the costs needed to provide the discount, the potential savings which can be gained from the increased discounts, as well the opportunity costs of not obtaining these discounts. Businesses should then further develop an ongoing plan to address the concerns regarding negotiations and invoice processing in order to obtain the best results from a discount programme.

4.5 BARRIERS TO IMPLEMENTING THE PLACE STRATEGIES AND STRATEGIES FOR COUNTERING THEM

The proposed place strategy for the birth stage receives attention first.

4.5.1 Place strategy for the birth stage

An Internet distribution channel, which provides a means for quick and effective communication, and also offers the benefit of a platform to compete with larger businesses and maintain full-scale client services at a relatively low cost, was presented in Section 3.2.3 as a potential solution that small business owners could implement to address the problem of delivering the services to the clients on time.

Scupola (2003), in his case study analysis of seven small businesses in Italy discovered that these small business owners' adoption of the Internet for e-commerce as well as other purposes, directly and indirectly depended on the pressure they experienced from their competitors. More specifically, the small business owners revealed that they were more willing to adopt Internet technology when they experienced competitor pressures.

This strategy might not be the most efficient approach to follow, however.

According to Young (2005:275), human behaviour on the Internet demands that no business can ignore the importance of the Internet and should consider it as a serious communication medium. Properly managed e-mail, electronic newsletters and Internet communications are also described as having the potential to be extremely effective measures to communicate with clients.

In view of the discussion above, it then appears that the competitor environmental factor can potentially impact the proposed place strategy for the birth stage and that the description provided by Young (2005:275) presents a potential solution to the problem.

4.5.2 Place strategy for the growth stage

In Section 3.3.3 it was determined that efficient and market-oriented Internet communication, presenting small business owners with an additional distribution channel to deliver a new product line, could be a possible solution to address the problem of sales to new and existing clients that are not achieved on time.

A further literature investigation pointed out that the competitor environmental factor, in particular, could potentially influence this proposed place strategy. According to Honeywill (2001), who compared the Internet practices of small and larger businesses, larger businesses have more experience in website practices than small businesses. Furthermore, larger businesses also have bigger budgets and can afford to use flash effects, video clips, rally video games and virtual showrooms, whilst small businesses are restricted to an address, a static list of products and a phone number. Honeywill (2001) further says that it is an unfortunate fact that clients will judge a business based on the appearance of its website and that as a result the medium will not offer an equal opportunity to all businesses.

A possible solution to this problem would be for small business owners to consult e-businesses about the design of their websites (Honeywill, 2001).

Further potential solutions to this problem are presented through a case study conducted by Clarke and Flaherty (2004) concerning a small fragrance/ aromatherapy boutique. The study investigated the techniques this small business followed to be more successful in its sales through the Internet.

The following list highlights the main techniques used to promote sales, as identified by Clarke and Flaherty (2004):

- Technology is used to secure online payments for clients.
- The website is kept updated at all times.
- The small business saves on a regular basis to pay for additional Internet expenses.
- META tags are used to generate additional traffic to the website.
- Emails are also sent to existing clients to remind them to visit the website.

4.5.3 Place strategy for the maturity stage

Effective management of distribution channels to match supply and demand by, for example, cross-training employees to perform different job functions at peak periods was described in Section 3.4.3 as a possible strategy small business owners offering services could implement to counter the perishability effect of services.

According to further literature investigation, it seems that the competitor environmental factor, in particular, could also potentially have an influence on the proposed place strategy for the maturity phase. Hankinson (1994) examined the attitude of 48 small businesses in Hampshire towards training. The study revealed that the small businesses were very frustrated, since larger businesses tended to lure their employees away after they had been trained.

Kappelman and Richards (1996:26–29), from another perspective, advise that small business owners wishing to conduct a training session must ensure that they empower the employees nominated to attend the training session, since empowered employees will be more motivated toward the change as well as satisfied with the training they received. In addition, they also assert that motivated employees will be more productive employees and that there is a positive correlation between employee satisfaction and productivity measures such as employee turnover and absenteeism.

4.5.4 Place strategy for the revival stage

In Section 3.5.3 it was determined that outsourcing the distribution activities and benefiting from reduced cost as well as more proficient and trustworthy services

as a result appears to be a possible method small business owners experiencing a lack of cash flow and debt can use to enhance their financial situation.

Further literature investigation highlighted that the competitor environmental factor could also potentially influence this proposed place strategy. According to White (2006), one of the concerns of a small business wishing to outsource is that they will entrust confidential information to the outsourcing business, which will then leave them for the prospects of a bigger competitor.

In his case study analysis of the outsourcing activities of a small business in Connecticut, White (2006:B3) presents a potential solution to this problem. The case study indicated that in order to address its concern of an untrustworthy outsourcing business, this small business used an outsourcing agent that specialised in assisting small businesses and that made them feel special.

(In the insurance environment, instead of asking their broker consultants to fetch client medicals, for example, independent financial advisers can use a delivery service that is dedicated to service small business owners.)

The group of promotion strategies that was identified in chapter three now receives further attention.

4.6 BARRIERS TO IMPLEMENTING THE PROMOTION STRATEGIES AND STRATEGIES FOR COUNTERING THEM

The next section deals with the proposed promotion strategy for the birth stage.

4.6.1 Promotion strategy for the birth stage

Promotional methods such as advertising, personal selling and sales promotions which can assist in creating persuasive communication were highlighted in Section 3.2.4 as a potential strategy that small business owners could implement to address the obstacle of competitors entering the market.

Based on further literature investigation, though, it appears that the environmental factor of exposure to information could potentially have an

influence on the proposed promotion strategy for the birth stage. According to Carson and Cromie (1990) as well as Mazzarol and Ramasehan (1996), a lack of marketing planning, market research and information gathering in small businesses could lead to inferior promotion and other marketing decisions.

A potential solution to this problem is presented through the work of Macleod and Terblanche (2005:50–58). According to these authors, before designing a promotional strategy, small business owners should conduct market research. Various routes can be followed to obtain the necessary information. Demographic statistics, for example, can be gathered to provide insight into the number of people living in a specific area and their standard of living. In addition, competitors can be observed to learn from their mistakes or interviews can be conducted with industry experts.

Macleod and Terblanche (2005:62–63) further recommend that small business owners divide their research notes into two broad sections, namely client and competitor profiling.

In the *client profiling* section small business owners should define their target markets as clearly as possible, since this will assist in the design of promotions, product development, market positioning and pricing. Moreover, the client profile should also include the size of the total market, a profile of potential clients and factors that will influence their buying patterns.

The *competitor profile* section should include the number of competitors, a summary of their businesses, how the new business will affect them, how they will react to the new business as well as their strengths and weaknesses.

4.6.2 Promotion strategy for the growth stage

In Section 3.3.4 it was determined that focusing on external networks and benefiting, for example, from the experience of competitors as well as relationships with clients, employees, suppliers and support networks appears to be a possible solution small business owners could implement to address the problem of an absence of external networks.

Ottesen, Foss and Grønhaug (2004) conducted a case study analysis in a Norwegian small business to investigate the accuracy of the business managers' perceptions of their information exchanges with other network participants such as clients, competitors and suppliers.

The results indicated that the managers in the small business had a fairly poor knowledge of their own network behaviour. Substantial perceptual errors were made and the intensity of their information exchange with the other network participants was both underestimated and overestimated.

Ottesen *et al.* (2004) postulate that the implications of the findings are that small business managers may have inadequate knowledge pertaining to their own networks and that, when not corrected, this may result in incorrect judgements and poor marketing decisions.

Based on the discussion above, it appears that the environmental factor of exposure to information could potentially influence the proposed promotion strategy for the growth stage.

Ottesen *et al.* (2004) recommend the following techniques as potential solutions small business owners could implement to improve their information accuracy:

- More team members can be included, who can convey and calibrate their observations.
- The same type of information can also be obtained from different sources and be compared to increase the accuracy of the information.

An additional potential solution is presented by Arias (1995:52–56), who says that to have the network reach its full potential, small business owners should ensure that communication is facilitated and that technical data, objectives, goals, knowledge of conflicts and changing situations are shared between the network participants.

4.6.3 Promotion strategy for the maturity stage

In Section 3.4.4 it was indicated that promotional strategies aligned with certain positioning guidelines could present a possible solution to independent financial advisers that experience the problem of offshore competition threatening business sales.

Based on further literature investigation, it seems that the environmental factor of exposure to information could also potentially have an influence on the proposed promotion strategy for the maturity phase.

In Section 3.4.4 it was highlighted that, according to Young (2005:127), the strength of a service business's positioning strategies is that they are built upon clients' value propositions. If these strategies are constructed by means of client research, the business will have a clear indication of how to achieve a long-term viable market position.

Lovelock (1996:182), though, cautions that when conducting research to position a service, service businesses might not arrive at the true perceptions of the potential clients interviewed. The reason is that the respondents often complete the survey questionnaire quickly, without carefully considering the dimensions on which they rate the service business's performance.

Lovelock (1996:182) emphasises that obtaining the correct information from the potential clients is important, since the positioning strategy of a service business is only as good as the quality of the information used in its design. It was proposed that a possible solution to this problem would be for service businesses to use in-depth personal interviews.

4.6.4 Promotion strategy for the revival stage

In Section 3.5.4 it was determined that focusing on sales promotion strategies that revitalise sales and retain existing clients might be a possible solution that independent financial advisers experiencing an eroded business opportunity could implement to address the problem.

According to further literature investigation, it appears that the financial resources environmental factor could potentially have an influence on the proposed promotion strategy for the revival stage.

According to Paley (2006:349), in his description of the sales promotion activities of businesses, the implementation of this technique requires financial expenses, which can be costly. Baker (2003:476) supports this statement through his examples of businesses such as Free Flights, Pepsi and Burger King, which had to incur high expenses in their sales promotion attempts.

Paley (2006:349) recommends that businesses as a potential solution should judge the sales promotion strategy from a cost-benefit point of view and should not feel pressured to overuse this technique regardless of any internal pressures or external competitive challenges.

Koekemoer (1998:256) presents an additional potential solution to this problem by arguing that businesses can use an “objective-and-task” method to design realistic sales promotion budgets. More specifically, the method involves determining the task required to achieve each objective and then allocating funds to each task involved.

The investigation in this chapter now continues with the group of people strategies identified in chapter three.

4.7 BARRIERS TO IMPLEMENTING THE PEOPLE STRATEGIES AND STRATEGIES FOR COUNTERING THEM

The proposed people strategy for the birth stage receives attention first.

4.7.1 People strategy for the birth stage

In Section 3.2.5 it was highlighted that recruiting four specific types of employees who can assist in sharing the workload and motivating them through sufficient remuneration seems to be a potential solution that small business owners could implement to address the problem of an inability to meet the time standards required owing to a lack of managerial delegation.

However, Barber, Wesson, Roberson and Taylor (1999), in their comparison of the recruitment practices of 119 small and 184 larger businesses discovered that small businesses use recruiting approaches that are different from those of larger businesses. The recruitment practices of the larger businesses, for example, are more formal, bureaucratic and resource-intensive than those of the small businesses questioned.

In another study of 175 small and larger businesses in Canada, Hausdorf and Duncan (2004) also realised that small businesses follow different recruitment practices compared to larger businesses. According to the study's results, both large and small businesses use Internet recruitment, but larger businesses, in addition to their website knowledge, have more knowledge regarding the practice of Internet recruiting services and are more likely to use them. It was further postulated that this knowledge of large businesses places them in a more beneficial position than small businesses.

In view of the discussion above, it appears that small business owners implementing the proposed people strategy for the birth stage could be hindered by the education environmental factor, as they do not have the skills of larger businesses to recruit new employees.

As a potential solution to the problem, Hausdorf and Duncan (2004) recommend that to compete for future employees, small businesses invest to a greater extent in the use of Internet recruiting services. The suggestion was made that the small business owners need to become aware of high quality free websites, which they can utilise to recruit their employees needed.

4.7.2 People strategy for the growth stage

Executing the suggestions made by Timmons and Spinelli (2007:261–262), such as refraining from following an autocratic management style to manage employees who strive for achievement and being more inclined to entrust power and control to the employees, was identified in Section 3.3.5 as a potential solution small business owners could implement to manage for results.

Smith (1992:102–106), in his description of the delegation practices of small businesses, reveals that some small business owners experiencing rapid growth prospects after start-up might be reluctant to delegate their responsibilities to other senior employees. Entrusting functions such as marketing, which the small business owner might know little about, to another individual is one of the reasons for this occurrence. In their investigation of the delegation practices of small business owners, Hebert and Bradley (1993) identified as an additional reason that small business owners do not feel comfortable in this new type of managerial role.

In view of the discussion above it seems that the education environmental factor could possibly influence the proposed people strategy for the growth stage. If the small business owners had more marketing knowledge they would be in a better position to delegate marketing activities to other senior employees. Similarly, the small business owners in Hebert and Bradley's study had not yet had the opportunity to learn good delegation practices with experience and subsequently become more comfortable in this role.

Li and Suen (2004) as well as Smith (1992) present a potential solution to the problem by stipulating that external consultants can be used to assist small business owners in their delegation processes.

4.7.3 People strategy for the maturity stage

In Section 3.4.5 it was identified that the conflict management description illustrated by Timmons and Spinelli (2007:267), which can assist businesses to benefit from unrestricted business growth, appears to be a possible solution that independent financial advisers could implement to address the problem of conflict between partners over business control.

Based on further literature investigation, it appears that the environmental factor of personal goals of the small business owner, specifically, might possibly hinder the proposed people strategy for the maturity phase.

Beaver and Jennings (2005) found that some small business owners in the management of their businesses tend not to consider the view of others, but

rather abuse their positional power and favour the satisfaction of personal ambition and ego to the attainment of sound business objectives. Some small business owners even demote business objectives to a position subordinate to their personal goals and as a result act in a disappointing manner when faced with business difficulties. Small business owners, when confronted with a specific business problem, also tend to adopt the role that conforms most to their personal perceptions of the situation and provides the best instrument to fulfil their own personal need.

Beaver and Jennings (2005) recommend that as a potential solution to the problem, small business owners should engage in professional management, which will require them to follow a less personalised and hence a more formal management process.

4.7.4 People strategy for the revival stage

Employee empowerment to present client-oriented new developments was identified in Section 3.5.5 as a possible solution that independent financial advisers could implement to address the obstacle of lack of new developments.

In a case study analysis concerning a small business in the Asia-Pacific region, McKenna (1996:41–45) investigated the role of the entrepreneurial personality in the global economy. The analysis pointed out that the small business owner experienced difficulty in entrusting control to other employees. For example, the employees of the small business were encouraged to use their own initiative and present proposals during meetings. However, the structuring of time and the behaviour of the small business owner during those meetings destroyed any potential for full and honest discussion.

Based on the discussion above, it seems that the personal goals of the small business owner as an internal environmental factor could also potentially have an influence on the proposed people strategy for the revival stage.

McKenna (1996:41–45) recommends that a potential solution to the problem would be for small business owners to become more self-aware of their own actions.

The following section is devoted to the group of physical evidence strategies identified in chapter three.

4.8 BARRIERS TO IMPLEMENTING THE PHYSICAL EVIDENCE STRATEGIES AND STRATEGIES FOR COUNTERING THEM

The proposed physical evidence strategy for the birth stage receives attention first.

4.8.1 Physical evidence strategy for the birth stage

In Section 3.2.6 it was determined that keeping the business's physical evidence in mind and implementing activities such as the provision of easy access to business facilities to promote the business appears to be another possible solution that small business owners could implement to address the problem of unknown competitors.

Based on a further literature investigation, though, it seems that the success of this strategy is still dependent on the actions of the business's competitors.

Bennet, Erlank, Harrison, Myburgh and Weiss (1995:395–405) conducted a case study analysis of a waterside tavern in South Africa, named Bertie's Landing, to determine the business activities the tavern implemented to promote its business. The study found that although the tavern applied measures such as rowing boat trips to provide clients easy access to the business's facilities, several competitors emerged around the new Victoria Wharf complex at the Waterfront and made access to their own business facilities even more effortless. As a result Bertie's Landing's sales fell by 20% in the first month of the Victoria Wharf complex being open.

As a counteracting strategy, the tavern entered into arrangements with Safari Tours, a major local tour operator, to bring their tourists to Bertie's Landing during lunch time stops. This concept presents a potential solution that small business owners experiencing the competitor obstacle can implement to address the problem.

(An independent financial adviser who, for example, works from home and lives on a golf estate can perhaps invite a group of potential clients to play golf and then use this opportunity to sell policies to them.)

4.8.2 Physical evidence strategy for the growth stage

Appropriately motivating employees to deliver a positive service encounter was described in Section 3.3.6 as a possible solution small business owners could implement to address the problem of a loss in business clients through poor customer service.

Bent, Seaman and Ingram (1999) studied 38 small businesses in Lothian and explored the nature of motivation and satisfaction within these small businesses. One of the findings of the study was that the employees, who had to share the same workplace over a number of years, influenced one another's level of motivation.

Based on this study, it appears that through the behaviour of co-workers, the environmental factor of the labour market, specifically, could potentially have an influence on the proposed physical evidence strategy for the growth stage.

As a solution to this problem, Bent *et al.* (1999) recommend that businesses use team-building activities. Pace and Faules (1994:228) explain that a facilitator in a team session can be used to improve the functioning of a team that normally complains, criticises and yells at one another.

4.8.3 Physical evidence strategy for the maturity stage

In Section 3.4.6 it was highlighted that promoting teamwork by, for example, ensuring that every employee is aware of the essential role they play in the final delivery of quality service and as a result enabling the employees to deliver excellent service could be a possible solution to address the problem of a lack of teamwork.

According to further literature investigation, it seems that the education environmental factor can potentially influence the proposed physical evidence strategy for the maturity phase.

Johnson (1991:17–21) explains that small business owners tend to provide their employees with rather vague and ambiguous job descriptions. The consequence of this type of action is that the employees experience confusion regarding whether they do what is required of them or what will facilitate advancement within the business. This type of role ambiguity is a source of work related stress, which could lead to anxiety and disrupted performance.

Timmons and Spinelli (2007:296–297), in their discussion of role definition within small business teams, provides a potential solution to this problem. He says that small businesses need to make a conscientious effort to determine who is comfortable with and who has what responsibility with regard to the key tasks. However, he is aware that employee roles cannot be pinned down exactly for all duties, since some core tasks cannot be anticipated and the originally intended employees will not always make the contributions. Timmons and Spinelli (2007:296–297) consequently postulate that in their job descriptions small business owners should focus on maintaining a flexible structure with shared responsibility.

4.8.4 Physical evidence strategy for the revival stage

In Section 3.5.6 it was determined that the provision of guarantees, which presents the benefit of a competitive advantage as well as a second chance to create a positive impression, seems to be a possible strategy that independent financial advisers could implement to address the problem of eroded business opportunities.

Based on a further literature investigation, it appears that the environmental factor of exposure to information, specifically, could potentially influence the proposed physical evidence strategy for the revival stage. Blumberg (1991:16) stresses that an important factor that service businesses should remember is to provide the guaranteed service to the clients when required. This requirement is a challenging concept to realise, as the client will have a service demand as soon as the need is identified, while the service provider will only become aware of the need when contacted. Furthermore, the client also needs to identify the cause of the service problem, search for the applicable service provider and

explain the requirement, before the service provider is aware of the need. If this process is difficult and complex for the client, the client will have a negative perception of the service provided.

Blumberg (1991:16) presents a potential solution to the problem by contending that the service provider should create the impression that the service is immediately available and that the service provider is fully prepared. In addition, measures to reduce the client's initial concerns and enhance the perception of immediate service availability and eagerness to serve would endorse client confidence.

The group of process strategies identified in chapter three represents the last group of potential marketing mix strategies that receive further attention in this chapter.

4.9 BARRIERS TO IMPLEMENTING THE PROCESS STRATEGIES AND STRATEGIES FOR COUNTERING THEM

The next section focuses on the proposed process strategy for the birth stage.

4.9.1 Process strategy for the birth stage

A process strategy implemented by small businesses that creates a favourable impression with clients, such as focusing on quality control in the service process delivery, was identified in Section 3.2.7 as a possible solution that small business owners could implement to address the problem of unknown competitors.

Gabbott and Hogg (1999:155), though, provide evidence that the competitor environmental factor might influence the success of this proposed process strategy. They indicate that the service encounter the client experiences with other competitors could play a role in the evaluation of the service provided.

Lovelock (1996:471–473) presents a potential solution to this problem in arguing that businesses that are known for providing excellent service are good at paying attention to the voice of their clients as well as their client-contact

employees. The fact that all the stakeholders involved are satisfied with the business's performance one month does not mean that the situation might not worsen in the subsequent months. Businesses should make use of a service quality information system, which must provide them with information on a continuous basis regarding how the level of their services can be improved.

Lovelock (1996:471–473) lists the following possible techniques that businesses can use to conduct their ongoing research:

- **Post-transaction surveys:** a survey which measures the level of service perceived after the transaction has taken place.
- **Ongoing surveys of account holders:** scientific sample procedures can be used to determine client satisfaction with regard to broader relationship matters.
- **Employee surveys:** a survey which can obtain the suggestions for improvement from the employees.
- **Competitive market survey:** a technique which can be used to compare the business's performance in relation to its competitors, benchmark the leaders and discover relevant trends.

4.9.2 Process strategy for the growth stage

Service customisation was identified in Section 3.3.7 as a potential strategy small business owners could employ to assist in addressing the problem of a loss in clients through poor customer service.

Further literature investigation provided evidence that the financial resources environmental factor, specifically, might potentially have an influence on the customisation activity of this proposed process strategy. According to Lovelock (1996:43), service customisation is a costly activity and hence can be in conflict with the goals of operation managers aiming to reduce cost through standardisation.

Blumberg (1991:28) presents a potential solution that can be implemented to address this scenario. Service businesses can create a blend of standard service elements with a menu to deliver a customised service package that the

client will perceive as being of higher quality. With this approach service businesses can promote high value services to clients willing to pay a higher price.

4.9.3 Process strategy for the maturity stage

Implementing a service blueprint for the benefit of being able to identify ineffectual links in the chain of service activities, which can be targeted for continuous quality improvement, was described in Section 3.4.7 as a possible solution that independent financial advisers could employ to assist in addressing the offshore competitor obstacle.

As per further literature investigation, it appears that the environmental factor of personal goals of the small business owner could potentially have an influence on the proposed process strategy for the maturity phase.

Mattsson (1994) analysed the blueprinting activities implemented by a telecommunication service business in New Zealand and discovered that this business used the service blueprint process to meet its own objectives rather than the needs of the clients. In particular, the service business in its blueprint design rather used a horizontal display than a vertical display, which covered five separate functional units. A department-by-department approach rather than a cross-functional team approach was also used and each element (represented by a separate person or a team of people) utilised its own system, which added to the overall complexity. Mattsson (1994) asserts that this blueprint approach resulted in the development of a gap between the clients' requirements and the service provided to them.

The eight-step process to develop a service blueprint, as proposed by Zeithaml and Bitner (1996:285–286), presents a possible solution which can be implemented to address the problem. Table 4.4 below provides a description of these eight steps.

Table 4.4: Description of eight-step process to service blueprinting

Step	Description
Step 1: Identification of service process to be blueprinted	This process will be determined by the underlying objective for focusing on the blueprint process.
Step 2: Mapping of service process from the client's perspective	This step entails mapping the client actions and experiences in the service process. Identification of the service from the client's perspective will assist in avoiding steps that have no client impact.
Steps 3 to 5: Mapping of contact employee actions (onstage as well as backstage)	The lines of visibility are drawn and the process from the client-contact employee's perspective is mapped in this phase.
Steps 6–7: Mapping of internal support activities	The lines of internal interaction are drawn in this phase and links from client-contact employee to internal support functions are identified. Should there be no clear link between the client's experience or an essential internal support service, the action in the process might be identified as unnecessary.
Step 8: Adding of evidence of service at each client action step	Physical evidence such as videos can be used in this phase to illustrate what the client sees and receives as tangible evidence of the service at each step in the client experience.

Source: Zeithaml and Bitner (1996:285–286)

4.9.4 Process strategy for the revival stage

A technological service delivery approach, such as the Internet, which can assist in creating competitive prices was described in Section 3.5.7 as a possible solution that independent financial advisers could employ to address the problem of an eroded business opportunity.

According to further literature investigation, it appears that the competitor environmental factor, in particular, could potentially have an influence on the proposed process strategy for the revival stage. Timmons (1999:206) indicates that a small business owner using the Internet to offer a service might be threatened by larger service businesses, which could steal the service concept.

A potential solution to this problem would be for the small business owner to focus on building and maintaining loyal and dependent clients, be aware of competitor activities and rapidly expand service offerings (Timmons, 1999:206).

This discussion concludes the literature investigation that was conducted in the first part of this study to gain the necessary background to support the empirical part of this study.

The following section now presents a comprehensive summary of the study's literature findings. Based on this summary, the research propositions for the empirical part of this study are then formulated.

4.10 SUMMARY OF THE STUDY'S LITERATURE FINDINGS AND RESEARCH PROPOSITIONS

In chapter three, Table 3.1 pointed out possible solutions to the problems depicted by Timmons and Spinelli (2007:260–261, 536–538) that can also potentially serve as marketing mix strategies for sales growth.

The following table now expands on this summary by including their various potential environmental factors and possible counterstrategies, as identified in this chapter. This table then represents a comprehensive overview of the study's literature findings.



Table 4.5: Detailed summary of this study's literature findings

Growth phase	Marketing mix element	Possible problem	Potential marketing mix strategy/solution	Possible environmental factors	Potential solutions to counter environmental factors
Birth	Product	Unknown competitors emerge in the market	Client-oriented service offerings	Education and financial resources	Structure business for enhanced cross-functional communication and project management Create a shared understanding of new innovation Provide legitimacy to new innovation development
	Price	Unknown competitors emerge in the market	Customer-based pricing	Exposure to information	Use professional advice from consultants, universities or other training courses to confront and attack pricing deficiencies
	Place	Struggling to deliver the service to clients on time	An Internet distribution channel providing quick and effective communication, with the benefit of a platform to compete with larger businesses and to maintain full-scale client services at a relatively low cost	Competitor	Do not base Internet adoption on the level of competitor threats experienced Owing to human behaviour, consider the Internet as a serious communication medium
	Promotion	Unknown competitors emerge in the market	Various promotional methods, which can assist in creating persuasive communication	Exposure to information	Conduct market research before designing a promotional strategy
	People	Unable to meet the time standards required owing to a lack of managerial delegation	Recruit four specific types of employees and motivate them through sufficient remuneration	Education	Invest to a greater extent in the use of Internet recruiting services
	Physical evidence	Unknown competitors emerge in the market	Provide easy access to business facilities to promote the business	Competitor	Enter into agreements with external stakeholders to generate future clients for the business
	Process	Unknown competitors emerge in the market	A process strategy implemented by small businesses that creates a favourable impression with clients such as focusing on quality control in the service process delivery	Competitor	Use a service quality information system, which must provide information on a continuous basis regarding how the level of service can be improved



Growth phase	Marketing mix element	Possible problem	Potential marketing mix strategy/solution	Possible environmental factors	Potential solutions to counter environmental factors
Growth	Product	A lack of strategic thinking among the business owners owing to a primary focus on the operational side of the business	Continued service developments aligned with an appropriate business process that ties in with the needs of the markets	Networking and education	Ensure that communication issues are resolved promptly Source new motivational tools Apply prudent allocation of scarce managerial resources Administer implicit knowledge Learn from innovation processes of other businesses and universities
	Price	Inadequate cost management that does not keep pace with business growth	Implement creative discount measures	Exposure to information	Use selective price discounting to specific market segments
	Place	Sales to new and existing clients that are not achieved on time	Implement efficient and market-oriented Internet communication to provide an additional distribution channel to deliver a new product line	Competitor	Use e-businesses for consultation regarding the design of websites Use technology to secure online payments Keep the website updated Save to pay for additional Internet expenses Generate additional traffic to website Remind existing clients of website via email
	Promotion	A lack of external networks to continue business growth	Focus on external networks to benefit, for example, from the experience of competitors as well as relationships with clients, employees, suppliers and support networks	Exposure to information	Include more team members, which can convey and calibrate observations Obtain the same type of information from different sources and compare Ensure that communication is facilitated and that technical data, objectives, goals, knowledge of conflicts and changing situations are shared between the network participants



Growth phase	Marketing mix element	Possible problem	Potential marketing mix strategy/solution	Possible environmental factors	Potential solutions to counter environmental factors
	People	Business owners might not manage for results, as they attempt to perform all the tasks themselves and do not delegate	Execute the suggestions made by Timmons and Spinelli (2007:261–262), such as refraining from following an autocratic management style to manage employees who strive for achievement and being more inclined to entrust power and control to the employees	Education	External consultants to assist with the delegation process
	Physical evidence	A loss in business clients through poor customer service	Appropriately motivate employees to deliver a positive service encounter	Labour market	Do team-building activities
	Process	A loss in business clients through poor customer service	Service customisation	Financial resources	Create a blend of standard service elements with a menu to deliver a customised service package that the client will perceive as being of higher quality
Maturity	Product	Sales decline owing to competitor ignorance	Implement measures to obtain a comprehensive competitor framework and have the strategies reflect the true nature of the competitive arena	Exposure to information and education	Become aware of selective perception through training Implement a competitive intelligence system and the necessary resources to assess the environment
	Price	Inadequate financial resources	Work from home to reduce overhead expenses, which can assist in creating competitive pricing	Exposure to information	Keep abreast of technical, financial and legal matters and also keep in mind that the positioning of the business in the market is more important than the physical location
	Place	A decline in sales owing to the perishable nature of products and services	Effective management of distribution channels to match supply and demand by, for example, cross-training employees to perform different job functions at peak periods	Competitor	Empower employees to attend training sessions and become more motivated and satisfied
	Promotion	A decline in sales owing to offshore competition	Implement promotional strategies aligned with certain positioning guidelines for creating a superior competitive image	Exposure to information	In-depth personal interviews



Growth phase	Marketing mix element	Possible problem	Potential marketing mix strategy/solution	Possible environmental factors	Potential solutions to counter environmental factors
	People	Conflict between partners over business control	Focus on the conflict management description provided by Timmons and Spinelli (2007:267), which can assist businesses to benefit from unrestricted business growth	Personal goals of the small business owner	Engage in professional management and follow a less personalised and hence a more formal management process
	Physical evidence	A lack of teamwork	Promote teamwork through the measures described by Zeithaml and Bitner (1996:322) and as a result enable the employee to deliver excellent service	Education	Determine who is comfortable with and who has what responsibility with regard to the key tasks In their job descriptions small business owners should focus on maintaining a flexible structure with shared responsibility
	Process	A decline in sales owing to offshore competition	Implement a service blueprint to obtain the benefit of being able to identify ineffectual links in the chain of service activities, which can be targeted for continuous quality improvement	Personal goals of the small business owner	Implement the eight-step process to develop a service blueprint, as suggested by Zeithaml and Bitner (1996:285–286)
Revival	Product	An eroded opportunity facilitating very low profit and return on investment	A new product development process that allows for the formulation of new product ideas from client suggestions	Exposure to information	Allow clients to present their high quality service ideas, but make them aware of the limitations of the business
	Price	Business owners who are not prepared to sell equity and would rather use bank debt to solve their financial resource requirements	Implement a price discount strategy to improve the financial situation	Networking	Perform a cost-benefit analysis that investigates the costs needed to provide the discount, the potential savings which can be gained from the increased discounts, as well the opportunity costs of not obtaining these discounts Develop an ongoing plan to address the concerns regarding negotiations and invoice processing



Growth phase	Marketing mix element	Possible problem	Potential marketing mix strategy/solution	Possible environmental factors	Potential solutions to counter environmental factors
	Place	Business owners who are not prepared to sell equity and would rather use bank debt to solve their financial resource requirements	Distribution function outsourcing, which presents the benefit of reduced cost as well as more proficient and trustworthy services as a result	Competitor	Use an outsourcing agent that specialises in assisting small businesses and that makes them feel special
	Promotion	An eroded opportunity facilitating very low profit and return on investment	Focus on promotional strategies that revitalise sales and retain existing clients	Financial resources	Judge the sales promotion strategy from a cost-benefit point of view and do not feel pressured to overuse this technique regardless of any internal pressures or external competitive challenges Use an "objective-and-task" method to design realistic sales promotion budgets
	People	A lack of new product and service developments	Employee empowerment to present client-oriented new developments	Personal goals of the small business owner	Small business owners should become more self-aware of their own actions
	Physical evidence	An eroded opportunity facilitating very low profit and return on investment	Offer guarantees which provide the benefit of a competitive advantage as well as a second chance to create a positive impression	Exposure to information	Create the impression that the service is immediately available and that the service provider is fully prepared
	Process	An eroded opportunity facilitating very low profit and return on investment	Implement a technological service delivery approach, which can assist in creating competitive prices	Competitor	Focus on building and maintaining loyal and dependent clients, be aware of competitor activities and rapidly expand service offerings

Cooper and Schindler (1998:43) distinguish between research propositions and hypotheses by stipulating that a research proposition refers to a statement about the theory that may be evaluated as accurate or incorrect if it refers to observable occurrences, whilst a hypothesis is a proposition formulated for empirical testing. Since this study is exploratory in nature and the research is not based on previously established models, research propositions are more suitable for this study.

Hence, several research propositions are now formulated pertaining to this study's literature findings (given in Table 4.5):

- **Proposition 1:** The independent financial advisers of this study experience the potential problems in the life cycle stages discussed in the literature review and depicted in Table 4.5.
- **Proposition 2:** The independent financial advisers of this study use the possible solutions to overcome the various potential problems in the life cycle stages discussed in the literature review and depicted in Table 4.5.
- **Proposition 3:** The potential solutions depicted in Table 4.5 are also marketing mix strategies implemented by the independent financial advisers of this study and seem to enhance sales growth.
- **Proposition 4:** When implementing the marketing mix strategies, the independent financial advisers of this study experience the barriers to implementation discussed in the literature review and depicted in Table 4.5.
- **Proposition 5:** When experiencing the barriers to implementation, the independent financial advisers of this study use the counterstrategies as discussed in the literature review and depicted in Table 4.5.

The following sixth research proposition is also required to gain more clarity on the true business phases of independent financial advisers in Johannesburg that will need to be included in the proposed framework.

- **Proposition 6:** The independent financial advisers of this study do progress through the birth, growth, maturity and revival life cycle stages that were identified in chapter two.

These research propositions will be further tested in the empirical part of this study.

The confirmed information obtained from the advisers will be included in the proposed framework.

4.11 SUMMARY

Chapter four provided more insight into which environmental factors could potentially influence the proposed marketing mix strategies that were established in chapter three. Various potential solutions, which might possibly assist in addressing the environmental factors, were also identified.

Based on a comprehensive summary of the study's literature findings (depicted in Table 4.5), the chapter concluded with the formulation of several research propositions.

These research propositions will now be explored further in the empirical part of this study to gain more insight into the business phases, problems, marketing mix strategies/solutions, the influence of environmental factors and the solutions of the independent financial advisers of this study in comparison to the literature findings.

Based on the results, the framework of this study will then be proposed. The research objectives that were established in Section 1.5 will then also be addressed.

Chapter five will now continue with a detailed research design for the empirical part of this study.