

The Application of 7P Analysis Model in the Market Strategy - Taking the Beauty Industry as an Example

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ABSTRACT

With the transformation of the national economy from the secondary industry to the tertiary industry, the rise of the service industry has become a hot topic of discussion. Therefore, in order to meet the needs of customers, more and more enterprises pay more attention to the role of service in the consumption process while improving product quality. Especially for the beauty industry, how to improve service quality is one of the issues that brands need to consider. In the past research, people have found the 4P that need to be discussed when considering the market strategy. However, with the rise of the service industry, people have found that the original four elements of the traditional market strategy are not enough to help people analyze the service market. Therefore, researchers have added three additional factor areas to assist people in analyzing the market, which formed the market strategy matrix's 7P including the additional 3P of people, process, and physical evidence. Therefore, this paper mainly studies the application of 7P in market strategy, and takes the beauty industry as an example to help readers better understand the important role of 7P in market strategy. This paper adopts the research method of example analysis. Through empirical analysis, it is confirmed that 7P plays an important role in formulating market strategy. Especially for additional 3Ps, their emergence can help market researchers consider more comprehensively when formulating service market strategy, so as to better shape brand effect.

Keywords: Service, Beauty industry, People, Process, Physical evidence

1. INTRODUCTION

The beauty industry is a big growing business with an estimated over \$159 billion US dollars each year worldwide[1] In addition, due to the low entrance barriers and rising economic success, the development of the beauty industry in Hong Kong has become progressively expanded[2]. For the beauty industry, because there are many products of the same type circulating in the market, and the state has relatively loose requirements over the quality of raw materials of such products, the raw materials and manufacturing process of products are easy to be plagiarized. Therefore, the industry barriers to the research of products in the beauty industry are low and the industry competition pressure is high. In order to occupy a place in this market with highly competitive pressure and low industrial barriers, some brands decided to use lowering price as the market strategy to occupy the market share. However, only adopting the market strategy of blindly reducing prices cannot improve customer stickiness and customer loyalty. Therefore, more and more enterprises believe that the service part in the process of selling goods will gradually become the key factor for sales success, especially for the beauty industry, the customer's consumption experience is extremely important. After concluding the 4P in the market matrix by Macrathy, people can make a more accurate market

strategy. However, combined with the current changes in the service market, it is not enough to only consider the above 4 elements in the market matrix. Therefore, the additional 3P's application occupies an increasing significance in making related marketing decisions. . For the service in the beauty industry, the customers' consumption experience in the consumption process, which is the service will greatly affect their emotions. On the other hand, researches in customer relationship management have highlighted the importance of achieving customer loyalty for the long-term competitiveness of an organization, such as viability[3], customer retention and referrals[4]. In other words, the service in the selling process will directly and greatly affect the customers' loyalty to the product or brand.. Therefore, the primary aim of the study is to explore the influence of the services marketing mix elements on consumers to determine the appropriate marketing mix strategy for the beauty industry. After analyzing the current 7P's application in the beauty industry, readers can have more knowledge about the service market's 7P, and also help business to make more accurate decisions when it plans to build a steady image for the service market.

2. LITERATURE REVIEW

2.1. Customer service

Customer service is a highly interactive process including the customers' behaviors and the sellers' behaviors involvement together. The parts of the service process to which the customer may make difference include its personal characteristics, its physical facilities, and other tangible elements like the discount received of the goods of service. Among the product industry or service industry, customers are always the final targets of the efforts. McCarthy clarified that the customer is not a part of the marketing mix. Instead, he should be the target of all marketing efforts [5]. During the purchasing process of the beauty products, The purchase service of beauty products includes providing customers with a good trial experience, explaining the different effects and using methods of each product in detail, and providing scientific and effective skin care according to the customers demanded. And the customers are often involved in service production and may have preferences for certain methods of service delivery, so that marketers must understand the nature of the processes through which services are created and delivered [6]. And the first and most important step in applying any marketing strategy is to have a whole-hearted commitment to customer orientation [7]. That is to say, all the designing of the service activities of the beauty industry is for satisfying the customers. Consequently, the concept of 7p's application arose the marketer's attention and it has become the key element when deciding the market strategy mix.

2.2. Services marketing mix

As far as marketing mix is concerned, this was first proposed by Neil Borden in 1953, and all his thoughts about the marketing mix is presented in his article 'The concept of the Marketing mix'[8], in his article, he believed that the marketing executive is a "mixer of ingredients," who is continuously focusing on making creatively a mix of marketing activities and rules in his efforts to build a profitable business.

He firstly introduce 12 elements in his article, and is summed into 4Ps including product, price, place and promotion by the McCarthy finally. The application of the 4P model has been widely recognized and has been used until now. Nevertheless, with the continuous development of the national economy, many enterprises are gradually transforming from the traditional manufacturing industry to the service industry. Consequently, marketers found the previous 4Ps model cannot comprehensively analyze the current market situation and make the correct market strategy, because the previous market model is mainly aimed at the manufacturing industry, while in the face of the new

service industry, the previous model obviously has a gap [9]. Thus, the study of additional 3P including people, physical evidence, and the process were created based on the previous research of the marketing mix.

2.2.1. Product

The meaning of products is anything provided to the customer which is for exchange or consumption [10]. In the beauty industry, the product can be any solid product, including facial masque, cream, serum, toner, or a series of services, including skin care, facial massage. Obviously, in the process of selling goods, for the beauty industry, the goods themselves and their additional services are inseparable. Thus, like any other service industry, quality of service is the most important concern for the beauty-care service industry. There has been evidence that, when customers' perceptions of service quality are positive, the behavioral intentions are favorable, which strengthens their relationship with the organization [11]. On the other hand, when service-quality assessments are negative, the customers' behavioral intentions are unfavorable [12]

2.2.2. Price

Generally speaking, in the process of goods exchange, price refers to the amount that consumers must give up in order to obtain a certain commodity, goods or a certain type of service, and the usual amount refers to the amount of money [13]. At the same time, the price of goods often plays a great role in the process of consumers deciding whether to buy a certain commodity. If consumers are not satisfied with the price of a certain commodity, especially for daily necessities, consumers will easily choose to buy alternatives to this commodity. Especially for the products in the beauty industry, modern technology can meet the needs of most consumers for beauty products, and it also brought the growing substitutability of those products. Especially for some domestic brands, they do not have the same brand influence as luxury brands. Therefore, the price fluctuation often determines the sales volume of a class of products. Therefore, in the process of setting prices, many beauty brands will set two types of different prices, such as the bid price and the real selling price, and there is often a large price difference gap between the two prices. Businesses do use this price difference to meet the vanity psychology of consumers. For the current service industry, the added service value of goods cannot be accurately measured with money. Because for the traditional manufacturing industry, the price of goods is often set according to its cost, while for the added services, the cost is difficult to measure. Therefore, in the process of setting the price of such products, businesses should gradually clarify the price of additional services and formulate standards, so as to better meet the needs of the consumers.

2.2.3. Place

For the traditional manufacturing industry, the place of the products includes its birthplace, distribution channels, and the location of customers when they finally buy. For those products, their distribution channels are very important, because a correct choice of distribution channels will quickly help commodity brands expand their popularity and occupy market share. However, for the modern service industry, the traditional distribution channels are obviously not suitable for its development. Compared with traditional products, service is invisible and untouchable. Most importantly, marketers usually price the service as it is attached to the products as the part of them to be sold.

In addition to self-owned brand stores or flagship stores, one of the stores that can attract customers now is the one that can sell all kinds of brands. For the beauty industry, Sephora or SaSa cosmetics stores are more popular stores at present. This type of store can collect products of different brands, which is more convenient for customers to choose from, and save their time. Because stores of different brands may be far apart, customers may not be willing to go to brand stores to buy goods. Therefore, the existence of those stores can improve the customers' purchasing efficiency and provide better service to them.

2.2.4. Promotion

Promotion refers to the various communication methods used by market participants to expand brand awareness, including advertising, promotion activities, online marketing, discount activities [14]. For the current service industry, the traditional promotion model is obviously out of touch. With the improvement of people's education level, people's cognition of things becomes more accurate and direct. Therefore, traditional promotion activities may not attract people now. For the beauty industry, the current popular promotional activities mainly include star live commerce. The new promotion form of live commerce with goods is also the most efficient promotion activity in the modern era. This promotion activity is often combined with traditional promotion activities. For example, November 11 in China or Black Friday in the United States is a day of carnival shopping for the whole people, and this national shopping activity has gradually become a national cultural form. Once it becomes a national culture, this activity will certainly affect the lifestyle of most people. Moreover, the promotion model of a brand will also reflect the positioning of the brand. For example, if the price change of a brand in any promotion activity is relatively small, but the number of additional gifts changes, such as Chanel and YSL, then the positioning of these brands may be high-end luxury categories. However, some brands may set different

prices in different promotional activities, and the price changes greatly, so the positioning of these brands may focus on creating people-friendly prices to improve national popularity, such as some minority domestic brands.

2.2.5. People

For any service brand, people mainly refer to the employees who provide services to customers and are also the bridge connecting customers and brands. Thus, the attitude of these staff will greatly affect customers' purchase desire. As mentioned above, customers' emotions will affect their shopping efficiency to varying degrees, and the communication between people will directly affect customers' emotions, thus indirectly affecting their shopping efficiency. For many and most beauty brands, while providing customers with products, they will also provide some skin care and eyebrow trimming services. Therefore, in order to improve the overall quality of employees, many brands will unify employees' clothes and conduct unified training before employees enter the job, in order to provide better services for customers. The employees' clothes will also reflect the corporate culture. For example, Barbie Brown's employees' clothes are mainly black, which is intended to reflect Barbie Brown's brand concept of "Everything is simple and approachable", while Lancome's clothes are mainly dark blue and dark red stitched stripes, and such clothes can reflect Lancome's brand vision of providing romance and beauty. The employees' dress and service methods all reflect the brand operation mode and brand vision. Therefore, improving the overall quality of brand employees and meticulous brand service will be the two core parts of beauty brands' operation that need to be continuously improved.

2.2.6. Physical evidence

Compared with the traditional manufacturing industry, the services provided by the service industry cannot be measured by clear standards. Therefore, when judging whether the service provided by a brand is excellent, many customers often measure the surrounding service environment as a very important standard. The service environment includes the appearance of the store, the internal decoration form, or the environment around the store, as well as the various preparations experienced by customers before enjoying the service. For the beauty industry, the equipment used to provide services is also very important. For example, if customers see that the equipment for skin management is very clean or advanced, it will certainly make these customers feel that the brand is very professional, which will also make these customers more willing to consume for the brand.

At the same time, different styles of those equipment conditions will present customers with different sensory feelings. For example, if a brand wants to create the concept of "soothing skin care," they can create a warm and comfortable brand atmosphere, such as setting the fixed light of the store to warm yellow light, or selecting orange and light yellow when selecting the color of the equipment, which can reflect the warm characteristics.

2.2.7. Process

Management process refers to the process that customers must go through in order to obtain a service, such as waiting in line or booking service. Therefore, when this service is delivered to customers, customers will focus on their time cost. In addition, the decision-making power of employees on a certain service is also a very important part of the management process. For example, employees can decide which customers to provide services to first. For the beauty industry, employees can decide which samples to provide customers. In addition, the activity process is also a part of the management process. The activity process includes how to carry out an activity, what subdivided activities are included during the period, such as 'lucky draw', 'discount', and what form the final activity is presented to the public. For the beauty industry, the activity process may include participating in the welfare activities regularly distributed by the brand, such as brand-new product launches and brand spokesperson meetings. Through these activities, the brand can better establish the connection with customers, so as to establish a more solid brand image in people's hearts. At the same time, customers' participation in brand activities is also an important part of the management process. As mentioned above, the ultimate purpose of all behaviors of the brand is to provide better services to customers and earn benefits. Therefore, the investigation of accurate customer participation can feedback the attraction of brand activities to customers, so as to judge which activities are more efficient and which activities can be canceled, reducing unnecessary costs.

3. DISCUSSION

Through the analysis of the market strategy of the service industry, it can be seen that the application of 7p is very important for the service industry. Therefore, by constantly analyzing the market structure and analyzing the relationship between consumers and brands from different angles, brands can adjust their market strategy and make them better respond to market changes.

Especially for the beauty industry, the emerge in an endless stream of new products, keeping updated skin care concepts and improve science and technology, all these factors will affect the choice of beauty brands,

such as the customers' need for skin care from the moisture replenishment, to the demand for anti-aging wrinkles. Thus, combined with 7P in the market strategy, market researchers in the beauty industry can have more improvement. For people in the beauty industry, they can be improved by training and managing. And enough training can give staff more confidence when they are facing different questions asked by the customers. In terms of the process element, it can be enhanced by classifying customers carefully. The clear classification can save service time for the customers, which can make them feel more comfortable. In addition, the physical evidence can be presented by using some advanced decoration to show the brand's atmosphere correctly, and the customers can also feel the brand tonality better. In the modern era, the changes are enormous, and customers' service requirements for major brands are also gradually improved. Therefore, how to improve the service ability of the brand and better meeting the needs of customers will be a great challenge for the brand in the future.

4. CONCLUSION

However, due to the limited data acquired by this article, the hypothesis by the additional 3P's application cannot be proved scientifically. Therefore, combining the collected data from reality will provide more meaningful analysis for this topic. Based on the current research about the 7P's application, future research can use more data to conduct hypothesis testing. And the hypothesis testing can help researchers to analyses the 7P's influence detailly. For example, future research can clarify which element can make more effect on customers' behavior. Therefore, the business can affect people's behavior by changing that element of the market strategy.

In the process of participating in this project, it was unforgettable to get along with Professor Zhang. Professor Zhang's meticulous attitude towards knowledge infected me. Her classroom is humorous and funny, and can always show us in a more suitable form by combining theory with reality. At the same time, her patience also allows me to participate in the classroom more relaxed.

Although our time together is only a short month and a half, we get along very well with the professors and students. The enthusiasm of the professor and students towards knowledge continues to inspire me, and will also become the driving force for me to move forward. I also hope to participate in the professor's courses if I have the opportunity in the future. And I hope that Professor Zhang can have more excellent research results in the future and provide market research lovers with more novel views and attitudes.

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