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# AN APPLICATION OF 7 PS OF MARKETING MIX FOR THE SME SECTOR DURING COVID-19 PANDEMIC WITH SPECIAL REFERENCE TO SIGIRIYA

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## Abstract

Tourism industry is one of the major industries which can basically generate foreign exchange and employment opportunities to a country. There, the SME sector is playing a vital role in creating business opportunities for the industry of tourism and hospitality. COVID-19 pandemic has severely affected to the Sri Lankan tourism and hospitality industry being threaten to the SME sector. The general objective of the study is to identify the application of 7 Ps of marketing mix for the promotion of SME sector in Sigiriya area in the post COVID 19 pandemics. Also, the research question of the study is how to apply 7 Ps of marketing mix to enhance the market share and awareness in the global market in order to enhance both profits and sales. Further the problem statement is that whether there is an application of 7 Ps of marketing to SME sector, after the COVID 19 breakdown. The study is primarily based on qualitative method while using secondary data such as library material, journals and reports, media publications and various internet search engines. Also, data was basically analyzed by using secondary data throughout the study. As per the empirical study done, it was revealed that due to the change in the customer behaviour after the covid-19 pandemic, application of the concept of “marketing innovations” along with the concept of 7Ps is the latest way of marketing to stay competitive and profitable especially during a crisis like Covid-19.

*Keywords: Covid-19, SME sector, marketing*

## 1.0 Introduction

COVID-19 pandemic has severely affected to the Sri Lankan tourism and hospitality sector. Moreover, the SME sector is also being threatened to a certain extent hence this creates considerable number of direct and indirect job opportunities and foreign exchange generation through hotels, restaurants, travel agencies and coffee shops. All of these enterprises are under the new normalcy norms of Covid-19 pandemic and are closed until the further notice of the government. As the lockdowns and the curfew are extended, SMEs started to suffer from the

financial issues directly due to the global pandemic. The problems of SMEs is that COVID-19 has changed from a health crisis to an crisis of economic in all over the world (Mubarak, 2019). The business operators are always trying to survive from the health and economic crises certainly with lesser resources. Some sectors suffer more than others with accommodation, food service and travel being most hit (Skidmore, 2020). Sigiriya is recorded as one of the best tourist arrival destinations in Sri Lanka and, the SMEs in the particular area has also been negatively affected due to the COVID 19 pandemic. Therefore, the study focuses on the application of 7 Ps of marketing mix for the promotion of SMEs in Sigiriya in order to enhance the awareness in the global market at the post COVID 19 pandemics. The problem statement of this study is that whether, the application of 7 Ps of marketing to SME sector is feasible, after the outbreak of COVID 19. The general objective of the research is to identify the application of 7 Ps of marketing mix for the promotion of SME sector in Sigiriya area. Also, the research question is how to apply 7 Ps of marketing to enhance the market share and awareness in the global market in order to accelerate both profits and sales. Further, the identified study is significant for the selected sample, Population, Regional Tourist Organizations, Government and the future researchers. Lack of time for the investigations and the scope being limiting only to Sigiriya were identified as the limitations for the study.

## 2.0 Literature Review

The demand for tourism and hospitality including, restaurants, hotels, souvenirs and travel has been high. As restaurants were based on direct customer presence on- location have been severely hit due to the COVID 19. Similarly, hotels and tourism have been massively hit as the inter-relationship between the industries. Bookings of Restaurants, catering and hotel staying of planned trips were cancelled with zero plans for the near future (Creamer, 2020). Within the tourism and hospitality industry, businesses are highly dependent on supply chain. Due to the COVID-19, supply chains were highly affected by a contagion effect. As one business collapses, the supplier above and the consumer below are almost certainly disrupted into a sinking whirlpool (Baldwin & Mauro, 2020).

These disruptions rapidly collapse business resilience and culminate in mass layoffs, inability to sustain financial commitments, risk of bankruptcy, and the ultimate closure for many (Bartik, Bertrand, Cullen, Glaeser, Luca, & Stanton, 2020). The reason for why SMEs suffers to a larger extent compared to bigger firms is because of their dependence on loaned money and overall limited financial resources (Bourletidis & Triantafyllopoulos, 2014). The fact that SMEs many times have limited financial resources leads to limited flexibility and therefore lack the ability to respond to environmental changes, especially during an economic crisis (Yazdanfar, 2011).

The marketing mix can be described as the set of activities that an organization applies to promote its product or brand in the market (Ali & Kaldeen, 2017). Another description could be as the mixture of different marketing decisions that the organization uses to market its products or services,

Which could be used to innovate the organization out of the impacts of an economic crisis (Singh, 2012). It is essential to create and apply an appropriate marketing mix of the elements in it to gain competitive advantage (Mubarak, 2019). To get the best profitable outcome from marketing activities, the marketing mix should adapt according to the market condition and how the outside world is changing (Singh, 2012). The four elements of the marketing mix: product, price, place and promotion are presented in figure 01 down below.



Figure 01: Marketing Mix

Source: <https://www.pinterest.com/pin/372954412878230846/>

According to Belch (2003), Advertising and promotion which are communications systems for both consumers and businesses are important in social and economic systems in society. Advertising and other promotional methods should be delivered carefully by preparing messages to target audiences. Organizations from large to small retailers highly rely on advertising and promotion to increase sales in the market. In market-based economies, consumers generally rely on advertising and other forms of promotion for observing information to make purchasing decisions (Belch, 2003). Webster (1971) defined sales promotions as, ‘short-term inducements to customer buying action.

As stated by Kotler (1988), sales promotions are a diverse collection of incentive tools, mostly short term, designed to stimulate quicker and/or greater purchase of a particular product by customers or the trade.

From these diverse definitions, four important themes are evident:

- a) Promotions are action-focused
- b) Promotions are marketing events
- c) Promotions have a direct, immediate, and short-term impact on consumer behavior
- d) Promotions are designed to influence market intermediaries.

According to Kotler and Armstrong (2001), a comparison of sales promotion and advertising has been pointed: “Whereas advertising says, “Buy our product,” sales promotion says, “Buy it now.” Sales promotion effects are often short-lived, however, and often are not as effective as advertising or personal selling in building long-run brand preference.” Further, the scholars

stated that sales promotion is a short- term tool, aimed at immediately increasing sales volume, especially in promotion programs in particular seasons.

Sales promotion are categorized into three functions (Scholz, 2008; Grundey and Bąkowska, 2008; Žvirelienė et al., 2008; Pranulis et al., 2008; Dutu and Halmajan, 2009; Grundey, 2009; Propescu et al., 2009; Solomon et al., 2010):

- 1) Creating economic benefits and informing customers upon (i.e., making them aware of) immediate product purchase;
- 2) Creating customer awareness of a specific product or service, attracting their attention, especially in the point-of-purchase environment;
- 3) Providing the customer with various perks of choosing a specific product, service, brand, or retailer.

Here “People” refers to those involved in service delivery. Their level of training, interpersonal behaviour, discretion in rendering the service and appearance matters a lot in customer satisfaction. Thorsten (2004) opines that customer orientation of service, while Bitner (1992) indicated that the service environment has a significant impact on customer perception of overall service quality. He further pointed out that customers make inferences about the service quality on the basis of tangibles (the buildings, the physical layout, etc.) that surround the service environment.

### 3.0 Methodology, Conceptual framework

The study was majorly based on desk research analysis which is derived from qualitative studies. Desk research is not about collecting data it is to review previous research findings to gain a broad understanding of the field. Furthermore, under the conceptual framework, promotion of SME sector was identified as the dependant variable while employing product, price, place, promotion, people, physical evidence and process as independent variables.

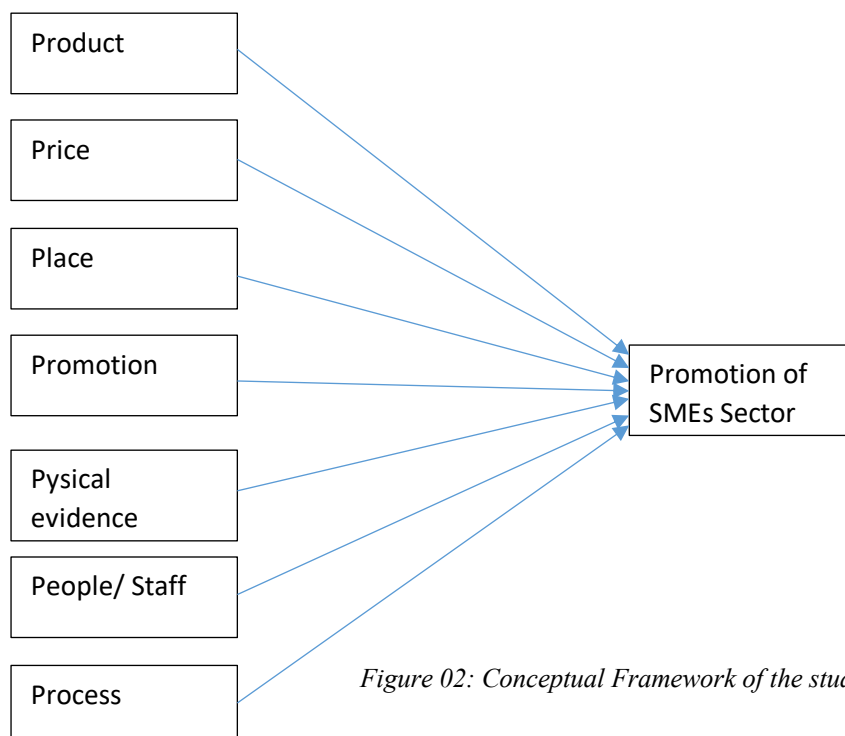


Figure 02: Conceptual Framework of the study

### 3.1 Case Study

Sigiriya is an attraction in the cultural triangle of Sri Lanka. Also, UNESCO has already recommended it as a world heritage site which is comprising of Sigiriya rock and the complex around it with remains of gardens, water courses, ramparts, moats and the famous paintings of heavenly maidens. Though, Sigiriya is not famous for a shopping destination in Sri Lanka, it has some shops where tourists can purchase local handicrafts, folk art, and even natural objects. (<https://www.thefamilytravelblog.com/happy-memories-shop-for-souvenirs-i-sigiriya.html>)

Sigiriya has the highest number of OTA property listings on Agoda. This is likely because of its proximity to tourist attractions (Sigiriya Rock and Pidurangala Rock). The number of SLTDA approved listings in each of the three locations ranges from 11.5% to 17%. Sigiriya has the largest number of SLTDA approved listings but because of the number of properties available, particularly BBs, guesthouses and homestays, the percentage of SLTDA approved properties is low.

A temporal analysis may be helpful to see when these listings were established to determine whether the number of properties is still increasing, at its peak, or plateaued. (<http://www.ft.lk/travel-tourism/Impact-of-online-travel-operators-on-SME-accommodation-providers-in-Sigiriya-Habarana-and-Dambulla/27-639445>)

### 4.0 Data Analysis and Interpretation

In order to analyze the empirical data collected via the secondary sources, since qualitative data is not quantified or numerical it had to be coded in order to be understandable and useful (Saunders et al. 2012).

According to Köksal and Özgül (2007) a common consequence of an economic crisis is a reduction in demand, which in turn is a consequence of customers' changed behavior during a crisis. The changed customer behavior is according to Sharma and Sonwalkar (2013) a response to the fear of losing the job and therefore customers have a tendency of prioritizing saving instead of spending money. Another reason for a changed behavior during a crisis is found among those who actually lost their jobs and therefore changed their way of consuming.

In order to survive a crisis Naidoo (2010) and Falk (2013) suggests that companies should use “marketing innovation” as a marketing strategy. Marketing innovation can be described as the improvements that can be made in the marketing mix: product, price, place, promotion. Empirical evidence from a research by Naidoo (2010) proved that marketing innovation is a suitable solution for cash-strapped firms (mainly SMEs) when facing a crisis. In addition to Naidoo’s (2010) research, Line and Runyan (2012) and Scaglione et al. (2009) researches suggested that successful marketing innovation helps firms to retain the competitiveness.

Moreover, while mounting the tactic in the use of 4Ps concept, the study hereby specifically focus on the incorporation of the 7Ps concept by adding the extra three concepts of People, Physical Evidence and the Process. Here, the segment People might be the host community along with the entrepreneurs of SME sector and the guest community. The physical evidence element of the marketing mix refers to the physical environment experienced by the customer. This could mean the design and layout of a shop. Here this also can be applied to the physical layout of a website due to the Covid 19 regulations like social distancing. In general this may

highlight the managing of the proper social media accounts or the online presence in a suitable and profitable manner. When incorporating the concept of process, both online and offline modes can be used for this. For SME sector, just after the pandemic situation, moving forward with the digital transformation for prior bookings, ordering goods and etc can be applied further.

## **5.0 Findings, Conclusion and Recommendations**

Products related to SME sector in Sigiriya area should be more focused on offering other parts of the product range (restaurants). Further, creating new products in new brands need to be well identified so as to be focusing on product diversification in order to enhance the profits and number of sales. Also, products related to food and beverage, souvenirs, accommodation sector, transportation need to be wisely designed with ‘corona adapted activities’ to satisfy the tourists. Not only, as the sub products of tourism such as the Ayurvedic tourism and spiritual tourism are considered one of the trends in the tourism and hospitality sector in post COVID 19 pandemics, the products in the SME sector in Sigiriya should highly be designed targeting the identified segments as above mentioned.

Considering to the pricing strategies in the SME sector pertaining to the tourism in Sigiriya, the prices of the products should be decided according to the competitors in the market. Also reduced prices on rooms should be promoted basically targeting the domestic tourists as well as international tourists. As tourists’ arrivals are comparatively low in the post COVID pandemic, special promotions, tourist coupons and special discounts or a free gift for coming etc. should be well-focused on to market the product among the domestic and international tourists. (e.g., free tasting of locally produced foodstuffs, free reusable tote bag with store name, etc.).

When it comes to the third component of place, the process of distribution should be well organized focusing on self- service in order to ensure the social distance at the particular outlets. Considering to hotels and restaurants apart from serving foods to customers, it is ideal to distribute food boxes to the customer with the purpose of avoiding contamination issues of food service. Furthermore, proper sanitization should be there to ensure the safety and security in the COVID 19 pandemic.

Furthermore, investments should be initiated targeting the local market and more marketing and promotion campaigns should be launched adding information on new product development and potentials which are available in the identified area. Using online methods, sending emails with proper information, banner advertising, google ads, web sites, social media and local events can be effectively employed in order to enhance the awareness of the customers. There, the information should be creatively designed and distributed by selecting the most suitable online source with the aim of approaching the required target market.

Rather than just announcing on the information on the products of SME sector, some attractive offers can be madenn to both domestic and international tourists in order to motivate to purchase tourism related products in Sigiriya destination even during the COVID 19 pandemic. Moreover, some of the suggestions can be listed as mentioned below:

- Discounted pricing/reduced pricing while offering a quality product.
- Reduced-rate bundle or package.
- Joint promotion with a complementary business.
- Voucher or coupon with purchase.
- Buy one get one free deal.
- Double the points if you have a loyalty program.
- Free gifts for every referral.
- Marketing Innovations with changes in product, pricing strategy, packaging style and product placement.
- Product differentiation that can be easily applied due to the flexibility of the SME sector.

Also considering to physical evidence, retail stores in SME should pay more attention in using the appropriate health and safety guidelines. Further, souvenir/gift shops, restaurants may benefit from decorating shops with different ideas: retailers can think about the theme of decorations and it is easily created based on their main products. For example, in sea shell product shops, the shop can be decorated in the theme of sea side with blue color. Furthermore, displaying shops should be carefully arranged as it is the basic element to attract visitors.

Furthermore, the staff should be adhered with the health and safety guidelines in order to attract more domestic and international tourists to the destination of Sigiriya. The process related to the productions should be highly focused on the health and safety protocols of the government in Sri Lanka.

Moreover, as the marketing mix is the mechanism that the organization can use to create customer satisfaction and to stay competitive within the market, it is considered to be a dynamic model since it adapts to change in consumer preferences, market conditions and government policies. Hence, it is a vital tool in order to adapt to the changes within the marketing environment and find a new way of marketing to be competitive and profitable especially during a crisis like Covid-19.

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