Differential pricing & promotion and their effect on growth of SMEs which offer standardized services: A Case Study of Snowhite Dry Cleaners Pakistan.

Master’s Thesis in Business Administration

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Acknowledgements

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Ssebunnya Henry & Abid Naeem
Declaration:

This thesis is submitted by Ssebunnya Henry and Abid Naeem to The University of Skovde, the school of Technology and Society, for Masters of Science degree in Business Administration with a major in Marketing - One Year Master's Program 60 ECTS.

We certify that all material in this thesis which is not our own work has been identified and that no material is included for which a degree has previously been conferred on us.

Ssignature: ...............................................................  Signature: ..............................................................

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Dated: 14-06-2010
Abstract

**Problem:** In bid to stay competitive in the industry, SMEs have to apply several formal marketing techniques which will help them edge past their competitors regardless of the many operational challenges they are facing. Moreover, through the first questionnaire the authors realized that if the case company could appreciate the use of marketing techniques in the market, it would gain more market share hence realizing organic growth. However this entirely depends on the leadership and management teams which also have to be innovative in the market place which will eventually create value for the customers who tend to be loyal and as such purchase the service or product repeatedly. In addition, the management and leadership teams should seek cultural integration and talent which will enable the SMEs to achieve their vision hence survival in the business.

**Purpose:** The issue under investigation during this research will be “the effect of differential pricing and promotion on the growth of SMEs which offer standardized services.” This research will add to the existing knowledge relevant to the SMEs in line with the marketing activities and growth. In addition, this research will help Snowhite Dry Cleaners in particular, to achieve growth if the managerial implications are put into consideration as highlighted in this thesis. For the authors, this thesis is a pre-requisite to the award of a masters’ degree in marketing with a major in business administration once successfully completed.
**Method:** An inductive approach has been used throughout this thesis while we adopted a case study design. In order to fulfill the purpose of this thesis, three unstructured questionnaires were sent to the director of operations of the case company.

**Theories:** The theoretical areas that were used in this thesis consisted of theories regarding: Competitive strategy, Pricing of services, Promotion of services, Services marketing management, Business growth, Marketing management etc.

**Conclusions:** The authors came to a conclusion that promotion strategies induce trial of product or service hence organic growth in the long-run. They also impact on customer choice of product or service and service provider which leads to increased demand hence organic growth. As well, value-adding promotions for services increase the demand and market share arising from less competitor activity due to fear of adverse price wars. In addition, promotions increase perceived customer value which results into repeated purchases of a product or service hence organic growth. However, value-increasing promotions are recommended for product firms otherwise they will have a negative impact on sales save for objectives like margin reduction or tarnishing the competitors’ image. Notably, if value adding promotions are run for a long time, they risk becoming obsolete to the customers who seek value on a daily basis. In addition, differential pricing has no effect on sales growth for a service firms which offer standardized services like laundry but rather, it is likely to have a positive impact on firms which sell tangible products as a primary objective and treating the services offered as peripheral.
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1. INTRODUCTION

This chapter introduces the subject in which the authors of the thesis have chosen to focus this research. This Introduction will begin with describing the background to the problem, which is discussed in the problem discussion and concluded with research questions and limitations.

1.1. Background:

This thesis studies/investigates the role of the marketing mix elements in the growth of SMEs which offer standardized services. According to Singh et al. (2008) small and medium enterprises are considered as a backbone of economic growth in all countries. The same view is supported by Kouznetsov & Dass (2010) when they forwarded that the growing role of small- and medium-sized enterprises (SMEs) in the world economy cannot be ignored and receives ever-increasing attention from the research community. According to Krake (2005), a small company has less than 50 employees and the balance or turnover is €10 million, middle-sized company has less than 250 employees, and the balance or turnover is from €43 million to €50 million.

In addition, small and medium enterprises contribute in providing job opportunities, act as supplier of goods and services to large organizations (Singh et al., 2008). Rahman, (2001) as cited in Singh et al. (2008), remarks that SMEs are defined by a number of factors and criteria, such as location, size, age, structure, organization, number of employees, sales volume, worth of assets, ownership through innovation and technology.

It is important to note that majority of SMEs have simple systems and procedures which allows flexibility, immediate feedback, short decision-making chain, better understanding and quicker response to customer needs than larger organizations (Singh et al., 2008). In the same context,
Audretsch et al., (1998) as cited in Murphy & Ledwith (2007) argued that many SMEs have a greater potential flexibility and closeness to the customer and an edge towards customization and innovation.

SMEs particularly seek out markets where their advantages count and they are not in direct competition with their larger counterparts but despite these key advantages, they lack economies of scale, scope, and learning (Murphy & Ledwith, 2007). It follows therefore that in spite of these supporting characteristics of SMEs, they are on tremendous pressure to sustain their competitiveness in domestic as well as global markets (Singh et al., 2008).

McCartan-Quinn & Carson, (2003) as cited in Walsh & Lipinski (2009) opine that SMEs have characteristics that differentiate them from large organizations and these differences include advantages such as greater flexibility, innovation, and lower overhead costs. However, in terms of disadvantages, SMEs are limited by their market power, capital and managerial resources (Motwani et al., 1998 cited in Walsh & Lipinski, 2009).

Romano & Ratnatunga, (1995) as cited in Simpson et al. (2006) through their extensive literature review, noted that marketing in small businesses can be categorized as; (a) marketing as a culture; (b) marketing as a strategy; and (c) marketing as tactics.

*Marketing as a culture* was defined as analysis of consumer needs and wants and assessment of competitiveness of small enterprises.

*Marketing as a strategy* was defined as strategy development to enhance actual and potential market position of small enterprises.

*Marketing as tactics* was defined as analysis of the 4Ps to influence the performance or growth of small enterprises (Romano & Ratnatunga, 1995 cited in Simpson et al., 2006).

Bruno & Leidecker, (1988) as cited in Hogath-Scott et al. (1996) argued that there is evidence that small business failures can result from a lack of marketing, or poor marketing practice, including planning and implementation. It therefore follows that not all small businesses want to grow, but all businesses need to adapt to changing environments and changing customer needs and it’s proposed that marketing facilitates this process (Carson, 1993 cited in Hogath-Scott et al., 1996).
According to Hogath-Scott et al. (1996), marketing is relevant for both small and large firms and therefore knowledge and understanding of the marketplace reduces risk and contributes to understanding the ever changing customer needs. It is however important to know that marketing practice is situation specific and dependent on several factors, for example, the nature of the markets served, the growth stage of the firm, the types of product or service offered, and the quality of management (Hogath-Scott et al., 1996).

The authors of this thesis are convinced that there is need to address the growth challenges of SMEs offering standardized services in a marketing management perspective with a specific focus on two marketing mix elements (promotion and pricing).

1.2. Problem discussion:

In bid to stay competitive in the industry, SMEs have to apply several formal marketing techniques which will help them edge past their competitors regardless of the many operational challenges they are facing. Moreover, through the first questionnaire the authors realized that if the case company could appreciate the role of marketing techniques in the market, it would gain more market share hence realizing organic growth. However this entirely depends on the leadership and management teams which also have to be innovative in the market place which will eventually create value for the customers who tend to be loyal and as such purchase the services or products repeatedly. In addition, the management and leadership teams should seek cultural integration and talent which will enable the SMEs to achieve their vision hence survival in the business. Gilmore et al. (2001) argued that SMEs have unique characteristics that differentiate them from conventional marketing in large organizations. According to Carson, (1990) as cited in Gilmore et al. (2001), these characteristics may be determined by the inherent characteristics and behaviors of the entrepreneur or owner/manager and they may be determined by the inherent size and stage of development of the enterprise and such limitations can be summarized as; (1) limited resources (such as finance, time, marketing knowledge); (2) lack of specialist expertise (owner-managers tend to be generalists rather than specialists); and (3) limited impact in the marketplace. This view is supported by O’Dwyer et al. (2009) when they
presented the characteristics of SME marketing from an innovative perspective (see figure 1-1) which clearly means that these factors; (a) competitors; (b) decision making; (c) customers; (d) limitations (such as finance, time, market knowledge); and (e) environment have a significant effect when dealing with marketing-related issues in SMEs.

Figure 1-1 Characteristics of SME marketing (O’Dwyer et al., 2009).

According to Doole et al., (2006); Chaston, (1998); Carson, (1985) as cited in O’Dwyer et al. (2009), the marketing function in SMEs is hindered by constraints such as poor cash flow, lack of marketing expertise, business size, tactical customer-related problems, and strategic customer related problems. In addition, despite such restrictions, SMEs successfully use marketing to generate sales (Guersen, 1997; Romano and Ratnatunga, 1995 cited in O’Dwyer et al., 2009).

“In many instances small business owners perceive marketing as purely “selling, advertising or promotion.”

Based on the scope of the problem discussion, the authors of this thesis appreciate that if SMEs can address their marketing-related challenges specifically arising from the traditional and the extended marketing mix elements (product, price, promotion, place, people, process & physical evidence), there is potential for them to at least achieve ‘organic’ growth. Moreover, small businesses typically develop and implement marketing strategies within severe resource constraints, and with day-today pressures of business, marketing may seem an unnecessary luxury (Hogath-Scott et al., 1996). Further more Scase & Goffee, (1980) as cited in Gilmore et al. (2001) recognized that SME marketing is haphazard and informal because of the way an owner-manager does business; they make most decisions on their own, respond to current opportunities and circumstances and so decision making occurs in a haphazard and apparently chaotic way, according to personal and business priorities at any given point in time.

Additionally, Hogath-Scott et al. (1996) argued that, much of the research into marketing in small businesses concludes that it is frequently underutilized and misunderstood by small business owner-managers. Moreover, the authors believe that a lot of SME research has been done evidently in the field of marketing however; few studies have been done specifically in the areas of differential pricing and promotion. The authors of this thesis are therefore motivated to study and as well address the effects of differential pricing and promotion on the growth of SMEs which offer standardized services.
1.3. **Research questions:**

In this research, we will generally focus on one research question which is specifically broken into two research questions and these are examined in detail:

How would SMEs which offer standardized services realize growth through applying some elements of the marketing mix?

   A. *What is the effect of promotion on the growth of SMEs which offer standardized services?*

   B. *What is effect of differential pricing on the growth of SMEs which offer standardized services?*

### 1.3.1 Motivation for studying the 2 (two) chosen research questions:

**Promotion question**

The related management teams of service SMEs would appreciate the contribution of promotion in the generation of organic growth i.e. growth arising from increase in sales.

The services managers would then know the various types of promotions and when they should be applied.

Promotion would broaden the authors’ scope of knowledge in the related field of marketing and as well, the authors will get to know what forms of promotions are practiced by the case company and why those specific forms are chosen.

Promotion would help the managers of standardized service firms to better appreciate its role in the firm’s growth perspective.

Promotion theories will help the authors and services managers to appreciate the points of difference between large and small- and medium-sized enterprises (SMEs) in the implementation of promotional activities to generate customer value and how to sustain this value. In addition, the promotion theories will help the authors and as well the services managers to interpret the research findings that are related to promotion.
**Differential pricing question**

The related SMEs would appreciate the advantages and disadvantages of differential pricing, what happens in practice at the case company and the situations under which differential pricing should be practiced.

Enrich the managers with the formalities surrounding differential pricing and how best it should be practiced to generate additional revenue for the firm as a key objective.

The theories surrounding differential pricing will help the authors and services managers to interpret the research findings and also furnish them with in-depth knowledge in the related field of marketing and business administration.

1.4. **Purpose of the research:**

The issue under investigation during this research will be “*the effect of differential pricing and promotion strategies on the growth of Small-Medium firms.*”

With precision, this research report will add to the existing knowledge relevant to the SMEs in line with the marketing activities and growth of such firms.

In addition, this research will help Snowhite Dry cleaners in particular, to achieve growth if the managerial implications are put into consideration as highlighted in this thesis.

Last but not the least, for the authors, this thesis is a pre-requisite to the award of a masters’ degree in marketing with a major in business administration once successfully completed.

1.5. **Limitations of the study:**

This research has some limitations and these are listed below:

1. The research is constrained by the period of time in which it has to be completed.
2. The data will be collected by use of questionnaires and email-send outs while there will not be any face to face communication.

3. The scope of the study is limited to one firm and therefore the findings of the study can not be generalized. These results however would be applicable to the Dry cleaning sector of Pakistan due to the fact that they hold for analytical generalization.

4. The study focuses primarily on the two elements of marketing mix and these are; pricing and promotion.

5. In this study, we refer to the firm’s growth to be in terms of sales (organic growth) and it’s limited to any other forms of growth.

1.6. Disposition:

This thesis consists of six chapters, excluding list of references and appendices. The disposition of those chapters is here below presented.

Chapter 1. Introduction

The introduction chapter brings in the background of the research, followed by the information on the topic of SME marketing. Furthermore, the chapter introduces the problem, purpose and the research questions, followed by limitations of the study.

Chapter 2. Frame of References

This chapter constitutes essential theories and models that provide reader(s) with knowledge regarding SME marketing in the field of promotion, price, services marketing, growth and marketing management. These theories and models will be applied during the analysis of the collected data.
Chapter 3. Methodology

The methodology chapter presents the selected approaches and the information collection procedure in order to answer/justify the purpose. Several theoretical concepts are discussed in methodological terms, followed by a description of the method used throughout the empirical study. The authors will specifically explain the methodology that has been used in this study and summarize it in form of a model to clearly show the concepts they have applied.

Chapter 4. Empirical study

In this chapter the authors present the collected empirical findings for the study that are divided into five parts. The empirical findings consist of primary information gathered with the help of questionnaires with the director of operations who is in charge of the marketing activities.

Chapter 5. Analysis

The fifth chapter will present the analyses that are divided into four parts. In this chapter the authors interpret and analyze the empirical findings, using existing theories and models from theoretical framework section.

Chapter 6. Conclusion

This chapter summarizes the analyzed data by providing the reader with conclusions and answers to the research questions and justifying the research purpose. This is done with the aim of seeing whether the purpose of the thesis is fulfilled. In addition, this chapter spells out the managerial implications and as well it presents the areas for further research.
2.0 FRAME OF REFERENCES

In this section the literature and models that are relevant and suitable for the current study are presented and explained. This chapter presents the theoretical framework which will be applied and used to analyze collected data and information.

2.1 Competitive Strategy:

Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs and it also aims to establish a profitable and sustainable position against the forces that determine industry competition (De Wit & Meyer, 2004).

2.1.1. National competitive advantage:

According to Bennett & Smith (2002), the competitive advantage of firms is often argued to be derived from their specific context and the environment.

Porter, (1990, 1998) as cited in Bennett & Smith (2002), suggested that there is a competitive “diamond” of four factors that affect regional growth and competitive advantage and these include:

1. Factor conditions (such as availability of skills, infrastructure, capital, innovation and entrepreneurism);

2. Demand conditions (product development, industry structure, local purchasers and distribution system, market size and agglomeration);

3. Related and supporting industries (the presence of suppliers and customers that are also leading-edge firms); and
(4) Business strategy, structure and competition (affecting how firms are organized, created, managed, compete or cooperate with each other including institutional structures and the role of the government).

2.1.2. Generic competitive strategies: Cost Leadership:

The idea of cost leadership strategy is supported by Thompson & Martin (2005) when they stated that; “to achieve substantial rewards from this strategy the organization must be the cost leader and unchallenged in this position.” This view is also advanced by Porter, (1985) as cited in De Wit & Meyer (2004) when he stated that; the strategic logic of cost leadership usually requires that a firm be the cost leader, not one of several firms vying for this position.

Cost leadership as a generic strategy does not imply that the company will market the lowest price product or service in the industry because quite often the lowest price products are perceived as inferior and as such appeal to only a proportion of the market (Thompson & Martin, 2005). However, it should be noted that at equivalent or lower prices than its rivals, a cost leader’s low-cost position translates into higher returns (Porter, 1985 cited in De Wit & Meyer, 2004). Porter (1980) contends that cost leadership requires aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising, and so on.

According to Thompson & Martin (2005), there is little advantage in being only one of a number of low-cost producers because it helps the superior management to concentrating on cost-saving opportunities, minimizing waste and not adding values which customers regard as unimportant to the product or service.
Differentiation:

According to Thompson & Martin (2005), cost leadership is usually traded off against differentiation with the two regarded as pulling in opposite directions because differentiation adds costs in order to add value for which customers are willing to pay premium prices. In the same context, Porter (1980) states that differentiating a product or service offering of the firm means creating something that is perceived industry-wide as being unique. It follows therefore that costs are only added in areas that customers perceive as important which again can relate to any area of the operation (Thompson & Martin, 2005).

Andreasson & Lanseng (2010) also remarked that differentiating the market offering is critical to any firm’s success. Keller, (2003) as cited in Andreasson & Lanseng (2010) forwarded that, in the marketing literature, differentiation is often associated with branding and research typically focuses on goods rather than services. A service is defined as “the application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself” (Vargo & Lusch, 2004 cited in Andreasson & Lanseng, 2010).

Andreasson & Lanseng (2010) argued that, in the service-dominant logic, the ultimate sources of value creation are operant resources for example the employees’ knowledge and skills employed on operand resources (e.g. machines) to create a differentiated and valued service in the marketplace. In addition, since employees (back- and on-stage) are key in differentiating any
market offering and often interact with customers, differentiation should ideally be approached with an eye on attracting the “right” and relating employees to the “right” customer in the co-creation process (Andreasson & Lanseng, 2010).

**Focus:**

Focus strategies are where a company chooses to concentrate on only one segment or a limited range of segments and with this approach, it can again seek either lower costs or differentiation (Thompson & Martin, 2005). It follows therefore that, this focus strategy focuses a narrow segment(s) within an industry and tailors all its communication and product strategies according to the needs of that particular segment(s) while excluding all the other segments (Thompson & Martin, 2005; Porter, 1980).

The Focus strategy can be either a cost focus or a differentiation focus strategy (Porter, 1985 cited in De Wit & Meyer, 2004). This is also supported by Thompson & Martin (2005); Porter (1980) when they note that focus strategies are where a company chooses to concentrate on only one segment or a limited range of segments and with this approach, it can again seek either lower costs or differentiation.

**2.3. Promotion of services**

According to Berry & Parasuraman, (1991) as cited in Wakefield & Bush (1998), services marketing communications are likely to emphasize issues relative to the physical environment (i.e. the location, personnel, atmospherics, etc.) and prices. Wakefield & Bush (1998) also echoed that services marketing communications may take the form of a sales promotion, which facilitates consumer search and evaluation of the value provided by the service.

By definition, sales promotion is a direct inducement which offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer (Kimball, 1989). It is therefore important to note that other than defining sales promotion the strength of this definition is that it identifies specific targets of sales promotion activities: the sales force, distributors, or the ultimate consumer (Kimball, 1989).
Similar views are forwarded by Peattie & Peattie, (1994) as cited in Peattie & Peattie (1995) that sales promotions are marketing activities usually specific to a time period, place or customer group, which encourage a direct response from consumers or marketing intermediaries, through the offer of additional benefits.

Additionally, Sheth et al., 1991 as cited in Reijonen & Laukkanen (2010) observed that value seems to have an effect on a consumer’s consumption behavior, pricing (Monroe, 1990 cited in Reijonen & Laukkanen, 2010 ), profit making and other strategic decisions of the firm (Grant, 2002 cited in Reijonen & Laukkanen 2010).

Value is used to gain competitive advantage (Huber et al., 2001; Woodruff, 1997 cited in Reijonen & Laukkanen, 2010) and to create loyalty, satisfaction (Lam et al., 2004 cited in Reijonen & Laukkanen 2010) and repurchase behavior (Petrick, 2004 cited in Reijonen & Laukkanen, 2010)

Sales promotions for services may be evaluated in a manner different from sales promotions for products and unless consumers are aware of available sales promotions before entering the service facility, the only likely function of the sales promotion is to reinforce the patronage decision (Wakefield & Bush, 1998). Take an example of consumers who are carrying out a decision to enter a restaurant, dry cleaners, or a sporting event who may find that a discount is available at the time they enter they will obviously be happy to receive it (Wakefield & Bush, 1998). According to Wakefield & Bush (1998), sales promotion would take the forms; (a) price promotions and (b) non-price promotions. These forms are here below defined;

Price promotions are those which result into a lower purchase price and non-price promotions are those which do not reduce price (Lichtenstein et al., 1995 cited in Wakefield & Bush, 1998).

In addition, Mael & Ashforth, (1992) as cited in Wakefield & Bush (1998), remarked that an individual also identifies with an organization when describing herself or himself in terms of organizational membership and this identification is critical for understanding consumption behavior regarding other service organizations.

According to Kimball (1989), sales promotion, once regarded as a cost of doing business or a tool employed to boost short term volume now has assumed a major role in the determination of
success or failure of a company's strategic plan in pursuit of its marketing and financial objectives.

Kimball (1989) specified that there are three roles played by sales promotion in the entire marketing process and he classified them into modes; (1) the basic offer, (2) persuasive communication, and (3) promotional inducements.

Mode 1; the basic offer, is the regular or standardized substantive benefits of the product and terms of sale. However, the role of this mode is to meet a need by offering distinctive value compared with substitutes (Kimball, 1989).

Mode 2; persuasive communication, consists of verbal and nonverbal messages designed to enhance impressions of the basic offer. It should therefore be noted that the functions of persuasive communication are two fold: as information and as a prompt to action. According to Kimball (1989), the objective for this mode is to create a want by encouraging customers to identify with the offer through a combination of fact and fancy.

Mode 3; promotional inducements, is extra substantive benefits intended to control the target's actions. In addition, the role of this mode is to work directly on the action objectives of the marketer by inducing the customer to adopt the marketer's plan of action (Kimball, 1989).

Peattie & Peattie (1995) classified promotion into two types: (a) value-increasing promotions and (b) value-adding promotions and these are explained as follows;

Value-increasing promotions

These can take a form of price-based promotions such as price deals, coupons and refund offers. It follows that “value-increasing” promotions cannot easily work for services by an increase in physical quantity, and therefore can only work through potentially dangerous, margin- and image-eroding, price reductions (Peattie & Peattie, 1995).
This deduction is as well supported by Thomas, (1978) as cited in Peattie & Peattie (1995) that;

“Value-increasing promotions are difficult to apply to services partly because setting prices for services is already difficult and consumers often use price as a surrogate measure of quality.”

**Value-adding promotions**

These leave the price and quantity of the core product untouched, and bundle something else with it to increase value to consumers. The “something else” could be a free gift, a “piggy-back” complementary product, or a competition. Peattie & Peattie (1995) remarked that the value-adding promotions and competitions in particular, are increasingly making an impact. It follows therefore that by leaving the price intact and not subject to the use of coupons, value-adding promotions avoid the financial dangers of price wars or coupon fraud associated with many price-based promotions (Peattie & Peattie, 1995).

Additionally, the key challenge for marketers seeking to gain competitive advantage through promotions is to choose a promotional tool which is suitable for the brand that they manage and the market within which it exists, and to execute the promotion flawlessly (Peattie & Peattie, 1995).

Table 1-2 shows the several aspects of competitions (sales promotional tool) which make them particularly suitable for use by service marketers;

<table>
<thead>
<tr>
<th>Aspects of competitions</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation opportunities</td>
<td>• The added benefits provided by competitions can form a useful source of differentiation from other service providers. Although rival “Me-too” competitions may be attempted, they risk failure if initial competitions have tapped the vein of available competitive consumers.</td>
</tr>
<tr>
<td>Link-up opportunities</td>
<td>• Linking up to advertising or PR campaigns.</td>
</tr>
</tbody>
</table>
| Quality cue appeal | • The intangibility of services prompts customers to look for tangible surrogate “cues” to judge the service provider’s quality.  
• Competitions are a more cost-effective quality cue than “giveaway” |
promotions for services marketers, since giving customer “freebies” which project a high quality image can be prohibitively expensive.

<table>
<thead>
<tr>
<th>Demand smoothing</th>
<th>● The perishability of services means that demand fluctuations are the “most troublesome” of services marketing problems (Zeithaml et al., 1985 cited in Peattie &amp; Peattie, 1995).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer interaction</td>
<td>● Competitions can create interaction and involvement between the customer, the service and the service provider.</td>
</tr>
<tr>
<td>Point of sale opportunities</td>
<td>● Services cannot readily be displayed (Rathmell, 1966 cited in Peattie &amp; Peattie, 1995), but competition posters and leaflets provide opportunities for interesting, tangible and visible point of sale materials.</td>
</tr>
</tbody>
</table>

Table 1-2. Aspects of competitions which apply to service marketers (Peattie & Peattie, 1995).

2.4. Approaches to pricing of services

To begin with, the distinctive characteristics of services (intangibility, heterogeneity, perishability and inseparability) necessitate a closer look at the way at which services are priced (Schlissel & Chasin, 1991; Zeithaml & Bitner, 1996; Kurtz & Clow, 1998; Langeard, 2000; Hoffman et al., 2002 cited in Avlonitis & Indounas, 2005).

According to Zeithaml et al. (2009), there are three pricing structures typically used to set prices and these are; (a) cost-based, (b) competition-based, and (c) demand-based pricing.

The above narration was also backed by Avlonitis & Indounas (2005) when they argued that according to the review of related literature the pricing of services would fall under three large categories namely cost based, competition based and demand based.

It should therefore be noted that these pricing structures are the same bases on which goods prices are set but adaptations must be made in services (Zeithaml et al., 2009).

Cost-based pricing structure

Zeithaml et al. (2009) argue that, in cost-based pricing, a company determines expenses from raw materials and labor, adds amounts or percentages for overhead and profit, and thereby arrives at the price. This method is widely used by industries such as utilities, contracting, wholesaling, and advertising and the basic formula for it is Price= Direct costs + Overhead costs + Profit margin (Zeithaml et al., 2009).

supported the above formula when they stated that the cost-plus method is arrived at when a profit margin is added on the service’s average cost.

Additionally, the direct costs involve materials and labor that are associated with delivering the service, the overhead costs are a share of fixed costs, and the profit margin is a percentage of full costs (Direct + Overhead) (Zeithaml et al., 2009).

According to Zeithaml et al. (2009), some examples of cost-based pricing in services industries would include;

Cost-plus pricing; this is a commonly used approach in which component costs are calculated and a markup added. It follows that, in product pricing this approach is quite simple than in service industries due to complications associated with tracking and identifying the costs.

Fee for service; this is a pricing strategy used by professionals (consultants, psychologists, accountants, lawyers) and it represents the time involved in providing the service.

Competition-based pricing structure
As forwarded by Zeithaml et al. (2009), the competition-based pricing approach focuses on the prices charged by other firms in the same industry or market.

In the same way, Channon, (1986); Payne, (1993); Palmer, (1994); Woodruff, (1995); Zeithaml & Bitner, (1996) as cited in Avlonitis & Indounas (2005) also suggested that, competition-based method is where the pricing is similar to competitors or is set according to the market’s average prices.

It follows therefore that competition-based pricing does not always imply charging the identical rate others charge but rather using others’ prices as an anchor for the firm’s price (Zeithaml et al., 2009).

Zeithaml et al. (2009) remark that this approach is used predominantly in two situations; (1) when services are standard across providers, such as in the dry cleaning industry, and (2) in oligopolies with a few large service providers, such as in the airline or rental car industry. In addition, the difficulties involved in provision of services sometimes make competition-based pricing less simple than it is in goods industries (Zeithaml et al., 2009).

According to Zeithaml et al. (2009), some examples of competition-based pricing in services industries would include;
*Price signaling*; this occurs in markets with a high concentration of sellers and in this type of market, any price offered by one company will be matched by competitors to avoid giving a low-cost seller a distinct advantage.

*Going-rate pricing*; this involves charging the most prevalent price in the market and its common with car rental companies because the rental car market is dominated by small number of large companies. It also follows that for the years, Hertz, the largest car rental brand in the world has always set the price which the rest of other rental car companies have followed and as such, prices in different geographic markets, even cities, depend on the going rate in that location (Zeithaml et al., 2009).

**Demand-based pricing structure**

This pricing structure involves setting prices consistent with customer perceptions of value which literally implies that, the prices are based on what customers will pay for the services provided (Zeithaml et al., 2009).

Channon, (1986); Lovelock, (1996); Zeithaml & Bitner, (1996); Hoffman & Bateson, (1997) as cited in Avlonitis & Indounas (2005) in the same way categorized demand-based pricing as perceived-value pricing where the prevailing price is based on the customers’ perceptions of value.

As forwarded by Zeithaml et al. (2009) table 2-2 below shows the challenges associated with the three pricing structures typically used to set prices in relation to a service industry:

<table>
<thead>
<tr>
<th>Pricing structure</th>
<th>Associated challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost-based pricing</td>
<td>• Costs are difficult to trace.</td>
</tr>
<tr>
<td></td>
<td>• Labor is more difficult to price than materials.</td>
</tr>
<tr>
<td></td>
<td>• Costs may not equal the value that customers perceive the services are worth.</td>
</tr>
<tr>
<td>Competition-based pricing</td>
<td>• Small firms may charge too little to be viable.</td>
</tr>
<tr>
<td></td>
<td>• Heterogeneity of services limits comparability.</td>
</tr>
<tr>
<td></td>
<td>• Prices may not reflect customer value.</td>
</tr>
<tr>
<td>Demand-based pricing</td>
<td>• Monetary price must be adjusted to reflect the value of nonmonetary costs.</td>
</tr>
<tr>
<td></td>
<td>• Information on service costs is less available to customers; hence price may not be a central factor.</td>
</tr>
</tbody>
</table>

Table 2-2. Pricing structures and their challenges in services marketing (Zeithaml et al., 2009).
From table 2-2 above, however challenging it is to set prices when marketing services it has to be done carefully because; (a) pricing too low can lead to inaccurate inferences about the quality of the service and (b) pricing too high can set expectations that may be difficult to match in service delivery (Zeithaml et al., 2009).

In the same context, Avlonitis & Indounas (2006) argued that customer-based methods necessitate examining the value that customers attach to the service. Zeithaml et al., (2006) as cited in Avlonitis & Indounas (2006) define value in the case of services with one of the four following ways: (1) value is low price; (2) value is everything I want in a service; (3) value is the quality I get for the price I pay; and (4) value is all that I get for all that I give.

**Differential pricing**

Yelkur & Herbig (1997) argued that differential pricing (or price discrimination) is charging different prices to different segments for the same service, when the price differences are not justified by differences in cost. Additionally it is of value to service firms since they can make additional profits by using intelligent price discrimination between customer segments (Yelkur & Herbig, 1997).

According to Awh, (1988) as cited in Yelkur & Herbig (1997), in order to successfully adopt the method of differential pricing the following conditions should be satisfied:

(a) The firm should be large in terms of market share (for example, a large chain of hotels).
(b) The firm should be able to estimate the demand curves of consumers, for example as hotels can by examining the occupancy rates from historical data.

Yelkur & Herbig (1997) noted that there are five steps a firm must take to achieve a differential pricing policy and these are as follows; (1) Select the target market; (2) Divide the target market into smaller customer segments; (3) Estimate demand for each customer segment; (4) Determine reservation prices (which indicate willingness to pay) for each segment; and (5) Determine prices for each segment.
It is crucial to note that differential pricing can be practiced by those service marketers who have a high market share in their specified industry like for example, a medical practitioner or a lawyer would charge differently to different customer segments, if there are only a very few competitors in that particular location (Yelkur & Herbig, 1997).

2.5. Nature and characteristics of services marketing management decision making

According to Gilmore & Carson (1996), it is generally agreed that managing in a services marketing situation is different from managing in a goods marketing situation chiefly because of the distinguishing characteristics of services: (a) intangibility, (b) heterogeneity, (c) perishability and (d) inseparability. Lovelock, (1983) as cited in Gilmore & Carson (1996), considers the implications the above service characteristics have on the services marketing manager’s responsibilities and tasks and he describes the key differentiating factors as; (1) the nature of the service act (performance & not a physical good); (2) the types of relationship service organizations have with customers, that is, anything from having no formal relationships to a membership requirement; (3) the scope of customization and the level of judgment required from the customer contact personnel in the service delivery; (4) the nature of demand for the service, in relation to the effect fluctuations of demand and supply constraints may have on the service provision; (5) how the service is delivered (face-to-face or at “arm’s length”); and (6) the attributes of the service product, in particular whether it depends on people-based or equipment-based attributes. Gilmore & Carson (1996) noted that, these differentiating factors have the effect of creating specific requirements of managers in a services marketing situation. In addition, when services need to change to meet changing requirements or when new services enter the market, new standards of performance may be needed and the quality of management decision making will become vital for competitive success (Gilmore & Carson, 1996). The above differentiating factors will surely have implications for services management competences (Gilmore & Carson, 1996).
Competences for a services marketing context

Gilmore & Carson (1996) argue that, the services marketing management competences of knowledge, experience and distinctive expertise need to become even more refined and specific in a services marketing situation.

In the same context, Gilmore & Carson (1996) emphasized that, given that general marketing management decision making focuses on and revolves around all aspects of marketing activity and performance such as decisions relating to the marketing variables (product, pricing, communication/advertising/image/PR, customer/staff interface and marketing administration), these generic areas of marketing decision making can be translated to a services situation by taking account of the specific roles and issues of concern to services marketing managers. Therefore, according to Gilmore & Carson (1996), the typical decision-making areas for services managers may include; (1) Service product decision making involving new service product development and service differentiation; (2) Pricing decision making involving considerations of price in relation to service differentiation, and managing demand for services (e.g. prices for peak and off peak times); (3) Communication decisions revolving around the creation of an advertising message which manages the intangible nature of the service product and highlights the features of service differentiation; (4) Customer-staff interaction management decision making concerning the management of service operations, integration of service activities and processes, managing people, assessing and timing; (5) Marketing administration management involving the provision of management information and gathering relevant information about customers in relation to all the marketing activities carried out by the services management functions.

The above mentioned areas of services marketing decision making will guide the identification of the specific roles and issues of concern to services marketing managers (Gilmore & Carson, 1996).

It should also be noted that, the characteristics of services and the nature of the customer relationships in service contexts mean that the issues for services marketing managers need to be addressed in a different way than in a traditional manufacturing or goods marketing context. For example, services marketing situations depend more heavily on managing the “process” or “act” of the service product than does marketing in other situations (Gilmore & Carson, 1996).
Additionally, since people are usually involved in performing services and are not always consistent in their performance, standardization and quality are extremely difficult to control (Gilmore & Carson, 1996). According to Gilmore & Carson (1996), the effectiveness of services marketing operation will depend on the quality of the management of people and personal encounters such as the customer-staff interactions in all areas of marketing activity.

**Competences for services pricing management**

Pricing management decision making as forwarded by Gilmore & Carson (1996), involve; (a) choosing the right price ranges for various service products; (b) adaptability in pricing structure decisions to allow for different levels of demand; and (c) creativity in pricing products in order to maintain some uniqueness and competitiveness.

As a matter of fact, pricing management’s decision making will require knowledge and experience in relation to awareness of options within the industry’s pricing structure, knowledge of the market and the marketing environment; and suitability of these pricing options to customers (Gilmore & Carson, 1996). In addition, knowledge and experience will involve exercising objective consideration of all options available and having the ability to select an appropriate one. According to Gilmore & Carson (1996), distinctive expertise will involve adaptability and creativity in pricing decision making. These are discussed in further depth below;

*Adaptability*; Adaptability in services marketing pricing decisions requires liaison with other marketing functions to consider suitable ways of creating flexible pricing structures and maintaining a company’s overall image in relation to overall quality in marketing activity. Additionally an awareness of changes in the marketplace, such as competitors’ activity and consumers’ perception of price, is necessary so that price flexibility which creates service product differentiation is required.

Considering an example of adapting ideas and procedures to suit customers such as, different types of credit facility or terms, prices for peak and off peak times, and different prices for individuals and groups of customers explains clearly the above phenomenon. This aspect of the distinctive expertise will contribute to a flexible, open-minded approach to solving problems or queries, and the ability to adapt ideas and procedures to suit customers.
Creativity; Services pricing decisions require creativity in the development of innovative pricing structures in order to carve out new market niches and differentiate the service product. Pricing managers will require motivation to seek new ideas actively and to have the ability to think creatively. Pricing decisions need to be; (a) considered in relation to value for money; (b) consistent with the rest of marketing activity, the company’s image and commitment to service quality; and (c) suitably differentiated from the competitors’ pricing policies (Gilmore & Carson, 1996).

Competences for services communication management

According to Gilmore & Carson (1996), service communication management responsibilities involve; integrating all advertising and promotional activity with the company’s other marketing activity.

Moreover, advertising and promotional management decisions in a services context require knowledge and experience to be developed to the level of distinctive expertise through the improvement of motivation, creativity and communication (Gilmore & Carson, 1996). Further more, advertising management decisions may need to take account of various advertising agencies strengths and weaknesses, have the ability to be objective in their consideration of these options and eventually select the right one for their requirements. Decisions need to exhibit distinctive expertise when selecting a suitable advertising message for their service products in order to be competitive and innovative rather than appearing to offer the same message each year/season (Gilmore & Carson, 1996).

It follows therefore that managers with responsibility for this function will need to be able to think objectively, and learn from previous experience. However, such “distinctive expertise” will involve motivation, creativity and communication and these factors are described below;

Motivation; In dealing with agencies and continually monitoring their activity, advertising management decision making needs to be motivated and proactive. The managers’ actions will need to illustrate a long-term commitment through activities such as; (1) participation in tasks; (2) maintaining close liaison with advertising agencies; (3) feeding them appropriate information and obtaining feedback; (4) having the ability to implement ideas; (5) taking responsibility for action-related tasks; (6) inspiring and enthusing staff; and (7) communicating activities to other functional managers (Gilmore & Carson, 1996).
Creativity; this is required in maintaining competitiveness and being innovative rather than doing the same thing for each campaign or promotional situation. According to Gilmore & Carson (1996), advertising/PR management decisions exhibiting creativity will achieve service product differentiation through innovative communication messages and/or media. This therefore means that managers need to actively seek new ideas and have the ability to think creatively.

Communication; this is required in all aspects of the advertising functional role and it goes as far as, the need to take account of other management functions and their activities in the development of suitable messages for each new product or concept (Gilmore & Carson, 1996). Gilmore & Carson (1996) argued that, the most visible content of advertising management decision making is involved in the brochure and literature design, and in media handling. In addition, the quality of these will depend on the degree of activity in which managers are involved in cross-participation with other functions, especially in relation to the integration across functional departments, interaction between and among staff and customers and the coordination of all communication activity and messages. Conclusively, it is worth noting that all communication of the advertising and promotional management team needs to be proactive (Gilmore & Carson, 1996).

2.6. Firm Growth

Moreno & Casillas, (2007) as cited in Kirkwood (2009) argued that definitions of high-growth firms vary, and may be measured by various levels of sales growth over a defined period (percentage growth or comparison with other firms in the same industry) and/or employee growth. In the same context, Delmar et al., (2003); Dobbs & Hamilton, (2007) as cited in Kirkwood (2009) remarked that these definitional and measurement issues mean the comparability of results between studies should be considered cautiously as the measure used to assess growth can differ.

According to Kirkwood (2009), while sales volumes are a common growth measure, it can be argued that sales are dependent on external factors such as inflation and exchange rates.

From another growth perspective, Burns & Harrison, (1996) as cited in Feindt et al. (2002) suggests that the key success factors for rapid growth would include; (1) an experienced owner-manager with a good knowledge of the market and industry; (2) close contact with customers and a commitment to quality of product and/or service; (3) innovation and flexibility in marketing and technology; (4) a focus on profit not sales, with good management systems controlling costs; (5) attention to good employee relations, often backed by a bonus scheme; and (6) operating in a growing market.

2.7. Marketing Management

Basing upon the level of competition within various businesses that we have derived from our own experiences, and during our masters program study period, we acknowledge that marketing managers are constantly looking for new ways that would make them stay ahead of the competition within their respective businesses. Bruner et al. (2003) concur that companies like Dell computers, Microsoft, Cisco, and many others looked for new ways to add value and improve the quality of their products, work very hard to retain their customers through understanding the value of customer loyalty, build alliances, as well as generating new business through customer recruitment. Similar views within marketing management and strategy have been written and echoed by Porter (1985) in support of creating a network within the value chain where by each party works impeccably to create value for the customers.

Take an example of Calyx & Corolla (C&C) which is a flowers distribution service company that offers the freshest blooms, bouquets, plants, and other floral gifts in the United States and internationally (Calyx, 2010). In discussing the concept of leveraging customer value, Bruner et
al. (2003) argues that Calyx & Corolla provides a valuable service that allows the customer to see the flower arrangement before ordering, and to eliminate the cumbersome distribution system. Customer value and service is reflected at Calyx & Corolla when as soon as the order is made, the products are delivered directly from the growers with each bloom individually fed from a bulb full of water to provide nourishment during shipment to the final destination.

According to Bruner et al. (2003), the field of marketing came to embrace the concept that its objective was to provide products and services that meet the needs and wants of customers. Such a position was quite a departure from a sales or production orientation that was firm-centered, simply providing to the customer what was produced. On the day to day basis, we sometimes feel, agree and witness the truthfulness of the notion that most firms and companies operate under the umbrella of satisfying their customer’s needs. One example to think about is the Swedish bus and train transport systems which for quite many years have served their customers in a timely and prompt manner. Bearing in mind that most people would arguably like to reach their destinations in time, the issue of time management is interestingly embedded within the Swedish culture, which aims the concept of marketing towards meeting the needs of the customers.

Drucker (1954) also discusses that organizations should direct their focus and purpose towards the consumer. A company’s primary responsibility should be to serve its customers, to provide the goods and services which the company exists to produce. According to Drucker (1954), profit is not the primary goal but rather an essential condition for the company’s continued existence. Other responsibilities targeted to the employees and societies exist to support the company’s continued ability to carry out its primary purpose. Bruner et al. (2003) argues that the singular focus on the customer and the importance of all units to work together in support of customer value reaps great benefits for the organization. A marketing culture that places customer value as the number one priority must be perceived throughout the organization (Bruner et al., 2003). The importance of the customer is also further highlighted with a bold argument that firms deciding to focus on “customer intimacy” meet the buyers’ need for a tailored solution to their particular problem (Treacy & Wiersema, 1995). The activity system
required to provide such a client-specific, made-to-measure offering emphasizes flexibility and empowerment of the employees close to the customer (Treacy & Wiersema, 1995).

The responsibility of marketers clearly points to the desired state and position of having a competitive edge over the competition. Hence in our own view and understanding, if marketing managers focus on their customers, as well as increasing innovation, then other aspects of the business such as profitability, growth, and expansion would flourish. Our views are echoed in Drucker (1954) statement:

“Therefore the purpose of business is to create a customer, the business enterprise has two- and only two- basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing function of the business.” – (Drucker, 1954).

In management, the marketing concept can be expanded to encompass the objective of achieving superior customer value and to emphasize the importance of making this concern central to the processes that guide the strategy of the total enterprise (Bruner et al., 2003). Marketing provides an insight into the needs of current customers and competitors (Porter, 1996), and to view the relevant business environment which could be targeted for future business opportunities. According to Gilmore & Carson (1996), the quality of service marketing management decision making and marketing activity will depend on the competences of managers within the context of their specific responsibilities and tasks. The general management role of marketing is to interpret the environment of the business and to make decisions regarding which key customers to serve (Bruner et al., 2003), which competitors to challenge, and what bundle of products or service attributes to assemble for the market place.

Bruner et al. (2003) further discusses that marketing strategy exists at the corporate level where marketing provides invaluable input for future opportunities, an insight to the type of business the company is in, as well as viewing the type of business the company should be in. At the business level, marketing strategy combines with other functional strategies to bring the products and services to the market place that would achieve a sustainable competitive advantage (Bruner
et al., 2003). Strategy at the business level (De Wit & Meyer, 2004) entails that managers should continuously look for new ways to align the current, and potential, strengths and weaknesses of the organization with the current, and potential, opportunities and threats in the environment. How firms should go about creating a (sustainable) competitive advantage in each business in which they operate is the central issue concerning managers engaged in business level strategy (De Wit & Meyer, 2004). Similar views by Bruner et al. (2003) are of the opinion that the third level of marketing is when marketing strategy includes planning marketing programs, implementing and controlling the actual marketing effort. This is tantamount to choosing the targeted segments, positioning the offerings, developing products and channels of distribution, and executing consistent marketing communications plan (Bruner et al., 2003).

Marketing management involves an aspect of planning where by the onus rests upon the marketing managers to generate different options in decision making plans in order to pursue business’s opportunities in the market (Gilmore & Carson, 1996). Value creation comes in the form of ancillary products and services that enable customers to be more successful. Central to this view is the question of who the firm should serve and not serve, and which business model allows the firm to keep some of the value it creates for the customers (Porter, 1985; Bruner et al., 2003). The notion that value creation for the customers would be determined is a subject of probabilities and assumptions, but companies consider segmentation in view of the cost to serve and the profits earned over time (Bruner et al., 2003). In creating value for customers, Porter (1980) opines that firms may have the most straight forward advantage over their competitors if they are able to charge low prices. With all factors constant, buyers generally prefer to pay the lowest amount necessary. Hence, when purchasing a commodity product or service, more customers will be partial to the lowest priced supplier (De Wit & Meyer, 2004) and when selecting among differentiated products, many customers will be inclined to buy the cheapest among the more comparable products. On the side of marketing management therefore, the extent to which marketers understand and meet the needs of the different segments would determine the level of returns (Bruner et al., 2003) and although the costs associated with segmentation exceed those of mass marketing, which does not attempt to differentiate among classes or groups of customers. According to Bruner et al. (2003), the notion of customer value being created through employees touches on the core beliefs of the organization and is related to
managing through values. In everything marketing managers do, the message must be conveyed that customers are key and essential together with competitors. The culture of customer orientation must be communicated to the employees in order for them to understand the role that they play in bringing value to customers (Bruner et al., 2003).

Conclusively, Piercy (1990) argues that traditional marketing planning should be extended to include managerial behavior and organizational dimensions such as corporate culture, information systems and communications. Marketing managers are therefore being faced with challenges such as the value that is extended to the customers, customer segments, and customer relationship management. Marketers work hard to build relationships that would make them competitive for a long time (Bruner et al., 2003) and hence there are too many options and too little time for the customer to select among the various offerings of the product.

2.8 Summary on our theoretical perspective

The frame of references is made up of the following theories; (a) competitive advantage; (b) pricing of services; (c) service marketing management decisions; (d) promotion of services; (e) firm growth; and (f) marketing management. In addition, all these theories are relevant and have been applied during the analysis of the empirical findings which gave our analysis a solid foundation in the analytical generalization perspective.

However, from our point of view, the theories regarding pricing and promotion of services took the central role during the analysis of the data because of the nature of our problem definition, research questions and purpose which were seen as a key focus in this report.

It was also very interesting to realize that the theories on pricing and promotion have to be applied basing on whether the firm offers standardized or non standardized/professional services or whether it trades in products/goods primarily. With precision, if our research was concerning a company that trades in goods/products, the theories on pricing and promotion would then be adjusted to suite the requirements of a goods company as opposed to the services company considered in this thesis.


3.0 METHODOLOGY:

This methodology chapter presents the research philosophy and choice of methods used for this thesis. In addition, in this chapter, the trustworthiness of the research, method criticism and ethical issues are also discussed in detail and as such the methodology model is presented by the authors.

In his research, Bryman (2008) clarified that, methodology is the study of the methods that are employed. It is concerned with uncovering the practices and assumptions of those who use methods of different kinds. However, practices and assumptions are somewhat different matters and the emphasis among those writers, who contributed to discussions about the “paradigm wars”, as they are often called, was largely on the assumptions rather than on the practices (Bryman, 2008).

Methodology was depicted as a field where there is a tendency to preach the right way to do research and in the process to convert others to methodologists’ beliefs about how research should be done (Bryman, 2008).

3.1. Paradigmatic position & subjectivity issues:

In this thesis, the authors conquer with two paradigmatic positions which include; (a) interpretative and (b) qualitative paradigmatic positions. In addition, the subjectivity issue is also discussed in detail in order to give proper guidance to the reader and to clearly interpret the whole thesis in a way that the authors intended.

Bryman & Bell (2007) define a paradigm as a cluster of beliefs and dictates which for scientists in particular discipline influence what should be studied, how research should be done, and how results should be interpreted.
First, the interpretative paradigmatic position as noted by Bryman & Bell (2007), questions whether organizations exist in any real sense beyond the conceptions of social actors, so understanding them must be based on the experience of those who work within them. It follows therefore that since this research is done in collaboration with management team of the case company, then it holds for the interpretative paradigm.

Second, the qualitative paradigm advocated for researching the SME context as supported by Hill & Wright (2001) is also relevant for this thesis. The qualitative paradigm considers the issue of ontology because it’s necessary to consider how people view their world and to understand what they see as reality (Hill & Wright, 2001).

Subjectivity can be seen to be a fundamental aspect of research which deals primarily with people and information (Burke, 2007). The authors of this thesis are in agreement with this view and believe that when dealing with humans on issues regarding information, subjectivity issues are bound to arise.

In addition, Burke (2007) observes that, this subjectivity must be addressed in some way so as to ensure that research is conducted with rigor and fairness. This is achieved by setting a research methodology within a suitable research paradigm and clearly communicating the assumptions pertinent to that research paradigm. A paradigm was identified as a “disciplinary matrix”, as a means of identifying and therefore sharing assumptions about core beliefs and values (Burke, 2007).

Burke (2007) also noted that, the research paradigm, once chosen, acts as a “set of lenses” for the researcher – it allows the researcher to view the fieldwork within a particular set of established assumptions, thus merging the abstract usefulness of the paradigm with the practical application of conducting rigorous research.

3.2. Methodological philosophy:

In this thesis, the authors have put into consideration the views that have been forwarded on the realism concept because they have a belief that what their senses show them as reality is actually the truth.
Saunders et al. (2007) note that, the essence of realism is that, what the senses show us as reality is the truth: that objects have an existence independent of the human mind. Realism is a branch of epistemology which is similar to positivism in that it assumes a scientific approach to the development of knowledge (Saunders et al., 2007).

In addition, Bryman & Bell (2007) note that realism shares two features with positivism: a belief that the natural and the social sciences can and should apply the same kind of approach to the collection of data and to the explanation, and a commitment to the view that there is an external reality to which scientists direct their attention.

### 3.3. Methods:

The authors of this thesis used questionnaire as a method of primary data collection in addition to the secondary data that was collected from already published documents.

By “methods” we typically mean the techniques that researchers employ for practicing their craft (Bryman, 2008). “Methods” might be instruments of data collection like questionnaires, interviews or observation; they might refer to the tools used for analyzing data, which might be statistical techniques or extracting themes from unstructured data; or the term might refer to aspects of the research process like sampling (Bryman, 2008).

#### 3.3.1. Data collection:

In this thesis, we used both secondary and primary data sources with an aim of strengthening the content of the entire research work.

Robson (2002) argues that collecting data is about using the selected methods of investigation and doing it properly means using these methods in a systematic and professional fashion. There is no general ‘best method’ so; the selection of methods should be driven by the kind of research questions you are seeking to answer (Robson, 2002).
Outstandingly;

“The choice of methods has to be moderated by what is feasible in terms of time and other resources; by your skills and expertise; and possibly, in commissioned research by the predilections of the sponsor” (Robson, 2002).

3.3.2. **Secondary data:**

First and foremost, the authors used secondary data sources which include; published journal articles, published books, company website among other secondary data sources. Ghauri & Gronhaug (2002) define secondary data as information collected by others for purposes which can be different from ours.

Ghauri & Gronhaug (2002) remark that, the advantages for using secondary data may include; (a) enormous saving in time and money because the researcher needs only to go to the library and locate and utilize the sources, (b) it can suggest suitable methods or data to handle a particular research problem and also provides a comparison instrument with which we can easily interpret and understand our primary data.

Conclusively, Ghauri & Gronhaug (2002) argue that one of the main problems of secondary data is that these data are collected for another study with different objectives and may not completely fit ‘our’ problem.

3.3.3. **Primary data:**

Secondly, in this thesis, the authors collected primary data through questionnaires which were sent to the top management of Snowhite Dry Cleaners through e-mail send-outs in order to follow up on certain key issues.

Ghauri & Gronhaug (2002) define primary data as original data collected by the researcher for the research problem at hand.
In addition, “when secondary data are not available or are unable to help answer our research questions, we must ourselves collect the data which are relevant to our particular study and research problem and these data are called primary data (Ghauri & Gronhaug, 2002).”

Ghauri & Gronhaug (2002) note that the means of collecting primary data would include; (a) observations ;( b) experiments ; (c) surveys (questionnaires) and (d) interviews.

Primary data are mainly collected for a particular project at hand and this implies that they are more consistent with our research questions and research objectives (Ghauri & Gronhaug, 2002).

It is important to note that the main disadvantage of using primary data is that its collection can be both time and resource consuming coupled with the difficulty with getting access to the required information from the concerned parties (Ghauri & Gronhaug, 2002).

3.3.4. Questionnaire:

In this thesis, the authors used unstructured questionnaires to collect primary data from the company in order to capture the company business practice and how certain marketing activities are carried out in the day to day running of the business.

The self-completion questionnaire is where the respondents answer questions by completing the questionnaire themselves (Bryman & Bell, 2007). As a method, the self completion questionnaire can come in several forms and among these; we have the mail or postal questionnaire whereby, as its name implies, a questionnaire is sent through the post to the respondent (Bryman & Bell, 2007).

According to Ghauri & Gronhaug (2002), the first step in the construction of a questionnaire is to specify what type of information is required and this depends first on, the type of study we have at hand. In addition, Ghauri & Gronhaug (2002) note that in exploratory studies, an unstructured questionnaire is recommended. Secondly, the researcher should consider whether the questionnaire is going to be disguised or undisguised and also its administration must be considered through mail, personal interview, telephone interview or a combination (Ghauri & Gronhaug, 2002).
Ghauri & Gronhaug (2002) also noted that thirdly, the researcher should consider the construction of individual questions. Ghauri & Gronhaug (2002) remarked that all questions based on a questionnaire should be judged according to; (a) is it necessary to ask a certain question; (b) what are the benefits of dummy variables and tables; (c) is it necessary to have several questions on one issue; (d) can questions be interpreted differently; (e) would respondents be willing to give answers to the questions; (f) how long would it take for them to answer; (g) would they be in a position to answer a particular question; and (h) is it a sensitive issue.

Finally, the researcher should consider how the questions are to be answered in terms of whether the questions should be open-ended or closed-ended (Ghauri & Gronhaug, 2002).

3.3.5. **Data analysis and interpretation:**

The authors analyzed and interpreted their data by linking them to the theory, problem, purpose and research questions and they made sure that there is coherence throughout the entire thesis.

According to Saunders et al. (2007), analysis is the ability to break down data and to clarify the nature of the component parts and the relationship between them. Moreover, for data to be useful it has to be analyzed and the qualitative analysis procedures allow you to develop theory from your data (Saunders et al., 2007). It is important to note that after data have been collected in an enquiry, they have at some stage to be analyzed and interpreted and analysis at whatever stage is necessary because data in their raw form do not speak for themselves (Robson, 2002). Ideally, the process and products of analysis provide the bases for interpretation and while in the middle of analyzing data ideas for interpretation arise (Robson, 2002).

3.4 **Inductive approach:**

The authors of this thesis specify that an inductive approach has been used throughout this study because the aim is to generate theories rather than testing them. With an inductive stance, theory
is the outcome of research and as well, the process of induction involves drawing generalizable inferences out of observations (Bryman & Bell, 2007). In addition, Saunders et al. (2007) also note that an inductive approach is where a researcher plans to explore his/her data and to develop theories from them that he/she will subsequently relate to the literature.

![Induction Process Diagram]

Figure 1-3. Induction Process as interpreted by the authors

3.5. Research strategy:

The authors of this thesis used a qualitative research strategy as they sought to address the research problem in the participants’ own terms rather than their (authors’) terms.

As forwarded by Bryman & Bell (2007), research strategy is the term used to refer to the general orientation to the conduct of social research. There are two research strategies when it comes to the collection and analysis of data and these are; qualitative and quantitative research strategies (Bryman & Bell, 2007)

According to Bryman & Bell (2007) qualitative research is a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data. Additionally,
qualitative research is that in which the data obtained is in the form of words and observations, rather than numbers (Sedmak & Longhurst, 2010). Sedmak & Longhurst (2010) argue that, the advantages of qualitative research are that it requires in-depth data which gives descriptions and explanations placed in a particular context, and as such can help in generation or revision of conceptual frameworks. One of the major advantages is that, apart from answering the initial research questions, qualitative research can provide answers to research questions not originally asked (Sedmak & Longhurst, 2010). On the other hand, quantitative research usually emphasizes quantification in the collection and analysis of data (Bryman & Bell, 2007).

Bryman (1995) also observed that the emphasis of qualitative research tends to be on; (a) individuals’ interpretations of their environments and their own and others’ behavior and (b) understanding what is going on in organizations in participants’ own terms rather than those of the researcher.

3.6. Exploratory research:

The authors of this thesis carried out an exploratory study because the aim was to seek new insights and to dig more into the problem which reflected that the research was worth pursuing.

According to Saunders et al. (2007), an exploratory study is a valuable means of finding out; what is happening; to seek new insights; to ask questions and assess phenomena in a new light.

Given its fundamental nature, exploratory research often may conclude that a perceived problem does not actually exist and/or is not worth pursuing (Saunders et al., 2007).

Saunders et al. (2009) stated that, there are different ways of conducting exploratory research and it often relies on secondary research such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors, and more formal approaches through in-depth interviews, focus groups, projective methods, case studies or pilot studies. Saunders et al. (2009) also observed that;

“Exploratory research is flexible and adaptable to change and if you are conducting exploratory research you must be willing to change your direction as a result of new data that appear and new insights that occur to you (Saunders et al., 2009).”
Saunders et al. (2009) remarked that the flexibility inherent in exploratory research does not mean absence of direction to the inquiry but rather the focus is initially broad and becomes progressively narrower as the research progresses.

3.7. Research Design:

In this thesis, the authors chose case study as their research design with the aim of making a detailed examination of the case in question.

As stated by Bryman & Bell (2007), research design refers to the framework for the collection and analysis of data and the choice of the research design reflects decisions about the priority being given to a range of dimensions of the research process such as causality and generalization. Bryman & Bell (2007) note that the research designs can be classified as; experimental; cross-sectional or social survey; longitudinal; case study; and comparative designs.

3.7.1 Case study:

The authors of this thesis adopted the case study research design because they are concerned with the complexity and particular nature of the case in question as well as emphasizing the intensive examination of the setting (Bryman & Bell, 2007). In addition, having chosen the qualitative approach as their research strategy, the authors of this thesis find it viable to combine it with the case study design since it provides a vehicle through which several qualitative methods can be combined thereby avoiding too great reliance on one single approach (Bryman & Bell, 2007).

Shaughnessy et al. (2009) argue that, case studies frequently make use of qualitative data even if it’s not always the case. This issue is also supported by Bryman & Bell (2007); Bryman (1995) when they note that, there is a tendency to associate case studies with qualitative research but such identification is not appropriate. Additionally, it is certainly true that exponents of the case study design often favor qualitative methods, such as participant observation and unstructured
interviewing, because these methods are viewed as particularly helpful in the generation of an intensive, detailed examination of the case (Bryman & Bell, 2007).

Bryman (1995) noted that, “case studies entail the detailed examination of one or a small number of ‘cases’ and the unit of analysis is often the organization, but can also equally be either departments and sections in organizations or inter-organizational networks.” The authors agree with this idea since this study is mainly examining one case but with price and promotion as embedded factors or units of analysis.

<table>
<thead>
<tr>
<th>Unit of Analysis</th>
<th>Single case Designs</th>
<th>Multiple case Designs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holistic (single unit of analysis)</td>
<td>Type 1</td>
<td>Type 3</td>
</tr>
<tr>
<td>Embedded (multiple units of analysis)</td>
<td>Type 2</td>
<td>Type 4</td>
</tr>
</tbody>
</table>

Table 1-3. Case Study Designs (Rowley, 2002).

In this thesis, type 2 has been adopted given the fact that the authors are investigating the price and promotion strategies under a single case design.

As reflected in table 1-3 above, case study designs can be categorized along two dimensions, reflecting whether the number of case studies contributing to the design, and the number of units in each case study respectively (Rowley, 2002).

Rowley (2002) argues that, case studies can also be divided into holistic or embedded studies. Holistic case studies examine the case as one unit and they might, for example, focus on broad issues of organizational culture or strategy (Rowley, 2002). This approach ensures a ‘helicopter view’ of the case, but can be superficial, and may miss changes in the unit of analysis that could impact on the appropriateness of the original research design (Rowley, 2002). In addition, Rowley (2002) remarked that, embedded designs identify a number of sub units (such as meetings, roles or locations) each of which is explored individually; results from these units are drawn together to yield an overall picture. Remarkably, the biggest challenge with embedded designs lies in achieving a holistic perspective from the analysis of the sub-units (Rowley, 2002).
3.7.2  **Choice of the case company**

The authors chose the case company because it has features of SMEs for example; 100 employees, owner-manager, family business among other features and this was key in the company selection.

The case company is a service firm which offers standardized services hence making it relevant to our field of research.

When the authors contacted the company during the preliminary research, there was assurance that the company representative would cooperate on issues related to the timely feedback and consistent responses going forward.

The company’s problem/challenge at hand (appreciating the marketing techniques) was fitting our field of research of business administration & marketing and also the company got interested when they realized that the thesis outcome would better off solve their current problem moreover at no cost!

3.8.  **Trustworthiness of the research:**

It is important to note that in this thesis, the authors have made an effort to ensure that this research work is worth of trust. In this section, the authors have drawn a reflection on the tests and tactics which if followed would lead to validity and reliability in which trust is always manifested. Additionally, the authors of this thesis have explained the credibility of their qualitative analysis as an effort to emphasize to the reader that this work is worth of trust.

According to Yin (2009) the four tests have been commonly used to establish the quality of any empirical social research and are also relevant to case studies. As a development, Yin (2009) also identified that there are several tactics for dealing with these four tests when doing case studies.

Table 2-3 below represents the four widely used tests, the recommended case study tactics and a cross-reference to the phase of research when the tactic is to be used.
3.8.1. **Construct validity:**

In bid to have the third tactic (have key informants review draft case study report) reflective of this thesis, the authors carried out respondent validation after the data had been collected and analyzed.

According to Yin (2009), construct validity is the identification of correct operational measures for the concepts being studied.

With reference to table 2-3 above, there are three case study tactics that are available to increase construct validity when doing case study. The first tactic is the use of multiple sources of evidence in a manner encouraging convergent lines of inquiry and it’s relevant during data collection (Yin, 2009). This tactic is reflective of this thesis because, the data was gathered through questionnaire, case-company’s website and other documents. Yin (2009) argued that, the
second tactic, is to establish a chain of evidence and it’s also relevant during data collection. As well, this thesis is reflective of this tactic because the data was documented in a chronological way that would imply a chain of evidence. Additionally, the third tactic is to have the draft case study report reviewed by key informants and it helps in the composition of research (Yin, 2009).

3.8.2. Internal Validity:

In this thesis, the authors matched empirical findings to theoretical framework and since this is a reflection of the logic models technique, it addressed the issues to do with internal validity.

Internal validity (for explanatory or causal studies only and not for descriptive or exploratory studies) is where the researcher seeks to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from illegitimate relationships (Yin, 2009). In the same way, Yin (2009) argues that internal validity is mainly a concern for explanatory case studies, when an investigator is trying to explain how and why event x led to event y. In addition, if the investigator incorrectly concludes that there is a causal relationship between x and y without knowing that some third factor z may actually have caused y, then the research design have failed to deal with some threat to internal validity (Yin, 2009).

Internal validity extends to the broader problem of making inferences whenever an event cannot be directly observed (Yin, 2009). In other words, an investigator will “infer” that a particular event resulted from some earlier occurrence, based on interview and documentary evidence collected as part of the case study (Yin, 2009). It is true that identifying specific tactics to achieve this result is an uphill task especially for the case study research design (Yin, 2009). As shown in table 2-3 above, the analytic tactic of pattern matching is one way of addressing internal validity coupled with other tactics like; explanation building, addressing rival explanations and using logic models (Yin, 2009). Additionally, logic models is an analytic technique which consists of matching empirically observed events to theoretically predicted events (Yin, 2009).
3.8.3. **External validity:**

In this thesis, analytical generalization holds for the case study because the authors generalized a particular set of results to some broader theories (Yin, 2009).

Yin (2009) defines external validity as establishment of the domain to which the findings of the study can be generalized. This definition is also supported by Bryman & Bell (2007) when they noted that “*external validity is an issue concerned with the question whether the results of the study can be generalized beyond the specific context.*” It is in this context that the issue of how people or organizations are selected to participate in research becomes crucial (Bryman & Bell, 2007).

According to Yin (2009), the external validity problem has been a major barrier in doing case studies and critics usually typically state that single cases offer a poor basis for generalizing. Moreover, such critics are implicitly contrasting the situation to survey research, in which a sample is intended to generalize to a larger universe (Yin, 2009). The analogy to samples and universes is incorrect when dealing with case studies because survey research relies on statistical generalization, whereas case studies rely on analytical generalization (Yin, 2009). Additionally, the generalization is not automatic, which implies that a theory must be tested by replicating the findings in a second or even a third neighborhood where the theory has specified that the same results should occur (Yin, 2009). Conclusively, once such direct replications have been made, the results might be accepted as providing strong support for the theory, even though further replications had not been performed (Yin, 2009).

3.8.4. **Reliability:**

In this thesis, the authors aimed at spelling out all the research procedures to a great detail so as to allow for replication (Bryman & Bell, 2007). The idea of reliability is very close to another criterion of research—replication and more especially replicability (Bryman & Bell, 2007). In addition, in order to assess the reliability of a measure of a concept, the procedures that constitute that measure must be replicable by someone else (Bryman & Bell, 2007).
Yin (2009) remarked that; “reliability is demonstrating that the operations of a study –such as the data collection procedures –can be repeated with the same results.” In the same way, Bryman & Bell (2007) noted that, reliability is concerned with the question of whether the results of a study are repeatable. The objective of the reliability test is to be sure that if a later researcher followed the same procedures as described by an earlier researcher and conducted the same case study all over again, the later researcher should arrive at the same findings and conclusions (Yin, 2009). As a matter of fact, Yin (2009) argued that, the emphasis is on doing the same case over again and not on replicating the results of one case by doing another case study because the goal of reliability is to minimize the errors and biases in a study.

3.8.5. Credibility of qualitative analysis:

In this thesis, the authors on top of analyzing and interpreting their data have gone ahead to ensure that their analysis is credible to give the reader a reflection of the entire process. The authors have therefore explained credibility from the perspective of triangulation and from all the kinds of triangulation; they have singled out theory/perspective triangulation to be relevant to this thesis.

According to Patton (2002), the credibility of qualitative inquiry depends on three distinct but related inquiry elements. These inquiry elements would include; (a) rigorous methods for doing field work that yield high-quality data that are systematically analyzed with attention to the issues of credibility; (b) the credibility of the researcher which is dependent on training, experience, track record, status and presentation of self and (c) philosophical belief in the value of qualitative inquiry, that is, a fundamental appreciation of naturalistic inquiry, qualitative methods, inductive analysis, purposeful sampling and holistic thinking (Patton, 2002).

In the same context, Patton (2002) argued that it is in data analysis that the strategy of triangulation really pays off not only in providing diverse ways of looking at the same phenomenon but in adding to credibility by strengthening confidence in whatever conclusions are drawn.

The logic of triangulation is based on the premise that not single method ever adequately solves the problem of rival explanations because each method reveals different aspects of empirical
reality, multiple methods of data collection and analysis which provide a required value for the research project (Patton, 2002).

Patton (2002) remarked that there are four kinds of triangulation that can contribute to the verification and validation of qualitative analysis and these are tabulated as below:

<table>
<thead>
<tr>
<th>Kinds of triangulation</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methods triangulation</td>
<td>Checking out the consistency of findings generated by different data collection methods.</td>
</tr>
<tr>
<td>Triangulation of sources</td>
<td>Checking out the consistency of different data sources within the same method.</td>
</tr>
<tr>
<td>Analyst triangulation</td>
<td>Using multiple analysts to review findings.</td>
</tr>
<tr>
<td>Theory/perspective triangulation</td>
<td>Using multiple perspectives or theories to interpret the data.</td>
</tr>
</tbody>
</table>

Table 3-3 Different kinds of triangulation (Patton, 2002).

From table 3-3 above, the authors specify that theory/perspective triangulation applies to this thesis because they have used different theories to interpret/analyze the data.

Patton, (1997a) as cited in Patton (2002) argued that a concrete version of theory triangulation for evaluation would involve examining the data from the perspectives of various stakeholder positions. It is common for divergent stakeholders to disagree about program purposes, goals and means of attaining goals and these differences represent different theories of action that can cast the same findings in different perspective-based lights (Patton, 1997a cited in Patton, 2002).

Conclusively, Denzin, (1989) as cited in Patton (2002) suggested that by combining multiple observers, theories, methods, and data sources, the researchers can hope to overcome the intrinsic bias that comes from single-method, single-observer, and single-theory studies.
3.9. **Methodology summary:**

The authors of the current thesis have summarized the methodology section into a model to ease the readers’ task of interpreting the different sub-sections presented under the entire methodology chapter. The methodology chapter runs from research paradigm and it also covers the methods used in the entire thesis up to the trustworthiness of the research. In addition, the authors have also showed how the methodology sub-sections relate with each other aiming at making sense to the reader and also portraying the idea that the thesis is original. The authors have also highlighted the paradigms, philosophy, methods, concepts and techniques specifically used in the entire section and these are represented by a bold red font.

The figure 2-3 below is the summarized methodology model as constructed by the authors as a way of making it clear to the reader(s) that a specific methodology and methods have been applied to this thesis and there is coherence in the entire chapter.

**Figure 2-3 Methodology model:**
<table>
<thead>
<tr>
<th>Research Paradigm</th>
<th>Interpretative</th>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Functionalist</td>
<td>Radical humanist</td>
<td>Radical structuralist</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research Philosophy</th>
<th>Realism</th>
<th>Positivism</th>
<th>Interpretivism</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Research Method</th>
<th>Questionnaire</th>
<th>Interviews</th>
<th>Observations</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Research Approach</th>
<th>Inductive</th>
<th>Deductive</th>
<th>Abductive</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Research strategy</th>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Research study</th>
<th>Exploratory</th>
<th>Descriptive</th>
<th>Explanatory</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Research design</th>
<th>Case Study</th>
<th>Experimental</th>
<th>Longitudinal</th>
<th>Comparative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cross-sectional /Survey</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Data Collection</th>
<th>Secondary</th>
<th>Primary</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Data analysis and interpretation/Trustworthiness of the Research</th>
<th>Construct validity</th>
<th>Internal validity</th>
<th>External validity</th>
<th>Reliability</th>
</tr>
</thead>
</table>
3.9.1. **Method criticism**

The authors trust that the methodology & methods chosen for conducting this thesis were the most appropriate approaches in order to achieve the purpose of this study.

It is however important to note that some method criticisms are worth mentioning:

First and fore most, the empirical findings for this thesis rely on the questionnaire feed back from the director of operations for he was from the start our company contact person. However, the authors feel that this research should have been better if other management team members had accepted to take part in this study.

Secondly, the authors managed to have 1(one) case company as a reference point in this thesis because it is the only one that accepted to cooperate but otherwise the study would have been better in terms of generalization of the research findings. However, it should be noted that even with this challenge, the case company at hand has been well studied during the entire research process.

Thirdly, the authors had an aim of including competitor and/or customer aspects in this study but even with a hard struggle to get the data relating to both competitors and customers in the related field of study, they did not manage to get anything. It is worth noting that had the aspects of competitors or customers been included, the empirical findings and as well the analysis would have had a big impact on the quality of the overall thesis.

Fourthly, it is worth noting that even if the director of operations was very cooperative, he did not give as much detailed information as we requested probably due to the nature of the business (family business) and also the fact that one of the current authors comes from the same country. However, we minimized this problem through asking different sets of questions to assess the consistence of the director of operations’ responses and indeed the responses were consistent.

Conclusively, the authors of this thesis still believe that even with the above method criticisms this thesis still carries the trust because, besides other factors, the director of operations was always very supportive through keeping in touch and always serving to our requirement of the quest for additional information.
3.9.2 Ethical reflections

According to Ghauri & Gronhaug (2002) ethics are the underlying principles and values that researchers base the research on and this implies that the researchers have moral obligations to explain and answer the question under study in an accurate and honest manner.

The same view on ethical issues is forwarded by Bryman & Bell (2007) when they opine that ethical issues cannot be ignored, in that they relate directly to the integrity of a piece of research and of the disciplines that are involved. The authors of this thesis are confident that this research has fulfilled several ethical requirements by not only emphasizing the positive and practicability aspects of the method but also coming out clearly and honestly on issues to do with the potential limitations and criticisms.

In addition, it has been ensured that the data collection process has been conducted in a way that has not embarrassed or put the respondent in a clumsy or unskillful situation. This has been achieved by being clear about the research problem, purpose of the study and giving him an opportunity to read through the entire report before it was published.

Moreover, the respondent from the start trusted that we had genuine reasons as to why we were conducting the research and he also developed a feeling that the company information that he furnished us with was only meant to be used for the intended purposes and not anything contrary to what was communicated and agreed by all the stake holders.

Also, the respondent was asked whether to include the latest business developments in line with facebook advertising but he instead declined the intention, therefore the authors respected his response and did not include anything along those lines. In addition, the authors of this thesis sought permission from the respondent to have the company customers and competitors as part of the study and he accepted, but unfortunately the effort to have this done was fruitless because there were no responses got from these customers and competitors when they were contacted through several questionnaires.
4.0. **EMPIRICAL FRAME WORK:**

_In this chapter, the authors begin with a brief description of the chosen company. In addition, the empirical findings from the set questionnaires are presented._

4.1. **About Snowhite Dry Cleaners**

Snowhite Dry Cleaners was founded by an imposed, responsible, committed, innovative and entrepreneur the (Late) Shaikh Fazal ur Rahman (1920-2006) to provide clean, hygienic and smart attire to the people of newly born nation of Pakistan.

The company’s mission is “we are committed to provide the consumers a fresh, clean and crisp attire that enrich every individual’s daily activities and broaden outlook by enhancing their confidence, may it be a formal business, smart casual or leisure time wears processed by the most experienced and reliable name, SNOWHITE (Snowhite.com.pk).”

Similarly, Snowhite’s vision is “we are on a constant journey towards service excellence by developing innovative new systems not only to extend the best quality to our consumer as an individual, but to work on the new technology to create a healthy environment for the society we belong to (Snowhite.com.pk).” It is also important to note that the vision of Snowhite Dry Cleaners reflects the culture of the entire company as portrayed by the management and staff through values and guidelines.

Snowhite Dry Cleaners was established in 1949 by its founder with a commitment to provide the healthy environments through clean garments which was a need of time for every individual in the newly born nation of Pakistan. As time went by, the modern and innovative methods had been introduced in this field and by pioneering to get recognition of this service as an Industry
first time ever in the Indian sub continent, now this name has become a synonymous for quality, reliability, trust and punctuality (Snowhite.com.pk).

The company started with one single outlet in Karachi, then Capital of this country, now a network of 50 plus branches nationwide are providing the services with the same spirit of clean, healthy environment for the society we live in, besides a smart attire to the users which enhance the quality of their appearance and personality for a pleasant and long lasting impression on the people they interact with on a daily basis (Snowhite.com.pk).

The core responsibility of Snowhite Dry Cleaners is to provide on-spot carpet, sofa cleaning along with bulk customized laundry services and have commercial service centers for daily clients (Director of operations in Pakistan, personal communication, 2010-04-27).

The Organizational Structure

The current CEO of the business is Mr. Shakil ur Rahman and the company is in the second generation of ownership.

Snowhite Dry Cleaners are the leading laundry service providers of Pakistan and they are based in Islamabad and currently in charge of the Northern area of the country. The company employs up to 100 people with 11 branch area heads inclusive of the total number of employees.

The director of operations, Mr. Usman Zahid informed us that he is primarily in charge of Islamabad, Rawalpindi, Peshawar and Murree in addition to overseeing the corporate clients’ activities, sales, marketing & advertisement on behalf of the company.

In order for the reader to understand the organizational structure of Snowhite Dry Cleaners, he is strongly advised to refer to figure 1-4 below;
From figure 1-4 above, it is clearly seen that Mr. Usman Zahid (Director of operations) majorly chose to participate in our study for a reason that he handles all issues regarding our study on behalf of the company and he saw himself as a key beneficiary to the entire research process.

**Achieving competitive advantage**

Responding to a question how Snowhite achieves competitive advantage over the rest of the competitors in the industry,

In his own words, the director of operations responded that;

“Our competitive advantage is the legacy that we have formed over the years, with 60 years of being in the market and our expanded network, infrastructure and logistics across Pakistan.”

In other words, the director of operations made it clear that the heritage of a business is very important when it comes to the choice of a company customers will choose in order to take care of their needs.
Costs of production management

When the director of operations was asked about how he manages the company’s costs of production, he responded that, Snowhite has an annual budget for which it uses to run its entire activities.

In addition, he highlighted that since the government has started varying prices of fuel in favor of the businesses, the slated planned expenses are also falling and this has specifically helped Snowhite Company to efficiently manage its costs of production to agreeable levels.

The director of operations also responded that another way of managing the costs of production is through employing people who earn a wage on a daily basis because the overall effect is that it causes the cheap labor to become very efficient at a low cost.

In addition, the director of operations responded that; 

“Also buying chemicals in bulk has helped in hedging against high prices.”

This would mean that the fluctuations in prices of raw materials due to government policy would not affect the Snowhite business to a great extent because these raw materials are procured at once and in bulk which also helps them to negotiate for low prices.

Comparing Snowhite costs of production to that of its competitors

In light with the question; “compare your costs of production to those of your competitors.”

The director of operations responded that;

“Our cost of production is high at times as compared to 2 of our basic competitors.”

In addition, the director of operations emphasized that their basic 2 competitors have their businesses located in areas where the rates of using gas are less and since gas is cheaper to use relative to electricity, this is a big advantage competition has over Snowhite.

Further to that, the key competitors use domestic meters for electricity and gas compared to Snowhite Company which uses industrial facilities.
The director of operations also argued that Snowhite Company uses state of the art machinery and he stated it as follows;

“The machinery being used by us is the state of the art (Girbau and Gadini) and you can also check their websites.”

He added that the strategy of using the state of the art machinery has helped Snowhite Company to bring down costs because they are more efficient when it comes to fuel consumption.

**Operational challenge**

The director of operations argued that;

“The basic challenge we face is the understanding and acceptance of new marketing techniques within the organization.”

He also maintained that;

“Also the new marketing channels being developed are raising the costs which will be a very defining factor.”

**Certainty of demand levels**

In responding to the question;

“Are you always certain of your demand levels?”

The director of operations of operations responded that;

“Demand levels vary and it’s hard to be certain of the demand for services.”

In addition, he also mentioned that to fairly estimate the demand levels, they exclude the seasonal effects and most especially during the celebrations of Eid (Ramathan celebrations) when the demand is very high.
Effects of both internal and external factors

When the director of operations was asked about the effects of both internal and external factors he responded that;

“The competitors at times come up with schemes that affect the business but it’s a pretty loyal and stable market.” He added that;

“The legal sector does not significantly interfere into the running of the business save for the unsatisfied clients who opt for legal suits which eventually they loose due to lack of knowledge as far as terms and conditions of these suits are concerned.”

In addition;

“The economic factors play into our business because of inflationary tendencies which eventually affect most of our customers since our laundry section is usually taken up by middle and higher middle strata who are also involved in several other businesses in the country.”

The director of operations also remarked that the effect of technology is not much because of the opinion that the laundry sector is characterized of being labor intensive and he believes that such a situation will take a long time to change.

Company customer type(s)

The director of operations stated that the company deals with its retail customers under a classification of social strata which takes a form of middle and upper middle classes. In the same context, the company provides its services to hotels, hospitals, restaurants and offices among other customer groups.

Balance between cost saving and service quality issues

The balance between cost saving and service quality is managed through operational activities such as efficient machines which are replenished once in every 3 years, using vehicles that can carry more clothes at once to clients or to the service centers.
4.2. Differentiation practices

According to the director of operations, Snowhite is like any other dry cleaning company but uniquely though, we extend our services to the entire hospital division in several towns of Pakistan and we are also capable of providing turn-key laundry solutions.

In other words, the turn-key laundry solutions would refer to laundry consulting and design which would help firms among other benefits to integrate the several technologies into the day to day running of laundry services. The director of operations remarked that;

“This side of the business has not been touched or tapped by any of our competitors.”

The director of operations made it clear that the idea of offering turn-key laundry solutions would definitely make the Snowhite business unique from its competitors and at the same it’s a strategy that would fetch additional revenue at manageable costs.

**Target group & customer satisfaction**

In the questionnaire we sent to the operations director we sought to know whether the company serves to a particular target group or it targets the whole industry. He precisely answered that Snowhite targets the entire industry as opposed to a specific target group.

In addition, he also argued that Snowhite has a set up similar to that of projects management where depending on the intensity of the service required, the entire project team is attached to a particular customer or group of customers to ensure satisfaction.

4.3. Promotional activity handling

According to the director of operations, all promotional activities are handled by him and these activities are not yet formalized which means that they are executed as per the need at hand.

“The company’s promotional activities are carried out through newspapers and pamphlets.”
He made it clear that the company predominantly uses newspapers and pamphlets to reach out to its customers in terms of informing them of what promotional activities are running at a specified time.

**The scope of marketing & promotional activities**

As forwarded by the director of operations, both marketing and promotional activities are handled in-house and apparently, there is no media organization out sourced for this role. However, for the time being the company has since settled for the annual out sourced sales campaign in which membership cards are sold, door to door.

In the same way, most of the media and promotional activities are handled by the director of operations and as well, there are just a few activities that he supervises directly.

According to the operations director, he stressed that they surely promote their business;

“We promote our business through advertisements in newspapers and also giving sponsorship to some college and university events.”

In addition, he said that; “we also have a special way of running discount schemes that are believed to be promoting the company.”

The director of operations also highlighted that the company uses bundling as a form of promotional campaign when he was asked whether the company uses bundling as a form of promotional campaign and he was quoted as “yes we use bundle offers such as on-spot carpet cleaning along with laundry packages.”

The director of operations argued that since laundry is a limited industry, it is rare for competitors to run big events as a way of promoting their businesses. Further to that, he stressed that the company runs their advertisements through newspapers and since the Snowhite brand has a big heritage (60 years old) they trust that their current and prospective customers would in many instances prefer Snowhite to its competitors.
Frequency of promotional activities

When asked how often the company carries out promotional activities, the director of operations responded;

“Our promotional activities were initially limited like for example bi-annual discount but from 2006 we changed that strategy to issuance of annual discount cards which procedure is outsourced and its carried out through a door to door process.”

According to the director of operations, this year, 2010 Snowhite dry cleaners paved its way into co-branding and the recent one being with Junaid Jamshed (JJ) the local designers for whom Snowhite will print price tags bearing the printer’s logo (see appendix 1).

In addition, Snowhite has signed a deal with Mobilink with in the Orascom Telecom family in which all its employees will be entitled to a 30% discount on the service offered by the latter.

The director of operations however noted that the company does not have a formal promotional budget. He added that, the promotional activities are carried out depending on the current year performance relative to the previous year where if there is any drop in sales, the management sets a side a promotional budget which is aimed at pushing up the sales otherwise the system will stay the same.

Medium of communication for promotional activities

The director of operations remarked that the promotional activities are mainly done through news papers. In addition, Geo and Duniya TV media houses have of late been involved in order to facilitate the ever changing tastes and preferences of Snowhite clientele. He also made it clear that if the promotional activities have not been handled as per the usual guide lines, the company resorts to outdoor marketing activities.
4.4. Pricing Decisions

With reference to the question ‘How do you set your company prices and what is the basis of your pricing decisions’, the director of operations responded that the basic pricing decisions are strictly in relation with other dry cleaners for uniformity reasons at times but in most cases, the recommended prices are always regulated by the dry cleaners’ association. He added that another important factor that seriously affects prices is the unstable chemical and fuel prices due to inflationary tendencies.

Price discrimination

When the director of operations was asked whether the company practices any form of price discrimination he replied that;

“Price discrimination is not practiced, uniformity is preferred all around so that none of our customers suffer.”

In addition, he emphasized that the customers who pay the annual membership fees upfront are entitled to regular discounts as and when they show up to be offered a service.

4.5. Business growth

For the question of ‘how do you assess growth of your company over a period of time with reference to the major players in the business’ the director of operations responded that;

“One important factor is the total number of pieces washed or cleaned in a day and all the cleaners are mandated to such data in detail.”

He added that another indicator for growth is the number of outlets the business has accumulated for a specified period of time. He also noted that he assess business growth through the number
of contracts the company signs with corporate clients who are dealt with the same way as how the company handles tenders it wins to offer its services in the industry.

The director of operations argued that his personal contacts play a very vital role in promoting the business and as such it leads to creation of loyal and at the same time bulk customers who have a big stake to the business going forward. In the same way, he mentioned that in addition to loyalty creation, the director of operations ensures that the clientele is built on a day to day basis because this directly facilitates the growth of the company through increased sales.

**Factors affecting growth**

When the director of operations was asked a question regarding the obstacles to business growth, he responded that the internal obstacles include labor unions and labor turn over along with financial leakage on the branch end.

He also noted that among the external obstacles the business has economic conditions, the varying prices of utilities such as gas, electricity and fuel.

The director of operations remarked that promotional activities will lead to more brand awareness and the services offered which in turn will help to bring new customers but for the pricing strategies he noted that customers mind about the quality of the service offered other than the price at which its offered.
5.0. ANALYSIS:

Under this section the authors analyze the empirical findings with the help of the theories presented earlier in the frame of references, in order to provide greater understanding for the chosen subject.

5.1 Promotional activity handling

From the empirical research, the authors realized that since Snowhite is a family business, it bears all the characteristics for such a form of business and more so now that the director of operations is predominantly the in-charge of the core marketing activities for the entire company.

The director of operations also noted that the promotional activities are not formalized yet and so they are entirely overseen by him as and when there is need say for example pushing up the dropping sales.

We believe that the views forwarded by the director of operations are in line with the idea of Wakefield & Bush (1998) who argued that services marketing communications may take the form of a sales promotion which facilitates consumer search and evaluation provided by the service.

Promotional activity handling should be well managed in order for it to yield the intended results as it is also supported by Gilmore & Carson (1996) that the service communication management involves integrating all advertising and promotional activity with the company’s other marketing activity.

It follows also from Gilmore & Carson (1996) that advertising and promotional management decisions in a services context require knowledge and experience to be developed to the level of distinctive expertise through the improvement of motivation, creativity and communication.
This argument, in our point of view, is clearly highlighting the managerial competencies of services manager as far as promotional activities are concerned and they without doubt forward that the current director of operations has the competencies to manage the dry cleaning services with a key objective of growing sales.

The director of operations also stated that the company’s promotional activities are carried out through newspapers and pamphlets. This view is also complimented by Gilmore & Carson (1996) when they argued that;

“A Advertising/PR management decisions exhibiting creativity will achieve service product differentiation through innovative communication messages and/or media.”

In addition, Gilmore & Carson (1996) also noted that creativity is required in maintaining competitiveness and being innovative rather than doing the same thing for each campaign or promotional situation. This idea of creativity is seen when the director of operations stated that the company has not yet formalized the promotional activities and that they are executed as and when they feel there is need because then the issue of resource wastage will be well managed.

5.1.1 The scope of marketing & promotional activities

We think, the issue of marketing and promotional activities is very important in determining the performance of any company in terms of sales growth and if this is handled properly, the company will most likely have an edge over its competitors.

Our view is in line with Kimball (1989) who defined sales promotion as a direct inducement which offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer.
In addition, the authors view is also supported by Peattie & Peattie, (1994) as cited in Peattie & Peattie (1995) which stated that;

“Sales promotions are marketing activities usually specific to a time period, place, or customer group, which encourage a direct response from consumers or marketing intermediaries through the offer of additional benefits.”

In line with the empirical research, the director of operations’ view is in line with Kimball (1989) and Peattie & Peattie (1995) when he stated that the company has a special way of running discount schemes that are believed to be promoting the company. On the same note, the director of operations stressed that Snowhite Company promotes its business through newspapers and also through sponsoring some college and university events. This view is supported by Wakefield & Bush (1998) who categorized sales promotions into; price promotions and non-price promotions because this then means that the company does not directly discount its services which in the end would cause the customers to incorrectly perceive the quality of the services (Thomas, 1978 cited in Peattie & Peattie, 1995).

The fact that Snowhite advertises through newspapers and pamphlets is in line with mode 2 (persuasive communication) forwarded by Kimball (1989) which suggested that verbal and nonverbal messages are designed to enhance impressions of the basic offer. In addition, Kimball (1989) noted that persuasive communication functions as information and at the same time a prompt to action where the overall objective is to create a want by encouraging customers to identify with the offer through a combination of fact and fancy.

We are in agreement with such a form of sales promotion (persuasive communication) which is geared towards impacting on the consumer’s choice of service and as well the service provider because the information is disseminated faster to the intended target and the results are likely to be positive say for example the customers are likely to be persuaded in large numbers since the newspapers are fairly used by the middle class who are likely to be converted into real customers.

As earlier mentioned in the introductory section, that the small firms have challenges in running activities that require ‘big’ budgets due to limited cash flows, the director of operations conquers
with the authors when he chooses to run sales promotions other than advertisements which would require huge funding to execute.

From a marketing management perspective, the director of operations’ view on the anticipated promotional expenditure of the company is supported by Bruner et al. (2003) when they stated that;

“The general management role of marketing is to interpret the environment of the business and to make decisions regarding which key customers to serve, which competitors to challenge, and what bundle of products or service attributes to assemble for the market place."

The director of operations’ point of view of promotion is to use as less resources as possible to achieve the intended results given the nature of the laundry business which has operation related challenges but on the other hand has to survive. He stated that the company runs its advertisements through newspapers and if this is coupled with the overriding heritage of 60 years of existence, they are seen to be ahead of competition in terms of sales growth and competitive advantage.

The director of operations’ view above is in line with the view of De Wit & Meyer (2004), who argued that;

“Strategy at business level entails that managers should continuously look for new ways to align the current, and potential, strengths and weaknesses of the organization with the current, and potential, opportunities and threats in the environment.”

The above view as regards strategy clearly indicates that normally a firm has to always thrive to convert its threats into opportunities as it seeks to convert its weaknesses into strengths in order to effectively and efficiently operate in the environment.

As indicated in the empirical findings, the director of operations stated that as a form of promotional campaign the company uses bundling and he noted that;

“Yes we use bundle offers such as on-spot carpet cleaning along with laundry packages.”
The authors of this thesis believe that the bundling as a form of promotional campaign is in line with the view of Peattie & Peattie (1995) who remarked that value-adding promotions in which the price and quantity of the core product is not touched and instead something else is bundled with it to increase value to the customer are more applicable to services marketing. In support of Snowhite form of promotion, Peattie & Peattie (1995) argued that by leaving the price intact and not subject to use of coupons, value-adding promotions avoid the financial dangers of price wars or coupon fraud associated with many price-based promotions.

According to Peattie & Peattie (1995), the value-adding promotions and competitions in particular are increasingly making an impact and that the key challenge for marketers seeking to gain competitive advantage through promotions is to choose a promotional tool which is suitable for the brand that they manage and the market within which it exists, and to execute the promotion flawlessly.

The issue of customer value creation is supported by Sheth et al., (1991) as cited in Reijonen & Laukkanen (2010) when they observed that value seems to have an effect on a consumer’s consumption behavior, pricing (Monroe, 1990 cited in Reijonen & Laukkanen, 2010 ), profit making and other strategic decisions of the firm (Grant, 2002 cited in Reijonen & Laukkanen 2010).

We are convinced that the case company views ‘value’ as used to gain competitive advantage (Huber et al., 2001; Woodruff, 1997 cited in Reijonen & Laukkanen, 2010) and to create loyalty, satisfaction (Lam et al., 2004 cited in Reijonen & Laukkanen 2010) and repurchase behavior (Petrick, 2004 cited in Reijonen & Laukkanen, 2010).

We believe that bundling as a form of sales promotion would be categorized under the aspect of competitions of ‘differentiation opportunities’ under which it serves as a useful source of differentiation from other service providers (Peattie & Peattie, 1995).

In addition even if the competitors follow suite with the same promotional strategy of bundling, they risk failure if the initial competitions have tapped the ‘vein’ of the available competitive consumers (Peattie & Peattie, 1995).
Consumer interaction as stated by Peattie & Peattie (1995) is also applicable to the case company because here competitions in form of bundle offers can create interaction and involvement between the customer, the service and the service provider which eventually leads to customer loyalty and eventually repeated service production and consumption hence increased sales growth.

We also maintain that with this promotional strategy of bundling, the case company will expand and consolidate its customer base and as well realize a growing market share which will be indicative of the entire sales growth.

5.1.2 Frequency of promotional activities

According to Wakefield & Bush (1998), services marketing communications may take the form of a sales promotion, which facilitates consumer search and evaluation of the value provided by the service. The empirical findings revealed that the case company promotes its sales through an annual discount scheme through discount cards which exercise is outsourced and carried out through a door to door process.

In addition, this discount card procedure is line with the views of Kimball (1989) who noted that sales promotion is a direct inducement which offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer. From the empirical findings the director of operations also stated that this year (2010) has seen the company get into co-branding activities (see appendix 1) and the first of this kind was with Junaid Jamshed (J.J) a local designer for whom as a turn-key arrangement Snowhite prints price tags bearing the printer’s logo. We believe that the case company is innovative and if it’s consistent as well as focusing on its customers it will eventually realize profitability, growth and expansion (Drucker, 1954).

Indeed the co-branding idea is in line with Drucker (1954) when he stated that;

“Because the purpose of business is to create a customer, the business enterprise has two- and only two- basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing function of the business.”
The director of operations also stated that;

“We have signed a deal in with Mobilink with in the Orascom Telecom family in which all its employees will be entitled to a 30% discount as and when they visit our premises for laundry services.”

This move is supported by Piercy (1990) when he argued that traditional marketing planning should be extended to include managerial behavior and organizational dimensions such as corporate culture, information systems and communications. Since Snowhite is now serving the corporate category, it is a matter of the way the system is managed and how several short comings are addressed. In the same context, Bruner et al. (2003) state that marketers work hard to build relationships that would make them competitive for a long time and hence there are too many options and too little time for the customer to select among various offerings of the product.

We think that given the scope of these co-branding activities, the case company will benefit in terms of brand awareness and increased sales volumes if at all the costs involved do not exceed the benefits at any one time.

Additionally, in support of the above co-branding idea, Gilmore & Carson (1996) opine that when services need to change to meet changing requirements or when new services enter the market, new standards of performance may be needed and the quality of management decision making will become vital for competitive success. This is what the management of Snowhite should do in order to be able to sustainably deliver value to its customers who on a day to day basis seek to have their service needs fulfilled.
5.2 Pricing Decisions

As earlier discussed in chapter 3, there are three pricing structures used to set prices and these are cost-based, competition-based and demand-based pricing (Zeithaml et al., 2009). With reference to the empirical research, the case company demonstrated that it actually takes the issue of pricing at the center of its operations and that it regularly monitors how its competitors are fairing on issues related to pricing.
The director of operations is confident that the company does not have potential threats arising from its competitors associated with pricing:

“The basic pricing decisions are strictly in relation with other dry cleaners for uniformity reasons but in most cases the recommended prices are regulated by the dry cleaners’ association.”

The above statement is in line with Zeithaml et al. (2009) when they defined competition-based pricing approach as one that focuses on the prices charged by other firms in the same industry or market. In addition, Zeithaml et al. (2009) remarked that competition-based pricing is used predominantly in situations where services are standard across providers such as in the dry cleaning industry and in oligopolies with a few large service providers such as in airline or rental car industry.
The same views are supported by Gilmore & Carson (1996) when they stated that pricing management’s decision making will require knowledge and experience in relation to awareness of options within the industry’s pricing structure, knowledge of the market and the marketing environment; and suitability of these pricing options to customers.
The practice of having the prevailing market prices set by a dry cleaners’ association as revealed in the empirical findings is a very valid point in terms of doing away with issues related to fluctuation of prices regularly. We think that this practice gives room to the service providers to try and create value for their customers and to also have a fair ground for competitors to offer the best of their quality services.
The idea of having the prevailing market prices set by an association is in line with Zeithaml et al. (2009) when they proposed that competition-based pricing in services industries would take a form of price signaling and going-rate pricing.

According to Zeithaml et al. (2009), price signaling occurs in markets with a high concentration of sellers and as such any price offered by one company will be matched by competitors to avoid giving a low-cost seller a distinct advantage and also going-rate pricing involves charging the most prevalent price in the market.

The case company is typical of both the price signaling and going-rate pricing forms of competition-based pricing because it ensures that the prices are uniform at least in the same location and it is part of the dry cleaners association which sets the prevailing market prices for the related service industries.

Further to that Zeithaml et al. (2009) gave an example of Hertz, the largest car rental brand in the world sets the price which the rest of the rental companies follow and as such prices in different geographic markets, even cities, depend on the going rate in the same location. We believe that the ‘Hertz’ example is similar to what is done by the case company when it has to follow the prices set by the dry cleaning association in order to avoid the bad effects that arise from price wars.

5.2.1 Price discrimination

As discussed in the theoretical frame work, differential pricing (or price discrimination) is charging different prices to different segments for the same service, when the price differences are not justified by differences in cost (Yelkur & Herbig, 1997). In the empirical research, the case company showed that it does not practice any form of price discrimination because the company has the desire to serve all its customers uniformly. This is clearly stated when the director of operations was asked whether the company practices any form of price discrimination;

"Price discrimination is not practiced, uniformity is preferred all around so that none of our customers suffer."
In addition to this, Yelkur & Herbig (1997) stated that, for successful price discrimination, the two conditions have to be fulfilled by the firm or company in question; (a) the firm should be large in terms of market share (for example, a large chain of hotels); and (b) the firm should be able to estimate the demand curves of consumers, for example as hotels can by examining the occupancy rates from historical data.

The case company has a large network and for this, it would qualify for the condition of having a large market share. On the contrary, there is evidence from the empirical research that the case company can not easily estimate the demand curves of its customers basing on the nature of its business;

“Demand levels vary and it’s hard to be certain of the demand for services.”

In addition, the director of operations stated that at times they fairly estimate the demand levels but they always have to strongly consider the seasonality effects like Eid (Ramathan celebrations) where demand is abnormally high.

Additionally, the views of the director of operations as regards price discrimination are supported by Yelkur & Herbig (1997) through their five steps a company has to follow in order to implement a successful price discrimination campaign; (a) select the target market; (b) divide the target market into smaller customer segments; (c) estimate demand for each customer segment; (d) determine reservation prices (which indicate willingness to pay) for each segment; and (e) determine prices for each segment.

From the above key success factors of price discrimination, we revealed that the case company has a sound reason not to practice price discrimination because among other factors it finds it challenging to estimate its demand levels which is typical of services marketing.

However, as forwarded by Gilmore & Carson (1996) an awareness of changes in the marketplace such as competitors’ activity and consumers’ perception of price is necessary so that price flexibility which creates service product differentiation is required.

The director of operations also remarked that the company encourages its customers to subscribe for membership since it’s a prerequisite to enjoy regular discounts as and when they visit the...
company for laundry service offers. This view is inline with Mael & Ashforth, (1992) as cited in Wakefield & Bush (1998) when they remarked that an individual also identifies with an organization when describing herself or himself in terms of organizational membership and this identification is critical for understanding consumption behavior regarding other service organizations.

5.3 Achieving competitive advantage

In line with the theories presented in chapter 3 regarding competitive advantage the authors realized that they can relevantly explain their empirical findings. According to Porter, (1985) as cited in De Wit & Meyer (2004), the companies can choose among different strategies for gaining competitive advantage in the market place. In addition, Porter, (1985) as cited in De Wit & Meyer (2004) argues that firms should go for differentiation in order to gain the competitive advantage in the market and in addition to this he added cost leadership and focus strategies.

During the empirical research, we realized that the case company focuses on the heritage that the business has in order to achieve the perceived competitive advantage. This is reflective of the response from the director of operations that,

“.....our competitive advantage is the legacy that we have formed over the years, with 60 years of being in the market and our expanded network, infrastructure and logistics across Pakistan.”

In the first place, the authors noted that the view of director of operations as regards competitive advantage was not well supported by Porter’s remarks above.

However, the view on competitive advantage as forwarded by Bennett & Smith (2002) also caught the authors’ attention because they were addressing some of the issues raised by the director of operations on the firm’s competitive advantage.
Among the factors that were addressed by Porter, (1990, 1998) as cited in Bennett & Smith (2002) was the issue of factor conditions (such as availability of skills, infrastructure, capital, innovation and entrepreneurism). This appeared as below;

“…….there is a competitive “diamond” of four factors that affect regional growth and competitive advantage and these include…….”

(1) Factor conditions (such as availability of skills, infrastructure, capital, innovation and entrepreneurism);

(2) Demand conditions (product development, industry structure, local purchasers and distribution system, market size and agglomeration);

(3) Related and supporting industries (the presence of suppliers and customers that are also leading-edge firms); and

(4) Business strategy, structure and competition (affecting how firms are organized, created, managed, compete or cooperate with each other including institutional structures and the role of the government (Porter, (1990, 1998) cited in Bennett & Smith 2002).

In addition, the director of operations’ issue is clearly reflective of the opinion the director of operations has as far as competitive advantage of his firm is concerned because he noted that besides heritage, the firm has good infrastructure and logistics coupled with being in possession of a big network.

It also follows that since the director of operations actively makes decisions on behalf of the company, he has the skills and the entrepreneurship experience to handle the day to day running of the company’s activities. This deduction is supported by the views of Bennett & Smith (2002) on how a firm can gain competitive advantage.

The market size as implied by the big network for the case company is reflective of the ‘demand conditions’ factor because it is seen as one of the key issues addressed that would help the firm to achieve competitive advantage.
Conclusively therefore, we think that the views forwarded by Porter, (1985) as cited in De Wit & Meyer (2004); Thompson & Martin (2005) and the ones forwarded by Porter, (1990, 1998) as cited in Bennett & Smith (2002) should both be combined by SMEs as they seek to address the issues to do with competitive advantage.

With reference to the empirical findings, the authors agree that the SMEs have many business related challenges as compared to the big firms but there always has to be a trade off between the desire to grow and the effort directed to that desire.

**Costs of production management**

As presented in the empirical findings the director of operations is fully in charge of the responsibility of cost of production management. The authors realized that since Snowhite has a running budget for all its marketing related activities then it has a controlled cost of production level. According to Porter, (1985) as cited in De Wit & Meyer (2004), a low production cost firm has an advantage over the rival firms in the industry and it is vulnerable to gaining more market share relative to its rivals.

In the same context, the director of operations also hinted on a situation where government influence plays a part in the firm’s cost of production management and he stated;

“…..since the government has started varying prices of fuel in favor of the businesses, the slated planned expenses are also falling and this has specifically helped Snowhite Company to efficiently manage its costs of production to agreeable levels.”

In addition, the empirical findings revealed that another way of managing costs of production is through employing people who earn a wage on a daily basis because they are cheap in terms of cost and they very efficient (director of operations).

This implies that the key objectives here are efficiency and cost and as well, this idea is supported by Thompson & Martin (2005) when they emphasized that with the cost leadership
strategy to yield substantial results, the organization must be the cost leader and unchallenged in this position.

We have therefore recognized that if labor is paid a daily wage, it helps to generate a high level of labor productivity and at the same time it leads to efficiency.

The director of operations also stated that the company buys raw materials in bulk in order to avoid the bad effects of price fluctuations and at the same time help the company to negotiate for low prices. This idea is also backed by Thompson & Martin (2005) when they argued that;

“Being a cost leader does not imply that the company will market the lowest price, product or service in the industry because quite often the lowest price products are perceived as inferior and as such appeal to only a proportion of the market.”

Indeed from the remarks of the director of operations regarding the way the customers are concerned about the quality of a service rather than its price clearly highlights the issues forwarded above by Porter, (1985) as cited in De Wit & Meyer (2004); Thompson & Martin (2005) and we clearly get a picture that operating at a low cost does not necessarily compromise the quality of a product or service in the day to day running of the business.

**Comparing Snowhite costs of production to that of its competitors**

The empirical findings revealed that Snowhite Company operates at a slightly higher cost relative to its competitors due to the fact that the latter are located in areas where the rates of using gas are far less than using electricity.

The director of operations remarked that this situation serves competitors to a big advantage over Snowhite and more so when the former use the domestic meters for electricity and gas as compared to the latter which uses industrial facilities.

In line with Porter, (1985) as cited in De Wit & Meyer (2004); Thompson & Martin (2005), the director of operations stated that the company uses state of the art machinery whose fuel consumption rate is low and that this has helped Snowhite to realize low operational costs relative to its competitors.
We are in agreement with the argument forwarded Thompson & Martin (2005) that;

“There is little advantage in being only one of a number of low-cost producers because it only helps the superior management to concentrate on cost-saving opportunities, minimizing waste and not adding values which customers regard as unimportant to the product or service.”

We believe that the strategy used by the director of operations is more or less in line with the views advanced by Thompson & Martin (2005) as regards the care to be taken in situations where the move to operate at a low cost would end up compromising value in the customer’s perspective which in turn would cause the company to have a low market share hence low growth levels.

**Differentiation practices**

The empirical findings revealed that Snowhite actually tries to differentiate its self from the rest of the industry and this issue was forwarded by the director of operations when he responded that;

“……we extend our services to the entire hospital division in several towns of Pakistan and we are also capable of providing turn-key laundry solutions.”

In addition, the director of operations stated that the idea of providing turn-key laundry solutions has for long not been exploited by of their competitors hence the opportunity to invest in it.

The above practice is in line with Porter, (1985) as cited in De Wit & Meyer (2004) when he argued that adapting the differentiation strategy the firm focuses on the development of such features in the product or service that it can gain high margins.
It also follows from Porter, (1985) as cited in De Wit & Meyer (2004) that;

“The firm tries to be unique in the industry along some dimensions which are valuable to the end customers and during this strategy, a firm selects one or more attributes that many buyers in an industry perceive as important and uniquely positions it to meet those needs.”

In addition, Porter, (1985) as cited in De Wit & Meyer (2004) noted that due to the unique position of the firm the type of product or service can attract a premium price. In support to this remark, Thompson & Martin (2005) noted that, cost leadership is usually traded off against differentiation because the latter adds costs in order to add value for which customers are willing to pay premium prices. The director of operations stated that; “the machinery being used by us is the state of the art (Girbau and Gadini) and you can also check their websites.” The authors realized that this is a form of service differentiation which leads to competitive advantage in the industry and this is also supported by Andreasson & Lanseng (2010) who argued that; “in the service-dominant logic, the ultimate sources of value creation are operant resources for example the employees’ knowledge and skills employed on operand resources (e.g. machines) to create a differentiated and valued service in the marketplace.”

In our opinion, the deduction that can be drawn out of this point is that any form of differentiation a firm may choose to practice, the key issue to watch is the additional value it creates in the customer’s mind. In addition, since Snowhite evidently and successfully practices differentiation, it is certain of offering its services at premium prices which would lead to increased revenue with a consolidated market share which factors indicate growth.

**Target group & customer satisfaction**

In responding to whether the company focuses on a specific target group or the entire industry, the director of operations stated that Snowhite focuses on targeting the entire industry not a specific customer group or segments.

We are on the contrary with such attitude because we believe a firm can best serve a given group of customers as opposed to the aim of servicing the whole industry.
Our argument is supported by Thompson & Martin (2005) who stated that focus strategies are where a company chooses to concentrate on only one segment or a limited range of segments and with this approach it can again seek either lower costs or differentiation. It is worth noting that if the case company adopts to such a strategy, it will not only efficiently and effectively serve its customers but also frustrate its competitors from serving the singled out target group which symbolizes sales growth and competitive advantage. In addition, we feel that if a company chooses who to serve and who not to serve it corresponds to the amount of value the company will create for its customers. This idea is reflective of the idea forwarded by (Porter, 1985; Bruner et al., 2003) when they stated that:

“Central to the view of customer value creation is the question of who the firm should serve and not serve, and which business model allows the firm to keep some of the value it creates for the customers.”

Bruner et al. (2003) maintained that the notion that value creation for the customers would be determined is a subject of probabilities and assumptions but companies consider segmentation in view of the cost to serve its customers and profits earned over time.

The director of operations should as well conquer with Bruner et al. (2003) who argued that; “The extent to which marketers understand and meet the needs of the different segments would determine the level of returns even when the costs associated with segmentation exceed those of mass marketing which does not attempt to differentiate among classes or groups.”

On the same scale, Drucker (1954) forwards that organizations should direct their focus and purpose towards the customer and that profit is not the primary goal but rather an essential condition for the company’s continued existence. This therefore strengthens the idea forwarded by the authors as regards the issue of focusing on a group of customers or segments other than the entire industry which if Snowhite implements will be certain of continued expansion of its customer base which would lead to growth through increased market share.
5.4 Business growth

As explained in the theoretical framework, organic growth occurs in young, small firms, while older and larger firms grow through acquisitions (Delmar et al., 2003 cited in Kirkwood, 2009). The above deduction is in line with the empirical research which revealed that the case company primarily assesses its growth through monitoring the number of pieces washed or cleaned per day.

The director of operations when asked how the company assesses its growth in relation to other players in the industry over a given period of time he remarked that;

“One important factor is the total number of pieces washed or cleaned in a day and all the cleaners are mandated to such data in detail.”

In addition, the director of operations stated that other indicators of growth is the number of outlets the business has accumulated for a specified period of time and through the number of contracts the company signs with corporate clients. This way of growth assessment is in line with some of the key growth success factors forwarded by Burns & Harrison, (1996) as cited in Feindt et al. (2002) and the most obvious being; (a) an experienced owner-manager with a good knowledge of the market and industry; and (b) close contact with customers and a commitment to quality of product and/or service.

The director of operations also remarked that his personal contacts play a very vital role in promoting the business and as such leads to creation of loyal customers which is in line with one of the growth success factors; ‘close contact with customers and a commitment to quality of product and/or service.’
6.0 CONCLUSIONS

In this chapter the authors will answer the purpose and the research questions of the thesis that were formulated in the first chapter of the thesis. Conclusions will be drawn from the analysis of the thesis, providing the insights, managerial implications and areas for further research.

As stated in Chapter 1, the purpose of this thesis is to;

“Establish how SMEs which offer standardized services realize growth through applying some elements of the marketing mix?”

In order to fulfill the purpose, the following research questions were outlined

A. What is the effect of promotion on the growth of SMEs which offer standardized services?

B. What is effect of differential pricing on the growth of SMEs which offer standardized services?

We believe that the purpose of this thesis was fulfilled as the two research questions were examined and answered in the analysis section. The following part will provide readers with conclusions from the analysis for each research question.

A. What is the effect of promotion strategies in the growth of SMEs which offer standardized services?

Positive effects

Promotions induce trial of a product or service if it is directed towards the right customer groups or segments and in the long run, the growth of a firm would be reflective of increase in sales.
Promotions impact on the customer’s choice of service or product and also the service provider and through such an influence the, demand for a given product or service will be seen to rise which is clearly reflective of rising sales for such a service or product hence organic growth.

Value-adding promotions like bundle offers and competitions if applied to promote a service, the firm will have certainty that the demand because such a service will increase hence growth in the sales of that particular service. In addition, these value-adding promotions if they are carried out consistently and strategically will lead to increased market share arising from less competitor activity due to the fear of adverse price wars outcomes.

Promotions lead to increased customer value which results into repeated purchases of a service or product hence a growth in sales of that particular product or service. Customer value is always created when instead of reducing the price; the service provider offers extra benefits like freebies or bundle offers which eventually lead to consistent or repeated consumption hence organic growth.
Moreover, the whole process is centered on the managerial competencies of the service manager to handle the likely challenges (fraud, manipulation) that would arise in the process.

Negative effect

We discovered that value-increasing promotions like price deals, coupons and refund offers are recommended for product promotions but, if applied in service promotions they will have a negative effect on the sales growth save for situations where the objective is either to reduce margins or to tarnish the image of the competitors. In addition, value-increasing promotions if run for a long time will cease to have a positive impact on the firm’s organic growth objective because they will be seen as obsolete in the ‘eyes’ of the customers who seek value on a daily basis.
B. What is effect of differential pricing on the growth of SMEs which offer standardized services?

With the reflection of the questionnaire responses by the director of operations and the analysis of the empirical findings, we conclude that differential pricing does not have an effect on the sales growth of a service firm which offers standardized services like laundry. Moreover, differential pricing is conditional and there are several key success factors which have to be fulfilled in order for it to succeed (for example, the ability to estimate the demand levels) which would make the charging the right prices for different customer groups or segments very challenging.

In addition, the director of operations clearly stated that the company finds it hard to estimate the demand levels for its customers which condition is a key requirement for a firm to have a successful price differential strategy.

It should however be noted that differential pricing will most likely have a positive impact if it is applied by SMEs whose primary objective is sell tangible products and keeping the services offered as peripheral.

6.1 Contribution of this study to the existing knowledge
The authors realized that differential pricing varies from one service type to the other therefore, several researchers and managers should appreciate the idea that standardized and non-standardized/professional services are not researched or managed the same way on issues to do with differential pricing.

Value-adding promotions are recommended for SMEs offering standardized services because chances for them to have a positive impact on organic growth are high compared to the value-increasing promotions.

It’s proven that the analysis of the 4Ps (viewing marketing as tactics) by SMEs which offer either standardized or non-standardized services is crucial because of the direct impact the 4Ps have on organic growth of these SMEs depending on how the entire process is managed.
6.2 Managerial implications

As it is stated under the purpose of the study, we specified that this thesis will contribute to the literature regarding the marketing related activities in SMEs. It should however be noted that managers of service SMEs should consider the category of services their firms sell/offer because our findings are recommended on a basis of whether the firm sells standardized or non standardized services.

From this research, we revealed that for standardized services like laundry and car rental differential pricing is not usually practiced and as well not recommended because of the complications associated with setting the prices for such services among other service-related issues. In addition, the price differential key success factors are not easily realized or fulfilled for standardized services in the real world.

However, for non standardized/professional services like medical, legal and accounting among other services, differential pricing is possible and it is up to the firm’s management team to ensure that the whole process is well managed with an objective of earning additional revenue arising from charging the different prices for the same service and for the different customer groups or segments.

Arguably, in order for the product or service manager to be successful in yielding the intended results of a promotional activity he or she should draw reference on the past records for a given objective like sales, awareness, image among other factors.

In our opinion, managers should read through the frame of references and empirical findings before implementing any of the conclusions drawn in this thesis because this will help them to gain prior knowledge about the subject under investigation in order to be sure of the correct application.
6.3 Suggestions for further research

This research report has unearthed many issues in the area of promotion and differential pricing and it is on this platform therefore that we are suggesting the areas for further research.

First and foremost, it is of great interest that a similar study be carried out but with a bigger number of SMEs in a given industrial setting in bid to yield a credible and a good representative study for the SMEs in that industrial setting. In addition, the study should include a bigger number of respondents as a way of yielding a more reliable picture of the issue under investigation.

Further to that, the authors propose that a similar study be conducted but it should be inclusive of the customers and competitors because it would be very interesting to compare their views (customers & competitors) to those of the company and addressing the differences if any.

In the same context, the authors suggest that a similar study be conducted but this time focusing on SMEs that primarily sell products other than services like it has been the case for this particular thesis. It would be of great interest to address the points of difference between a service firm and a product firm and to examine the cause of those differences.

As stated in this thesis that the case company is a family business, it would be of great interest if a similar study is conducted when the management team of a firm under investigation is independent of the ownership of the business.

Finally, the authors suggest that a similar study be conducted but this time focusing on any other elements of the marketing mix other than price and promotion because this would give a fairly good picture as regards the role of the marketing mix in the activities of SMEs.
REFERENCE LIST


Appendix 1: Lessons learned by the current authors

Ssebunnya Henry

During the course of this study, I have been able to independently identify and formulate the current research problem and more so relevant to the marketing field. In addition, I came to appreciate the advantages related to reviewing the related literature in the given field of study and in the process, it emerged a good learning experience on issues related to SME marketing.

Through out the whole exercise, I acquired the skills of how to independently choose and develop coupled with applying scientific theories and the methods to conduct a scientific research. Additionally, on top of choosing the relevant theories I now know how several theories can be used to analyze a given set of data and generate constructive meaning out of the whole analysis process.

It has been a good learning experience because at the end of this thesis, I have acquired creative and communication skills that I applied throughout the entire report writing and presentation of the findings. In addition, during the oral defense of this thesis I am confident that I validated issues central to this research through highlighting the conclusions that were drawn after the data were analyzed.

As a matter of interest and through reading several books and journals, I learnt how to constructively examine and evaluate academically produced knowledge and this was evident during the role I played during both the opposition and defense exercises on the day when the theses were presented.

To say the least, I got so much interested when writing up the methodology chapter because I unearthed several techniques and theories related to a good methodology. In addition, I labored to enrich the methodology and the frame of references chapters with all possible and relevant material which was also a learning experience and for sure I think I will carry the legacy practically because I am contented that I have the skills, a feeling I never confidently had before.

I also learnt that a thesis is like a full time job and that for it to be accomplished on time and in full; one has to set dead lines beyond which he/she would automatically feel uncomfortable. On this note therefore I commend the fact that I got to appreciate more the strict way of managing time productively otherwise we would not have finished the report on time and in full. In addition, I took charge as a project leader and I made sure that all the chapters were in line with the requirements of a good thesis right away from report writing, editing, referencing and a critical but constructive analysis as was described by our tutor, Dr. Peter Zackariasson.

Conclusively, I commend the additional guidance we got from our examiner, Dr. Stefan Tengblad on issues to do with ethics, specific research questions, justification of the case
company, the contribution of our research to the existing knowledge, individual contributions & learning experiences and practical recommendations to SMEs. I am very grateful for all this and I now feel that with all the skills I have acquired I can ably add value in any aspects of project management and business administration given any opportunity.

**Lessons learned by the current authors continued:**

**Abid Naeem**

This was rather a unique experience in terms of exposure to different aspects of student life as whole. First working with a group member who comes with a different mind set and to meet each others expectations in the process of achieving a common goal was a very demanding task. At the same time this was my first exposure to the international working environment.

As far as the contribution in the project is concerned we tried our best to work it out as smoothly as possible. It was a pleasant experience with in itself to work with a group member who was dedicated to the task. Right from naming our project till the end of the project Ssebunnya Henry was kind enough to look at the things not as group member but as a helper, leader, and he was also very understanding.

Individual contribution for the projects includes the initial communication with the Director operations of Snowhite Drycleaners Pakistan, to peruse him to work with us as case for our project. We tried to include as many organizations as we can in the project. But Only Snowhite dry cleaners accepted the proposal. Henry developed all the questionnaires and sent them to Peter Zackariasson our project tutor for final approval, once approved it was forwarded to the director operations Snowhite to get the feedback. Meanwhile we worked on the other sections of the project like wise introduction, reference material and method. Mainly at this stage we decided to work on different sections of the report to save time, i had focused on the first two sections of the reports that were introduction and reference material meanwhile Henry took the task of completing the methodology.

With the passage of time as we were getting the feed back from Peter Zackariasson for the quality of our work and director operation regarding our questionnaires. Almost i had to revise the introduction and reference material sections. again Ssebunnya Henry was kind enough to help me out with this task. My main contribution was to keep the communication as active and productive as possible for all the stakeholders.

The selected topic was kind of new for the area it was selected. Since there was not much material available relating to SMEs sector specifically for Pakistani and the issues became critical given the current Economic conditions of the country. Learning involves different aspects related to the project. It involves the management of the time and other resources. Collaborations between different stakeholders of the project. first hand practicality implication of the theoretical knowledge. It was a good chance to study the published material relevant to the case.

In nut shell it was a good experience and it provided the exposure which will help me out in future. I would like to thank Peter Zackariasson, Ssebunnya Henry and Mr Usman (director operations Snowhite) for constant cooperation.
Appendix 2: Co-branding contract

For best results we recommend

Snowhite

DRY CLEANERS
Largest Cleaning Network ... COUNTRYWIDE!

Enjoy
33% Discount
exclusively on
Junaid Jamshed products
at Snowhite.
Appendix 3: Questionnaire Guide 1. (2010-04-16)
We are two masters’ students in the University of Skovde in Sweden pursuing a research project as a pre-requisite to attaining our degree qualification. Our area of research is specifically in line with service satisfaction, promotion and pricing strategies practiced by Snowhite Dry Cleaning Company. We shall be glad if you timely respond to these questions to a great detail and be sure that your responses will be treated with a high degree of confidentiality.

1. Can you give a brief description of the business and your role?
2. Which generation is your business presently?
3. How are the promotional activities of the organization handled?
4. What challenges have you faced or expect to face in future regarding the marketing your organization?
5. Are the marketing and promotional activities handled in-house or some media organization has been given this responsibility?
6. Who is the person responsible for handling media and promotional activities of the organization?
7. Has any specialist been hired for in-house development of the promotional campaigns?
8. What are the means of communication used by the organization for promotional activities?
9. What is the role of your personal contacts in promoting the business and also the growth of your business?
10. Do you use promotional campaigns like bundle offers?
11. Does the organization use social media as a promotional tool?
12. Can you tell us about the type of customers the organization is serving to (Retail and institutional)?
13. How do you maintain the balance between cost saving and quality of the service?
14. How do you justify the “prominent store location” and the cost saving aspects?
15. Can you please inform us of some promotional materials previously used by the organization for promotional purposes?

Kind regards,

Ssebunnya Henry & Abid Naeem.
Appendix 4: Questionnaire Guide 2. (2010-05-03)

Hello Mr. Usman Zahid,

We are glad to contact you once again on issues to do with our research project of Snowhite Dry Cleaners Company.

Please take some time off and respond to these few questions in bid to improve our research.

1) How does your company achieve competitive advantage over the rest of the competitors in the industry?
   2a) How do you manage your costs of production?
   2b) Compare your costs of production to that of your competitors.
   3a) How unique is your business compared to your competitors?
   3b) What makes your business unique from the rest of your competitors?
   4a) Do you serve a particular target group or you target the entire industry?
   4b) If you serve a particular target group, how do you ensure that they are satisfied?
   5) How do you market your business generally?
   6a) Are you always certain of your demand levels?
   6b) If yes, how do you estimate your demand levels?
   7) How do environmental/external factors (competitors, legal, economic, social & technological factors) affect your business?

Thank you very much sir,

Ssebunnya Henry & Abid Naeem.

Additional information

Hello Mr. Usman Zahid,

We are glad to contact you once again on issues to do with our research project of Snowhite Dry Cleaners Company. Please take some time off and respond to these few questions in bid to improve our research. We further request that you furnish us with as many detailed points as possible because then we shall have a good base for the interpretation of the content.

Promotional practices

(a) How do you promote your business and how does this make you stand out from the rest of your competitors?
(b) How often do you carry out promotional activities in your company and what are the forms (types) of these activities?
(c) Do you have a promotional budget and if so, how is it managed for the efficiency of operations?

Pricing decisions

(d) How do you set your company prices (pricing strategies) and what is the basis of your pricing decisions?
(e) Do you practice any form of price discrimination in your business and if yes, please briefly mention these forms.
(f) Do you offer discounts in your company and if so, what is the basis of such a decision?

Growth

(g) How do you assess growth of your company over a period of time with reference to the major players in the business?
(h) What would you consider as obstacles (internal & external) to the growth of your business?
(i) Do you think your promotional activities and pricing strategies would lead to the overall growth of your business and if so, why?

In addition, please attach any form of documentation relating to the above questions for this will help us in consolidating our research in terms of content and reference.

Kind regards,

Ssebunnya Henry & Abid Naeem.
Appendix 6: Contact information for questionnaire send-outs

The director of operations, Snowhite Drycleaners Pakistan, 2010-04-16

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