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Marketing architectural services : the role of the internet in marketing architectural services in the Western Cape

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MARKETING ARCHITECTURAL SERVICES
THE ROLE OF THE INTERNET IN MARKETING ARCHITECTURAL SERVICES IN THE WESTERN CAPE

by

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DECLARATION

I, Lisa Grosskurth, declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed **Date**

ABSTRACT

The research study provides an overview of the deployment of marketing by architectural practices in the Western Cape. It furthermore illustrates how the Internet is being utilised and establishes the motivations behind Web presence or its lack thereof.

In recent years, an increasingly competitive landscape in the service industry, transformation in consumer buying behaviour, as well as deregulations in the professional service environment, such as the relaxation of advertising bans, make marketing an increasingly important competitive tool for architectural service providers in South Africa. However, due to the notable status and previous restrictions associated with the profession, many architectural practices are still reluctant to engage in marketing activities to promote their firms, remaining largely reactive and preserving a myopic view of marketing. In particular the use of the Internet is deemed to be a less required facet in the application of the marketing mix in this industry, which can mainly be attributed to the service provider's lack of time and skill in this area of expertise. However, the literature suggests that the Internet can increase the opportunity for differentiation within the professional service environment, and from the marketer's perspective, there is a considerable potential in the future profitability of marketing and Internet developments for this industry sector. Moreover, the trend that more consumers are adopting the Internet as a primary source for information emphasises the importance for architectural practices to adopt a holistic marketing approach that includes the Internet.

The study revealed that there is generally a positive sentiment towards marketing, and the adoption of a Website in particular. Overall, however, most respondents seem to lack the understanding that a Website's relative contribution to the service product and marketing success is determined by its role in the overall strategic direction of their business. A more focused marketing approach could result in a greater competitive advantage in an industry that is characterised by very low levels of differentiation.

Due to the fact that professional service providers still tend to be reluctant to engage in marketing activities, it is recommended that marketing and Internet professionals start developing industry related offerings, taking into account above mentioned considerations, to proactively approach architectural practices.

Furthermore, industry specific education on the benefits of marketing and the Internet to the architectural service industry, facilitated by governing bodies, marketing and IT professionals, could assist in shifting negative perceptions and bringing the marketing and architectural industry closer together, thereby encouraging mutually beneficial business relationships.

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DEDICATION

This work is dedicated to my parents and grandparents, who, through their love, emotional and financial support, made my studies possible.

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Diese Arbeit ist meinen Eltern und Grosseltern gewidment, welche, durch Ihre Liebe, emotionale und finanazielle Unterstützung, mein Studium ermöglicht haben.

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GLOSSARY

Terms/Acronyms/Abbreviations	Definition/Explanation
4 P's	Refer to 'Marketing Mix'.
7 P's	Refer to 'Extended Marketing Mix'.
AIA	American Institute of Architects.
Advertising	Any paid form of non-personal presentation of ideas, goods or services by an identified sponsor (Kotler & Armstrong, 2001).
Architect	An architect can be defined as a person that is involved in the planning, designing and oversight of a building's construction. In the broadest sense, an architect is a person who translates the user's needs into the builder's requirements. Architects are required to obtain specialised education and documented work experience to obtain professional license (Sinclair & Beaton, 1987:17)
Architectural Services	Architectural services are project-based professional services (Sinclair & Beaton, 1987:17).
Architectural Practice	Architectural Practice is a different description for an architectural firm, which supplies architectural services.
Architecture	Architecture (from Latin, architectura and ultimately from Greek, 'a master builder', from αρχι- 'chiefs, leader', 'builder, carpenter') is the art and science of designing buildings and structures, as distinguished from the skills associated with construction. The practice of architecture is employed to fulfill both practical and expressive requirements of civilised people and thus embraces both utilitarian and aesthetic ends (Anon, 2006a).
Code of Conduct	A code outlines the rules, responsibilities and professional standards for an individual or organisation, such as a best practice or principles of good corporate behaviour adopted by a business. In South Africa SACAP is responsible for publishing and monitoring the compliance with the code of conduct for the architectural profession. (South Africa, 2004)
Direct Marketing	Direct communications with carefully targeted individual consumers to obtain an immediate response and cultivate lasting customer relationships (Kotler & Armstrong, 2001).
E-business	E-business refers to the transformation of key business processes through the use of Internet

	technologies (Chaffey, 2006:18).
E-commerce	E-commerce or electronic commerce is commonly referred to the buying and selling of products or services using the Internet. It can also be defined as all electronically mediated transactions between an organisation and any third party it deals with (Chaffey, 2006:18).
E-marketplace	E-marketplace refers to large online platforms or Websites that facilitate interaction and/or transactions between buyers and suppliers (Pavic et al., 2007:320)
E-marketing	E-marketing can be defined as achieving marketing objectives through the use of electronic communications technology, such as the Internet. E-marketing does therefore not occur in isolation, but is most effective when it is integrated with the other communications channels (Dann & Dann, 2001:198).
Extended Marketing Mix	The extended marketing mix, often also referred to as the '7P's', is an extension of the traditional marketing mix in the context of service marketing and refers to the three additional elements, namely people, physical evidence and process (George, 2004:306).
The Internet	The Internet is the worldwide, publicly accessible network of interconnected computer networks that transmit data by packet switching using the standard Internet Protocol (IP) (Coupey, 2001:11).
IP	An IP address (Internet Protocol address) is a unique address that certain electronic devices currently use in order to identify and communicate with each other on a computer network. In simpler terms, it is a computer address (Anon, 1998).
ISP	Internet Service Provider
LAN	A Local Area Network (LAN) is a group of computers running specialised communication software and joined through an external data path (Anon, 1998).
Link	A (hypertext) link, also referred to as 'hyperlink', is any part of a webpage, which is connected to another source, either on the Internet or external applications, such as an e-mail programme (Anon, 1998).
Marketing Mix	The marketing mix, often referred to as the '4P's, is a set of controllable marketing tools, namely product/service management, pricing, distribution and promotion (Kotler & Armstrong, 2001).

Network	A group of computers and other devices, which are interconnected so they can communicate with each other (Anon, 1998).
Public Sector	The public sector refers to the part of economic and administrative life that deals with the delivery of architectural services for the government, whether national, regional or local/municipal (Anon. 2006b)
Pure Product	Pure Products are tangible dominant and possess only physical properties, which can be felt, tasted and seen prior to the consumer purchase (Hoffman & Bateson, 2001:5).
Pure Service	Pure Services are intangible dominant and lack the physical properties, which can be sensed by consumers prior to the purchase (Hoffman & Bateson, 2001:5). .
Private Sector	The private sector refers to all that is outside the state. It includes a variety of entities such as for-profit and non-profit enterprises, corporations, banks, any other non-governmental organisations, as well as individuals not employed by the state. In the architectural context it refers to all practices not servicing governmental organisations (Anon. 2006c)
Professional Services	Professional Services, performed by i.e. architects, lawyers, doctors, researchers and consultants, can be described as infrequent, technical or unique functions (Hoffman & Bateson, 2001:58). Professional rewards such as high earnings and prestige are the natural outcome of requirements such as the necessity for complex skills and higher education important by society (Thakor & Kumar, 2000:65).
Promotion	Promotion can be defined as the coordination of all seller-initiated efforts to set up channels of information to sell goods, services or ideas. Traditionally the promotional mix (also referred to as communications mix) comprises of four elements: Advertising, Personal selling, Sales promotion and Public relations (Belch & Belch, 2004:491).
SACAP	South African Council for the Architectural Profession. SACAP was founded un 2001 and is the regulatory body in the architectural industry. In order to being able to practice, it is compulsory for every practicing architect in South Africa to register with this council (Anon., 2008a).
SAIA	South African Institute of Architects. The SAIA was established in 1996 as an evolution from the National Institute (est. 1899). It consists of all the different provincial/regional institutes, i.e. the Cape

	Institute of Architects (CIA). The SAIA is a highly recognised, but voluntary association for South African architects. A prerequisite for membership is a recognised architectural education, practical experience and an examination (Anon., 2008b).
Scale of market entities	A scale, which displays a range of products along a continuum based on their tangibility (Hoffman & Bateson, 2001:5).
Site map	A site map is a representation of the architecture of a Website. It can be either a document in any form used as a planning tool for web design, or a Webpage that lists the pages on a Website, typically organised in hierarchical fashion (Morville, 1998:58).
URL	Uniform/Universal Resource Locators are in laymen's terms synonymous with descriptors like 'document name' or 'web address' (Anon, 1998).
Webpage	A Webpage or Web page is a place where information is made available to users of the INterent by the provider. This information is usually in HTML (hypertext markup language) format and may provide navigation to other Webpages via hypertext links (Belch & Belch, 2004:491).
Website	A Website (or Web site) is a collection of Webpages, images, videos and other digital assets and hosted on a particular domain or subdomain on the World Wide Web (Anon, 1998).
World Wide Web	The World Wide Web (WWW or simply the 'Web') refers to the means of electronically linking documents (Webpages) for the purpose of easily exchanging information across the infrastructure of networks that combine to create the Internet (Coupey, 2001:12).

CHAPTER ONE
INTRODUCTION

1.1 Introduction

The continued growth of the services sector, coupled with deregulation and relaxation of professional advertising guidelines, has sharpened the competitive pressures faced by service providers (Ettenson & Turner, 1997:91). In response, service firms are placing greater emphasis on understanding buyer behaviour to guide their strategic decisions for attracting, managing and keeping customers. Despite growth in consumer demand for services, there has not been an adequate increase in the development of marketing skills in service industries. Due to the fact that the recognition of a dominant services economy is a more recent occurrence, the discipline of services marketing received a relatively late start compared to the marketing of more traditional goods (Ettenson & Turner, 1997:91).

A way of looking at the differences between products and services is provided by the scale of market entities. The scale of market entities presents a range of products based on their tangibility. Pure products are tangible dominant, whereas pure services are intangible dominant (Hoffman & Bateson, 2001:5). Businesses, such as architectural practices, contain both a product and service component. The product or tangible component is hereby represented by the actual architectural drawings and plans, whereby the service or intangible component refers to the consultation function of the profession. As the latter carries much more weight, architectural services fall at the end of the continuum. Taking this into consideration it is important that architects market the correct balance between tangible and intangible benefits of their service offering. To differentiate their offerings, companies are developing and delivering total customer experiences. Products are tangible and services are intangible, whereas experiences are memorable. Products and services are external, whereas experiences are personal and only take place in the mind of the consumer. Companies that market experiences realise that consumers are buying much more than just their product or service. *"They are buying what those offers will do for them - the experiences they gain from purchasing the product or service"* (Kotler & Armstrong, 2001:291).

Professional service providers, such as architects *"offer services which are highly complex, intangible and highly customised"* (Sharma & Patterson, 1999:152). The consequence is that the marketing of architectural services faces several distinctive problems, such as high levels of client uncertainty, limited service differentiation, as well as quality control difficulties (Morgan, Foreman & Poh, 1994:36). In addition the uniqueness in characteristics of services in general, as well as the differences in buying behaviour for professional services, has to be taken into consideration. Marketers have to be able to evaluate and understand the scope of these service characteristics in order to create and implement a successful marketing strategy.

Finally, Morgan, Foreman and Poh (1994:36) point out that the marketing of architectural services has been a very much neglected research area with most literature being of a prescriptive nature and often grounded in anecdotal evidence or observations of practicing marketers and consultants. Furthermore, the academic contribution that exists is usually quite broad and often combines architectural services with other services to provide a generic view of marketing professional services.

1.2 General Statement of the Problem

The change in the environment of professional service firms through deregulation in the 21st century has had a great impact on the evolution of architectural practices. The industry culture has evolved from being regulated to one in which architects have to promote their services and market their firms proactively to stay competitive. Even though marketing will continue to be more fully adopted by practitioners of architecture, many architects have still not acknowledged the need for marketing and do not realise that a large amount of marketing activities are moving towards new technology, in particular the Internet. This could be partly due to the fact that marketing only plays a negligible part in the professional practice courses offered at architectural schools (Lucchesi, 2002:3).

Professional services, which are characterised by high levels of interpersonal interaction, have the ability to benefit from the Internet due to the fact that a large component of the service product is related to providing information and expertise. For these services the Internet would serve primarily as an accessible information source rather than a distribution channel; *"therefore the Internet has the potential to fundamentally change the way in which consumers interact with professional service providers"* (Hogg, Laing & Winkelman, 2003:476).

As marketing becomes a battle based on value, rather than sales, the biggest challenge that professional marketers face both now and in the future, is how to make the most of the online communications channel that is the Internet (Ramsey & McCole, 2005:762). They cannot afford to ignore it as an ingredient of the modern marketing communications mix, as *“the Web has become an inescapable part of every marketer’s life”* (Uncles, 2001:251).

The purpose of this research is to provide an overview of how architectural practices in the Western Cape employ marketing in their firms and to evaluate the role of the Internet within their marketing mix. The investigation seeks to establish if the low Internet presence amongst architectural practices is possibly due to lack of knowledge in the field of marketing, or IT or rather due to the unique characteristics of architectural services, which may make the Internet a less required facet for their marketing activities.

If this study shows that architectural practices are not utilising marketing and specifically the Internet as a marketing tool possibly due to lack of knowledge or ignorance, then there will be a vast potential for marketers to assist architects in maximising their profits by developing marketing strategies shaped according to the industry requirements. It will also impact on the IT industry in terms of providing customised services for architectural practices as well as IT education for their staff.

Should this study however indicate that architectural practices are not adopting the Internet as a marketing tool due to the unique characteristics of their service; the architectural practices can continue moving forward as they are at present. The marketing activity in the architectural industry is a neglected research area and the information gathered from this study will not only educate marketers and industry participants, but also provide a sound information base for future research.

Even though the study refers to the promotion of selected architectural practices, it is believed that the results could be generalised onto other professional services, such as engineering firms. Therefore, general models and principles generated from the findings of this research can be easily applied to a specific industry and target market.

1.3 Background to the Research Problem

Until the late 70s it was literally internationally illegal for architectural firms to market their services. Even after the High Courts worldwide allowed professional services to practice marketing, many still considered it unethical and inadequate (Grant, 2005). Therefore many conservative practitioners are still reluctant to engage in marketing activities today and rely heavily on more conservative and trusted marketing tools, such as word-of-mouth. Due to the fact that the market place of the architectural industry is changing, many firms are starting to realise the importance of marketing their services. The following three major factors have significantly contributed to the change in the market place:

- *The architectural industry is becoming more competitive resulting in a* decreasing workload. Karam (2003:411) states that 53.9 percent of the responding architects perceive the workload to be decreasing. He adds that the value of marketing is of significant importance in times of work decline and could assist a practice in enduring the fluctuating market conditions.
- *Significant deregulation have been taking place in the professional service environment.* Since the 1980s marketing and advertising guidelines for professional services have been vastly relaxed by the competition boards, allowing professional service providers to market their services freely and compete for potential consumers.
- *Consumers are becoming increasingly sophisticated.* Over the past 50 years, consumers' demands have become more advanced. Changes in legislation to protect the consumer and, more readily available information, are responsible for the shift in power towards the consumer. Moreover, the Internet has significantly accelerated this process over the past decade.

Since marketing as a mainstream function of architecture is relatively new to the profession, the differences among its distinct elements can be quite confusing to architects. Lucchesi (2002:3) states that this is not surprising as marketing is still only touched on in the professional's courses offered at architectural schools. Furthermore, the culture clash between architects and marketers is apparent in that architects see themselves as artists whose projects accomplish specific creative, technical and functional goals. Marketers, on the other hand, are more likely to use their skills in a variety of different industries or settings to achieve a diverse range of goals. Lucchesi (2002:2) concludes that in order to stay competitive in an increasingly complex marketplace, it is of importance that the relationship between architects and marketers persists to evolve into a mutually beneficial business venture.

1.3.1 Marketing of Professional Services

In the past and still today many professional service providers, such as consultants, accountants, lawyers and architects are reluctant to engage in marketing activities. McLaughlin (2005) advocates that in the past *"the reality was that a network of personal relationships and word-of-mouth brought them enough new clients to grow a* *profitable business"*. He adds that although for many service buyers, personal relationships remain the major driver of purchase decisions, behavioural changes in the consumer buying process are becoming increasingly apparent. In this context McLaughlin (2005) cites a recent study of client buying behaviour which found that more than half of professional service buyers interviewed were open to switching service providers. The latter signifies that professional service providers must start moving away from their conventional and often myopic approach to marketing and focus their marketing activities on the particular needs and wants of current and prospective clients.

However, many professional service providers are still convinced that delivering outstanding service is a sufficient foundation for a successful marketing strategy. Although a sound service delivery is essential for the firm's long-term success, a high level of client communication is needed to convey the message to the prospective client base. Furthermore, many professional service providers follow a predictable strategy by basing their marketing decisions on what has previously been achieved. As a result low differentiation levels between competitors continue to persist in the professional service environment.

Furthermore, each profession is governed by a statutory regulatory body which, amongst other functions, is responsible for maintaining the register of those entitled to practice. These statutory bodies came into existence to protect the public from incompetent practitioners and fraud. Their role continues today, however in a more dynamic fashion, adapting to the evolving needs and state of the professions. These regulatory bodies are also responsible for the rules of code of conduct, which determine what may and may not be done by the members of the profession in the conduct of their practice, including marketing activities (Wallace, 2006). In the USA the American Institute of Architects (AIA) fulfils this role. In South Africa the governing body is called the South African Council of the Architectural Profession and the South African Institute of Architects (SAIA), which constitutes regional institutes, such as the Cape Institute of Architects (CIA). Due to the abolishment of advertising limitations since the 1980's all professional service practitioners in South Africa had to re-examine their code of conduct.

Finally most professionals are distinguished by having the majority of their work in the private sector, which refers to all individuals, companies or organisations, which are not part of or employed by the government. As a result there is usually more freedom to innovate in private practices and it is therefore in the private sector where the need for marketing is usually recognised first. Marketing is, however, equally important in the public sector, which refers to all professionals, which provide services for the government, whether national, regional or municipal. Karam's study in 2000 shows that around 46 percent of respondents in the Western Cape obtain their work exclusively from the private sector, followed by 42 percent of architectural practices, which get a mixture of public and private projects, however with the private sector dominating. As a result of the recent deregulation and the drive towards diversification of architects working with the government, only 7 percent of respondents indicated that they are mainly obtaining work from the public sector (Karam, 2003:405). The reason for a low incidence of governmental contracts relates to the fact that in order to be awarded with public projects, the architectural practice has to be registered with the Public Works, which entails a comprehensive written exam.

1.3.2 Historic Overview of the Marketing of Architectural Services

In the USA the contemporary architectural practice is *"grounded in the recent past",* which emerged from the boom period of post World War II (Lucchesi, 2002:2). Lucchesi (2002:2) advocates that due to the pressure and need from the depression years as well as the war economy, a huge demand for construction existed, that lasted into the early 1970's. He adds that architectural practices could work almost independently and work processes and contracts were standardised by the professional society. By the early 1970's the market conditions had changed and architectural firms had to face a new business environment which had moved from a period of profusion to a highly competitive state (Davy & Harris, 2001). As a reaction to the environmental changes there has been an emerging emphasis on management, strategic planning and financial systems in architectural practices. The problem with this shift however, is that even today many architects still consider themselves as creative professionals, not as businessmen and have therefore often failed to accept this new challenge.

Historically, the first Principles of Practice adopted by the American Institute of Architects in 1909 restricted architects from using even the simplest forms of marketing. They could not advertise, defined as paid publicity, or even put their names on a sign in front of one of their buildings during construction. They could not offer free services, such as proposals or sketches; neither could they take part in any competitions unless it was conducted following the AIA's guidelines (Davy & Harris, 2001).

Kubany and Lynn (1999:110) suggest that prior to 1970, the greatest impediment to competition between firms and therefore the greatest deterrent to marketing, was the rule that prohibited firms from knowingly competing with one another by offering to charge less for the same work. They add that fee schedules were formulated to ensure that every architect charged the same percentage of construction cost. The assumption behind this rationale was that if one architect charged less than another, the under-bidder would also produce a building of lesser quality.

Eventually the U.S. Justice Department began to investigate the ethics of many professions, on the grounds of trade restraint caused by the rules against fee negotiations. As a result, the AIA agreed in 1972 not to restrict members from submitting price quotes for services. Following the ruling architects, however, adopted ethical standards aligned to the standards implemented in the law and medical professions. This meant that they could not compete with one another on the basis of price and could not advertise their services. In the 1990 ruling, the AIA promised to abstain from adopting policies or bylaws that restrained members from submitting competitive bids, price quotations, discounts or free work (Kolleeny & Lynn, 2001:68). As a result architects could openly compete and were allowed to market their services. Nevertheless many architects still did not overcome their reluctance to market themselves.

In summary, the recessions of the late ‘70s, late '80s, and early '90s, combined with significant changes in client culture, forced architects to take marketing more seriously. In the last decade architects have been becoming more actively engaged in marketing, which is reflected in a study conducted by the Society for Marketing Professional Services (SMPS) in 2005. The results indicate that from 2003 till 2005, firms growing up to 19 percent annually increased their marketing budgets by an average of 18.3 percent, while firms growing by 20 percent or more increased their marketing budgets by an average of 33 percent (Grant, 2005). Kolleeny and Lynn (2001:70) rightly point out that this is a remarkable figure considering that larger firms report three-quarters of their billings from repeat work, and smaller firms report two-thirds. In this context it also has to be considered that larger firms tend to get more repeat work than smaller firms, as they are also far more likely to get new work through more formal proposal requests, whereas smaller firms tend to rely more on referrals (Kolleeny & Lynn, 2001:80).

Unfortunately, to date, no official written documentation which reviews the past developments of marketing architectural services in South Africa has been published.

However, Wallace (2006) agrees that the documentation provided by the American Institute of Architects quite accurately reflects the developments in South Africa. In terms of marketing restrictions today, the code of conduct of the South African Council of the Architectural Profession (South Africa, 2004) leaves more room for interpretation with the following act:

"a registered person may only promote his or her professional services in a truthful and responsible manner. In advertising or promoting his or her services, a registered person shall not make untruthful or misleading statements".

1.3.3 Marketing Architectural Services in South Africa

Of the first publications published on the utilisation of marketing for professional services in South Africa was compiled by Sinclair and Beaton in 1987, after the Competition Board demanded that minimum fees were abolished and architects had changed their codes to allow limited advertising. Already then Sinclair and Beaton (1987:5) emphasised the importance of marketing for architectural practices in South Africa, while many Western countries had already adopted marketing as a tool to manage competitive pressures and challenges.

Even though the development of marketing in the professional service environment has come a long way since then, Karam (2003:404) states that there is still *"a general sentiment against the idea of marketing amongst architectural professionals[1]"* as reflected in his findings, illustrated in Figure 1.1.

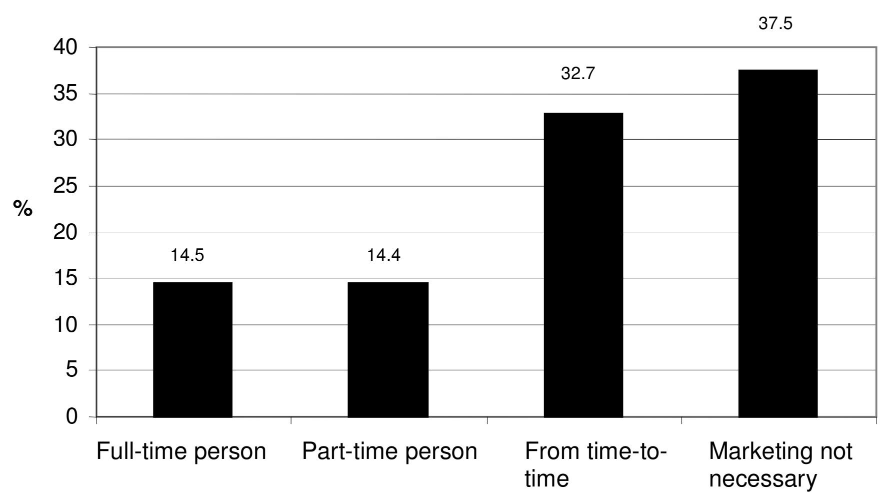

Figure 1.1: Staff allocated/assigned to actual marketing in the firm

(Source: Karam, 2003:404)

[1] in the Western Cape

Figure 1.1 shows that 37.5 percent of all respondents regard marketing as not necessary, which represents the highest rating, closely followed by those who do portfolio up-dating *"from time-to-time"* with 32.7 percent. In contrast the lowest response rate is reflected in firms employing marketing staff on a full-time or part-time basis, with 14.5 percent and 14.4 percent respectively. Due to the fact that less than one third of respondents are involved in marketing activities and indicate that little emphasis is placed on planning and carrying out organised marketing strategies, Karam (2003:404) rightly states that these statistics clearly reflect the architect's view on the value of marketing to their business.

Karam (2003:406) also investigates the use of three different marketing tools, namely brochures, signage and press publications. It is however accredited that there are various other tools, such as the Internet, to be used for the successful delivery of the message to reach all prospective clients. Karam states that architects in the Western Cape use some marketing tools, such as brochures, notice boards and project publications effectively and that they are generally aware of the benefits of such marketing techniques. However, he adds that looking at the marketing portfolio of the local practices indicates some noticeable limitations. He claims that many firms engage in one or more marketing tasks, but do not follow a comprehensive approach to marketing *"as there is no planning involved and no investment of resources dedicated to such marketing activities"* (Karam, 2003:410).

Furthermore, Karam (2003:411) suggests that as competition for work is increasing so should the marketing activities of the industry participants. This is emphasised by the finding that there is a considerable dependency on work supplied by the private sector. This sector requires a defined target market and a comprehensive set of marketing tools in order to reach as many prospective clients as possible and to broaden the client base to its full potential.

He concludes that while marketing is a known element to successful practices, architects are yet to be convinced of its full potential. Especially when faced with many challenges such as a declining work load, a comprehensive marketing approach could be the only way to promote professional services and sustain a flow of projects in the business of architecture in future (Karam, 2003:410).

Karam is the only person who has undertaken a study in the field of marketing and IT use by architectural practices in the South African context and his study could form a sound comparison basis for the outcomes of this research paper.

1.3.4 The Internet as a Marketing Tool

Palumbo and Herbig (1998:253) describe the Internet is a vast computer network interconnected globally, which is characterised by its extremely fast moving and rapidly changing environment. Ainscough and Luckett (1996:45) add that with the advent of the World Wide Web (WWW) and user-friendly browsers, companies have the opportunity *"to employ a sophisticated and cost-effective media vehicle to reach customers worldwide"*.

Since the discovery of the Internet as a new communication medium it has became an integral part of many firms' marketing approaches. The Internet can be used for various different applications, such as a source of information, an advertising medium or even a distribution channel (Garrido Samaniego, Gutie´rrez Arranz & San Jose´ Cabezudo, 2006:164). Basically, the Internet's added-value resides in its ability to contribute to cost reduction associated with communication and transaction as the Internet allows the access to a great amount of information, saving users inside and outside the organisation time and money. Inside the firm, the development of the Intranet can greatly facilitate the transmission of information among its members. Outside the firm, the WWW, discussion groups, e-mail and videoconferencing are amongst the tools available to users of the Internet (Garrido Samaniego, Gutie´rrez Arranz & San Jose´ Cabezudo, 2006:164). The increase of commercial activities on the Internet has a significant impact on the business environment and on many academic traditions as discussed in further detail in Chapter 3.

1.3.4.1 The Internet in Emerging Markets

A review of the literature reveals that many authors, including Bandyopadhyay (2001:17), expect the value of Internet-enabled online transactions to continue to grow significantly. Bandyopadhyay (2001:17) points out that despite the continuing leadership of the developed economies, the increasing participation of emerging markets in this area cannot be ignored, due to their rising adoption of international electronic commerce. South Africa is one of those emerging market, which is defined as a *"developing country characterised by relatively high Gross National Product (GNP) growth rates, increasing industrialisation and growing urban buying power"* (Bandyopadhyay, 2001:17).

Despite the adoption of the Internet in emerging markets, the available technological infrastructure has to be considered as it may restrict marketers to a certain level of marketing functions that can be performed. Technology as the main driving force behind the Internet therefore presents one of the major considerations that should guide Internet marketers in emerging markets as discussed below.

Bandyopadhyay (2001:18) describes connectivity as the main technological problem associated with the Internet in developing countries. This is due to the fact that the telecommunication costs associated with connecting to the Internet are still relatively high in emerging markets. On average, Internet users in developing countries pay about three times more for hourly usage than users residing in developed countries, which results in the limited number of Internet subscribers in emerging markets (Bandyopadhyay, 2001:18). The high connectivity costs are due to the fact that high capital costs have been an impediment for developing countries to build their own national and regional networks. This situation is gradually changing as the improved intraregional connectivity is expected to bring down the costs of accessing the Internet in emerging markets and encourage more businesses and consumers to go online (Bandyopadhyay, 2001:19).

Worldwide the Internet has become a highly accepted information source and according to Bandyopadhyay's research (2001:19) consumers in emerging markets, in particular, can benefit from *"the expanded range of timely and pertinent product related information to which the Internet gives them access"*. Coupled with the fact that for young and well-educated consumers worldwide, the Internet has become the natural way of finding information (Langrosen, 2005:63), it is vital to provide potential consumers with convenient access to information via the Internet even if the actual transaction will take place offline. This is an important cue to be considered by professional service providers, such as architectural practices.

With regards to the use of the Internet as a distribution channel limitations can be attributed to the fact that most products and services must still be delivered via traditional logistics (Bandyopadhyay, 2001:20). Due to the fact that there is often a lack of an efficient distribution system or physical infrastructure in emerging markets, many consumers still associate a high risk with the distribution of online purchases. In South Africa this still poses a problem in the more rural areas of the country.

Lastly, Bandyopadhyay (2001:19) gives two main reasons why the opportunities for conducting electronic transactions over the Internet in emerging markets are limited. Firslty, consumer do not use credit cards as extensively as in developing countries and secondly due to the lack of secure Internet connections and transaction sites consumers are often reluctant to conduct financial transactions over the Internet. He adds that whereas the first reason can be attributed to the economic and cultural situation, the second reason is again related to the country's infrastructure. This also explains the limited number of online retailers in South Africa.

Upon recognising the technology-related constraints in emerging markets relating to physical distribution and conducting transactions over the Internet, it becomes evident that Internet marketers in emerging markets should prioritise the marketing function of publicising business and product-related information over conducting transactions and providing physical delivery.

After putting the role of the Internet into the context of emerging markets, the discussion moves to the Internet usage and user profiles in South Africa.

1.3.4.2 Internet Usage and Users profiles in South Africa

As discussed above the World Wide Web is in itself a relatively new product and therefore its consumer adoption is still seen at the start of the diffusion curve. However there is a sign of an early majority of Internet users for whom the Internet has become an established communication and research medium (Jayawardhena, Wright & Masterson, 2003:60). Therefore Internet access from home is the natural way of communication amongst the upper social classes, including the young professionals.

As shown in Table 1.1, the South African Internet access market is forecasted to have a volume of 12.2 million users in 2009, representing an increase of over 150% since 2004. The strongest growth is predicted for 2005 when the market is forecast to grow by 41.6%. According to the Datamonitor statistics there were 91% Narrowband and 9% Broadband users in 2004. However, future growth within the Narrowband sector is expected to slow "*as broadband emerges as the connection of choice amongst today's consumers"* (Datamonitor, 2005).

Table 1.1: Internet Access in South Africa - Actual & Forecast

Year	Users million	% Growth
2003	4.0	19.9
2004	4.4	20.7
2005	6.8	41.6
2006*	8.4	24.0
2007*	10.0	18.9
2008*	11.5	15.4
2009*	12.2	5.8
Aggregate 2001 - 2004	*3.4*	*18.8*
Aggregate 2004 - 2009	*8.8*	*20.6*

* Estimated.

(Source: Datamonitor, 2005)

According to the literature, South Africa can be described as the largest Internet market in Sub-Saharan Africa. Goldstuck (2007b) revisits the research conducted by Nielsen/Netratings 2007 to identify important Internet usage patterns as well as provide valuable socio-demographic data. Goldstuck (2007b) describes South Africa as an ideal example of the demographic patterns of Internet use in developing countries. He adds that *"due to its large disparities in socio-economic levels, Internet access in South Africa is directly associated with economic access".* The findings are summarised in Table 1.2 on the next page.

Table 1.2: South African Internet User Profile

Category	Description	Percentage
Gender	Male Female	55% 45%
Age	18-29: 30-39	36% 31%
Language	English Afrikaans Zulu Xhosa	51% 28% 6% 4%
Geographics	Johannesburg Cape Town Pretoria Durban Other cities Outside South Africa	31% 18% 14% 8% 28% 1%
Education	Higher Education (in general) Degree Post graduate degree	25% 22% 15%
Family Life Cycle Stage	Single Married Married with children	53% 47% 53%
Household members	4+ members 2-4 members 1 member	25% 22% 53%
Annual household income	R400 000 or more Less than R50 000 Non-disclosed	17% 10% 73%
Internet Access	Internet Access at Home Internet Access at work	31% 64%
Employment Position Industry sector	Full-time (30+hrs per week) Administrative Managerial Financial, Insurance, Real Estate	61% 20% 18% 15%

(Source: Online Publishers Association and Nielsen/Netratings, September 2007)

Additionally to the Online Publisher's Association (OPA) and the Nielsen/Netratings, as illustrated in Table 1.2, one of South Africa's most visited Internet portals, MSN, conducted a survey to provide additional socio-demographic information on Internet users in South Africa. The survey was published in June 2007 and drew over 16 000 responses which are closely related to the findings in Table 1.2. Goldstuck (2007b) analyses the findings as follows:

The findings illustrate an almost equal split between genders. When analysing the age, it can be seen that approximately one third of the respondents fall within either the 18-24 (34%) or the 25-34 (34%) age category; with about one sixth fell in the 35-44 (16%) group. This suggests that online marketers should focus their efforts on an 18-44 target market or even slightly older when marketing architectural services in specific.

It is also interesting to note that 51 percent of all respondents are English speaking. Therefore English should be considered as the primary language with regards to any communication on the Internet.

The average South African Internet user is not only well-educated but also in full-time (53%) or part-time (7%) employment or is self-employed/contracting (15%). Evidently this is also reflected in the (disposable) income of Internet users as follows: Almost a quarter (24%) of the respondents have a monthly income of R10 000 or more with half of this group (11%) falling into the R15 000+ band. The fact that only 7 percent of the South African population earn a monthly salary above R10 000, illustrates that Internet users are three to four times more likely to fall into this high income bracket than the average person. Evidently, the latter is also closely related to the fact that Internet users are characterised by higher disposable incomes. The findings suggest that more than one tenth (11%) have more than R5 000 disposable income and a further 39 percent have between R1 000 and R5 000, making Internet users much more affluent than the average person.

Furthermore the findings reveal that more than two thirds (67%) of Internet users live in a house with the remainder split equally between flats (17%) and townhouses (15%). Almost half (40%) of all respondents own property. These findings should be taken into consideration when establishing the target market for an architectural practice.

In summary, the statistics show that the profile of a typical South African Internet user, as highlighted above, is likely to correspond with the profile of a consumer in need of an architectural service. This means that these consumers could potentially use the Internet as a primary source of information in the selection process of a architectural practices.

It is not only important for marketers to understand the demographic and psychographic profile of Internet users, but it is also to know their online behaviour and the motivations behind it. The following table indicates the usage and behavioural patterns of Internet users globally. The activities of consumers online is based on findings of the Nielsen/Netratings research study published in September in 2007.

Table 1.3: Global chart of consumer activity online

Consumer Activity Online (Average based on 27 countries)	**No of visits / Time of visit**
Sessions/Visits per Person per Month	34
Domains Visited per Person per Month	69
Page Views per Surfing Session	44
PC Time Spent per Month	31Hrs 25 Min
Time Spent During Surfing Session	56 Min
Duration of a Webpage viewed	45 Sec

(Source: Nielsen/Netratings, 2007)

The Nielsen/Netratings findings in June 2001 show that South African Internet users visit about 10 Websites per month, on average view 20 sites per surfing session and view about 28 Web pages for approximately 1 minute each. The average time spent online per month amounts to approximately 4 hours and 30 minutes and the time spent during one surfing session equates to about 26 minutes. These statistics are based on South African Internet users accessing the Internet from home.

Unfortunately there are currently no comparative statistics available for 2007 from Nielson/Netratings. However, the strategic Internet and research company Webcheck has released the following results from their 2006 research study titled *"SA Web User"*: Their research suggests that 45 percent of respondents have Web access at home only, and 25 percent at work only, with 3 percent who have access at both home and work. On average, the Internet was accessed about 17 days a month by home users; however with 37 percent of home users accessing the Web every day. At work, users access the Internet on average 23 days a month. Home users spend an average of 23 hours online per month and work users 30 hours per month. On average, home as well as work users, got access to the Internet just over three and a half years ago.

Webcheck (2006) also revealed that the South Africa Internet user is mainly accessing the Web to send and receive mail as well as to search for specific information rather than doing shopping online. However, with regards to online services, such as online banking, the average percentage of people using online banking facilities has almost doubled over the past five years. The main reason for this increase is the convenience associated to conducting banking transaction from the comfort of the user's home or work place.

All of the above quoted research studies state that the most visited Website categories in South Africa are search engines and portals, finance, news, insurance and investment sites. Smith and Chaffey (2005:101) add that globally socialising, catching up on news, browsing/shopping, being entertained and being educated are typical reasons for people going online. The second most popular activity after socialising and before entertainment, is finding out about products and services regardless if they will be purchased online or offline. Marketers therefore have to realise that even if a product or service is purchased offline, there is a need for an online presence to facilitate the process of browsing online and buying offline. Similarly to the online banking sector the convenience of online browsing for other categories is likely to grow in importance as time-pressured consumers realise the time saving nature of online shopping. Smith and Chaffey (2005:102) conclude that by offering consumers a convenient channel to shop and thereby saving them time, consumers are afforded the opportunity *"to satisfy several needs simultaneously, as the time saved can be used to satisfy a range of other unfulfilled needs".*

Given the profile and behaviours of Internet users, the focus now shifts to the motivations behind online behaviour.

1.3.4.3 Consumer Motivations behind Internet Usage

Dann and Dann (2001:91) discuss nine common reasons for people using the Internet. The purpose of this discussion is to explore the motivations associated with online behaviour in order to gain a better understanding of how and why people behave the way they do online. However, it has to be kept in mind that this is not an exclusive list and that the underlying motivation behind the Website visit can consist of one or more of these reasons at any one time. Dann and Dann (2001:91) discuss the following nine motivations behind Internet usage behaviour:

i. Anonymity

Anonymity, and the lack of physical presence, allows for a much greater deal of consumer freedom. One of the major differences in consumer behaviour created by anonymity is that it reduces the visibility of the consumer's behaviour to others. While online, and virtually anonymous, it is possible to explore a range of behaviours that would not otherwise be explored due to the visibility, and possible negative social impact, of these behaviours. With regards to business transactions, including architectural services, anonymity works in the consumer's favour when comparing prices or enquiring about certain products or services with different suppliers. Pressure to purchase is minimised due to the anonymous interface between service provider and user. This allows consumers to have the power to terminate the service encounter without any social restrictions that usually arise during face-to-face interaction.

ii. Convenience

As already mentioned in the previous section, convenience has been cited by many users as one of the major advantages of Internet access. The use of the Internet for practical purposes, such as convenient access to information, is one of the primary motivations behind the use of online banking and online shopping services. With regards to architectural services, consumers are able to search for adequate information on potential architectural practices from the comfort of their home or work place, at a time convenient for them.

iii. Information seeking

The interest-driven nature of the Internet and the Web has created a unique user environment where the Internet allows the user to freely seek and compare any information of interest. Lewis and Lewis (1997) refer to this category of people as directed information seekers, which includes people who search for timely, relevant and accurate information on a specific topic or set of topics. As mentioned previously, information seeking presents the most common behaviour relating to consumers in the need of an architectural service firm.

iv. Global access

The global nature of the Internet is an attraction for several categories of Web users, from novelty seekers, wanting to explore the world, to utility seekers who gain access to a wide range of international services and products from home. The Internet has opened up a global market to e-businesses, providing service firms with a broad potential client base which is now accessible anywhere in the world. Local architectural practices are therefore given the opportunity to access global markets and become global industry players.

v. Communications

One of the most common reasons for use of the Internet is communication, with email being the primary use, followed by access to other communications services, like blogs or forums. Developments in technology are also facilitating low-cost videoconferencing online, and voice-based Internet communications which allows consumers to communicate with text, voice and video for the cost of their standard Internet connection. This can assist businesses, such as architectural practices, to overcome geographical boundaries and affords the opportunity of presenting work online, i.e. through videoconferencing.

The last four consumer motivations discussed by Dann and Dann (2001:92) are only briefly mentioned as they are not as relevant in the context of the architectural services industry. They are (1) Community. Here consumers satisfy their need of belonging or the pursuit of common interests and goals. (2) Utility and the fear of being left behind where users have not adopted for the potential benefits to be gained, but as insurance against potential losses arising from not adopting. (3) The inherent merit, where consumers merely derive pleasure from the experience of the Internet itself, rather than for any specific utility value it may possess. And lastly (4) Entertainment and Recreation, which offers consumer the opportunity to engage in online gaming, gambling, video and movie watching.

Having identified the Internet user profiles and motivations, the discussion now moves to professional service providers utilising the Internet for marketing purposes.

1.3.4.4 Professional Services and the Internet

To date South Africa does not have a single comprehensive database of all South African businesses with e-mail addresses and therefore no comparative statistics of the adoption of the Internet in South African businesses can be provided. This is confirmed in a study on E-commerce adoption in South African businesses by De Klerk & Kroon (2005:34). Available data with regards to Website ownership amongst architectural practices suggests a low incidence thereof.

The study undertaken by De Klerk & Kroon (2005:34) show that all of the 707 surveyed businesses with a Website in South Africa widely realise the Internet as a tool to access specialised information, save time and money and make direct communication available to all relevant partners. All the respondents also realise the advantages of e-mail usage, such as immediate delivery, convenient use and cost efficiency.

Based on their research in 2000, Arif and Karam (2005:160) stated that only about 17 percent of the surveyed offices registered with the Cape Institute of Architects (CIA) had their own Website. In contrast, research (cited by Arif and Karam, 2005:160) indicated that the percentage of architectural practices with a Website in 2002 in countries like Sweden, Canada and Malaysia is significantly higher with, 60.0 percent, 27.3 percent and 24.3 percent respectively. Unfortunately, no comparative figures for

2006 are available for these countries. The investigation of the SAIA Practice Directory of 2006 reflects 318 architectural practices in the Western Cape (CIA) of which only 9.4% indicate a Website presence. Even though there is an increase in the number of practices with Websites, the percentage of the total population is much lower. These statistics could be an indicator that architectural practices in South Africa are still reluctant to adopt the Internet to promote their services, considering that major technological advancements have occurred over the past 6 years.

Table 1.4: Architectural Practices with a Website

Year	Country	No of respondents	No of practices with Websites	% of practices with Websites
2000	South Africa	120	21	17.5
2006	South Africa	340	32	9.4
Year	**Country**	**No of respondents**	**No of practices with Websites**	**% of practices with Websites**
2000	Canada	220	60	27.3
2002	Malaysia	70	17	24.3
2002	Sweden	637	382	60

(Source: Arif & Karam, 2005:160)

1.3.4.5 The Accounting Profession as an Example

Similarly to the architectural industry, increased competition coupled with deregulation in the professional advertising standards required accounting firms to start developing marketing programmes to stay competitive. Mangoes, Lewis and Roffey (1997:11) indicate that accompanying these factors *"an observed decrease in client loyalty has intensified the need to make marketing prominent in the overall strategy of firms in the accounting profession".*

Several surveys have been conducted reporting on accounting firms using the Internet as a promotional tool. A study undertaken by Roxas et al (2000:605) shows that the accounting profession has actively taken advantage of the Internet as a new medium of marketing, with some practices even suggesting that including a Website in the accounting firm's marketing strategy is a necessity, considering that *"the online population is starting to reflect a broader cross section of society".* Even though the study refers to accounting services, it is believed that the results can, to an extent, be projected onto other professional services, such as architectural practices.

The study undertaken by Roxas et al (2000:605) shows that the main reasons for accountancy firms taking advantage of the Internet as a new medium of marketing by developing their own Website are:

- to attract new clients (because of general interest in the Internet)
- to improve service to the firm's current clients
- to complement current advertising
- to portray credibility and technological advancement

The results of the survey show that Websites have not necessarily attracted new customers, but have generally been successful in promoting the firms' image, as well as improving their services to existing clients, i.e. by transmitting information via e-mail. Roxas et al. (2000:605) add that previous research shows that accounting firms promotional activities should focus on communicating their experience (through their partners' and employees' qualifications, professional affiliations and years of service), areas of specialisation, range of services, reputation, available resources, location and availability.

The great advantage of using a Website as opposed to conventional media is that firms are enabled *"to include more information, in a more imaginative format"* (Mangos, Lewis & Roffey, 1997:11). Roxas et al's (2000:605) conclude that a good Website should contain something of value to both potential, as well as existing customers.

A Website can further be used for image building. Although a Website cannot convey an overall image of the service quality, it has the ability to convey credibility by creating the impression that the service provider is technologically advanced. Providing regularly updated advice and information can further enhance the corporate image and provide a way of continuously communicating with current and potential customers (Mangos, Lewis & Roffey, 1997:11).

Even though the study refers to accounting services, it is believed that the results can be projected onto other professional services, such as architectural practices.

1.4 Aims and Objectives

The primary aim of this study is to provide an overview of how architectural practices in the Western Cape employ marketing activities in their firms and to evaluate the role of the Internet within their marketing mix. The investigation is sought to establish if the low Internet presence amongst architectural practices in the Western Cape, as found by Arif and Karam (2000), is possibly due to lack of knowledge in the field of marketing or IT or rather due to the unique characteristics of architectural services, which may make the Internet a less required facet for their marketing activities.

Depending on the outcome of the study there might be vast opportunities for marketers to work closely with practitioners in the architectural industry in order to advise them on shortfalls in their marketing approach and recommendations on how to counteract this problem.

1.4.1 Research Objectives

The primary objective is to establish the reasons for the low Internet presence of architectural practices in the Western Cape in order to determine if the Internet can play a bigger role in the future development in the marketing of architectural practices in South Africa. The secondary objectives are listed below:

- To determine the architects' general perception towards marketing their professional services
- To establish to what extent different marketing activities are employed in architectural practices in context to South Africa
- To determine to what extent architects make use of the Internet as a marketing tool, as well as establish their motivations behind it
- To ascertain any similarities or differences between the results reflected in this research to the figures generated from Arif and Karam's research in 2000

1.4.2 Research Questions

The overall research question is to establish what role the Internet plays in the marketing of architectural practices in South Africa. The sub-questions are listed below:

- How do architectural practices market themselves?
- Which marketing tools do they use and why?
- Which marketing vehicles are considered the most cost-effective and why?
- How has the marketing of their practice developed over the past five years and what do they expect do change over the next five years?
- Have architectural practices adopted the use of the Internet and for what reason?

- Do architectural practices use the Internet as a marketing tool to promote their services and why?
- Do architectural practices believe that the use of a Website to portray their image could improve the business' cost-value equation and why?

1.5 Research Design and Methodology

With regards to the methodology applied, a combination of exploratory and descriptive research on the supply side of architectural services was decided upon.

1.5.1 Demarcation of the Field of Study

Only the architectural practices registered with the Cape Institute of Architects (CIA) formed part of the study. Having a major city within their borders, such as Cape Town, it is sought to make the Western Cape a fair representative of the national trends in the architectural profession.

1.5.2 Primary Research

A qualitative and quantitative research approach was adopted. In terms of the architectural practices the qualitative research was used to determine their feelings towards marketing activities and the utilisation of the Internet as a marketing tool in their practices prior to the survey. The quantitative research, on the other hand, was then used to quantify the data and generalise the results from the sample onto the population of interest.

i. Qualitative research

Prior to the main survey, qualitative data was collected by means of in-depth interviews with six role players in the architectural industry. The results of the qualitative research assisted in the compilation of the questions for the quantitative questionnaire as well as the adjustment of the research methodology for the main survey.

A judgmental sample was used to determine the participants for the in-depth interviews. In order to ensure a representative sample, an equal spread of practices with and without Internet presence and equally spread in both, age and practice size, were chosen.

ii. Quantitative research

Upon completion of the qualitative interviews, a quantitative research design was adopted by conducting a telephonic survey. The SAIA directory served as a sample frame. In anticipation of a relatively low incidence of response as a indicated by the pilot study, a census of all 318 practices registered with the CIA was chosen as the sample frame. Of these, 122 practices participated in the survey. The quantitative research was used to quantify the data and extrapolate the results onto the population of interest.

1.6 Outline of the Research

The following section gives insight into how this thesis is structured:

Chapter two outlines the unique characteristics of the service industry, whereby special attention is paid to the nature of professional services. Discussions will give a detailed explanation of the distinguishing services characteristics and the marketing response thereof. It also makes reference to the specific issues regarding the marketing of professional services and architectural services in particular.

Chapter three is concerned with the role of the Internet in the marketing of services and professional services as well as the way architectural practices can benefit from using this technology. Examples of firms in other service industries using this technology will be used for comparison.

Chapter four then elaborates on research design and methodology including the research strategy, the research design and research methodology. After the introduction to the research context and problem definition, the exploratory and descriptive research designs will be introduced and motivated. This is followed by a detailed description and motivation of the research instruments and research methodology. Furthermore the qualitative and quantitative questionnaire design is discussed in detail. This chapter concludes by discussing the limitations of the study.

The subsequent chapter (Ch.5) presents the data analysis, including the interpretation of the results.

The final chapter (Ch.6) concludes the study by providing a summary, containing the final implications and recommendations drawn from the results of the research. The conclusions will provide the proposed solution to the practical problem stated in the introduction. It will also include the delineation of the research study and provide recommendations for future research. Where possible, meaningful recommendations will be made to potential users in the industry and commerce.

1.7 Conclusion

Due to changes in the competitive environment of architectural practices as well as changes in the consumer buying behaviour, marketing is becoming increasingly important for architectural service providers. However, due to the notable status and previous restrictions of the profession, many architectural practices are still reluctant to engage in marketing activities to promote their practices. The literature review illustrates that marketing architectural services is inescapable in a complex and fast-changing marketplace and also highlights the importance of the use of the Internet as a marketing tool in today's technologically advanced society.

The lack of information available on this topic indicates that the marketing of architectural services has been a very much neglected research area with most literature being of a prescriptive nature and often grounded in anecdotal evidence. Moreover, the academic contribution often combines architectural services with other professional services to provide a generic view of marketing these professions (Morgan, Foreman & Poh, 1994:36). The objective of this research is to provide more insight into the marketing practices of architectural firms in context to South Africa and, regardless of the outcome of this study, the findings will generate a sound information base and provide recommendations for industry participants and future research.

CHAPTER TWO
OVERVIEW OF THE SERVICE INDUSTRY

As briefly discussed in Chapter 1, the growth of the service sector went largely unnoticed for many years and even as the service industry grew, many practitioners remained reactive by holding onto a myopic view of marketing. However, service marketers are starting to realise that the unique differences between products and services pose significant challenges for their marketing strategies. The latter coupled with changes in the professional service environment, such as the relaxation of advertising bans, have forced professional service marketers to engage in more proactive marketing approach than previously. Lovelock (2001:25) points out that the engagement in promotional activities is, ultimately, *"essential in bringing innovative services, price cuts and new delivery systems to the attention of the prospective consumer".*

2.1 Introduction

The service sector is heavily dominated by intangibilities and many other unique characteristics. While many marketers started to adopt the challenge posed by the unique service characteristics, many still ignore the fact that the service industry in itself provides a wide diversity, which is characterised by further unique challenges. Michael, Mollenkopf and Burn (2000:573) exemplify that clarity about the different service categories and the implications of the unique service characteristics are therefore vitally important as it affects the behaviour of clients during the buying process and suggests how organisations should interact with them. They add that, if these characteristics are managed carefully in a comprehensive marketing strategy, *"service firms will be able to respond in diminishing engagement risk, improving customer perceptions and enhancing market opportunities"* (Michael, Mollenkopf & Burn, 2000:573). The intangibilities associated with professional services also face distinct challenges, such as third party accountability, level of client expertise and uncertainty, which are discussed in further detail later on. Furthermore, constraints such as professional ethics which are imposed in the form of professional code of conduct (Mangos, Lewis & Roffey, 1997:11) also have to be taken into account when marketing of professional services.

From a marketing strategy perspective it needs to be considered that, while the classic marketing mix includes product planning, pricing, promotion and distribution, there are further dimensions, such as the management of people, processes and the physical environment, which have a severe impact on the marketing of professional services.

Before discussing the unique service characteristics in further detail, the subsequent sections serve as a prelude by explaining the different service categories.

2.2 Service Categories

A product, a term that is used to describe the core output of any type of industry, delivers benefits to the consumers who purchase and use them. Lovelock (2001:9) describes goods as *“physical objects or devices, whereas services are expressed as actions or performances”.*

Many comparisons are based on the unique characteristics of services which differentiate them from goods. However, only limited attention is paid to any diversity present within the service sector itself, with regards to the individual service categories. Upon recognising the possibility of differences within the service sector, Michael, Mollenkopf & Burn (2000:573) suggest that an effort was required *“to group services into relatively homogeneous categories that would transcend narrow industry boundaries and provide service marketers with useful managerial insights in order to establish greater managerial sophistication in marketing services”.*

Mudie & Pirrie (2006), Baron and Harris (2003), Lovelock (2001), Silvestro et al (1992) and others cited in the literature review, identify basic differences that can assist marketers in distinguishing the task associated with service marketing and management from those commonly involved in marketing of physical goods. However, Lovelock (2001:9-15) emphasises that by identifying these differences one still deals with generalisations that do not apply equally to all services. The most commonly recognised classification methods to identify the different service categories within the service sector are related to service operations dimensions, level of tangibility, customer/employee presence during the service, level of customisation/empowerment, service delivery and processing focus. These five classification methods are discussed in greater detail in the following sections.

2.2.1 Classification based on Service Operations Dimensions

Silvestro et al (1992:62-75) provide a summary of six service dimensions against which any particular service should be viewed. The list emanates from service operations management literature.

1. Does the service have a people focus (e.g. an architect) or an equipment focus (e.g. an automatic teller machine)
2. What is the length of customer contact time in a typical service encounter
3. What is the extent of customisation of the service i.e. Is it tailored to the specific need of individual clients
4. To what extent are the customer contact personnel empowered to exercise judgement in meeting customer needs
5. Is the source of value added mainly “front office” (e.g. a hairdresser) or “back office” (e.g. a bank)
6. Does the service have a product focus (e.g. a car mechanic) or a process focus (e.g. a higher education course)

By comparing the six dimensions above with a ranking of services according to volume of customers (that is, the number of customers per day processed by a typical unit), services are classified in three broad categories, namely professional, service shop and mass service (Baron & Harris, 2003:28-35), as illustrated in the table below.

Table 2.1: Classification of Service Categories

Class of Service Process	Volume of Customers	Characteristics	Examples
1. Professional Services	Low	People Focus High Contact Time High Customisation High Level of staff empowerment Front office value add Process Focus	Architect Lawyer Accountant
2. Service Shop	Medium	People and Equipment Focus Medium Contact Time Medium Customisation Medium Level of staff empowerment Front and back office value add Process and Product Focus	Bank Hotel Restaurant
3. Mass Service	High	Equipment Focus Low Contact Time Low Customisation Low Level of staff empowerment Back office value add Product Focus	Transport Telecommuni cation Fast Food

(Source: Adapted from Silvestro et al., 1992:64)

Silvestero[2] as cited by Michael, Mollenkopf and Burn (2000:573) identifies the following three service categories in Table 1 and illustrates their positioning relative to one another as follows:

1. *Professional services*, such as consultants, lawyers, doctors and architects, are organisations which are characterised by relatively few transactions, are highly customised and process-oriented, with the customer contact times being relatively long. Michael, Mollenkopf and Burn (2000:573) suggest that the most value is added in the front office, *"where considerable judgement is applied in meeting customer needs".* For a more detailed definition of professional services, please refer to section 2.5.

2. *Service shops*, such as retail banks, rental services and hotels, present a category that falls between professional and mass services *"with levels of the classification dimensions falling between the other two extremes"* (Michael, Mollenkopf & Burn, 2000:573). This category is characterised by moderate degrees of customisation and discretion, a mixture of people and equipment, and value being added in both, the front and back office.

3. *Mass services* are defined by numerous customer transactions, little customisation and a limited contact time between service providers and customers. Michael, Mollenkopf and Burn (2000:573) add that the offering is predominantly product-oriented *"with most of the value being added in the back office and little judgement applied by the front office staff".* Examples of mass services include telecommunication, bus services and fast foods.

2.2.2 Classification based on Level of Intangibility

The level of tangibility has been used as a way of classifying services on a goods-services spectrum (continuum) as illustrated in Figure 2.1. From the consumer perspective, the more tangible a product, the easier it is to evaluate (in terms of quality, suitability, etc.), whereas for the more intangible product the opposite prevails (Baron & Harris, 2003:29). The essence of the continuum is that tangibility (the ability to see, touch or feel before purchase) decreases as one moves from the left to the right. However, every organisation on the continuum delivers some degree of service as part of its total offer. Furthermore, the organisations that fall into the right of the continuum deliver most of their offering in the way of services and can therefore be

[2] Silvestro, R., Fitzgerald, L., Johnston, R. & Voss, C. 1992. Towards a classification of service processes. *International Journal of Service Industry Management*, 3(3):62-75.

classified as true ‘service organisations’ (Mudie & Pirrie, 2006:3). It is important to distinguish between organisations for whom the service is part of the overall offer (e.g. a car dealer or computer manufacturer) and those for whom the service is the offer itself (e.g. bank or architect), as the latter exhibits particular characteristics that require special attention.

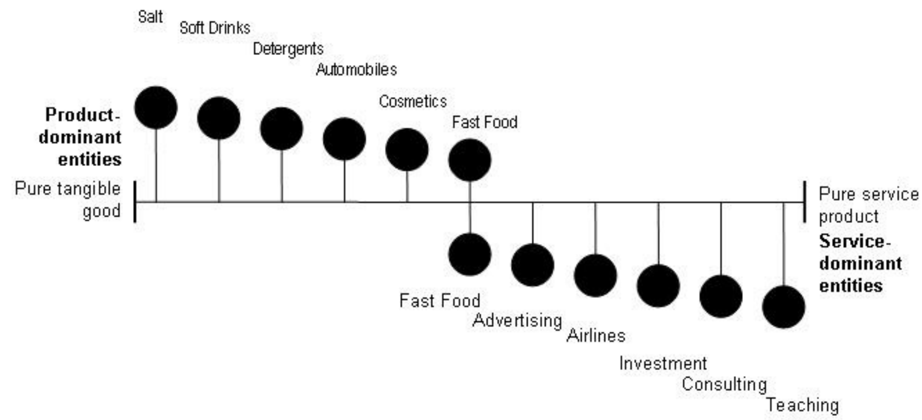

Figure 2.1: Scale of Market Entities

(Source: Baron & Harris, 2003:32)

As discussed, Figure 2.1 distinguishes between goods and services by placing them on a scale from tangible-dominant to intangible-dominant. Moving along the scale from the left to the right, Lovelock (2001:11) proposes five categories:

- Pure tangible good (salt)
- Tangible goods with accompanying services (cars)
- Hybrid combining roughly equal parts of goods and services (restaurant)
- Major service with accompanying minor goods and services (air travel)
- Pure services (medical treatment/advice)

Mudie & Pirrie (2006:3) agree that the service-goods continuum remains a valuable perspective for understanding the nature of services. They add that even though economic products were to be regarded as lying along a goods-service continuum, with pure goods at the one extreme and pure service at the other, most of them fall between the two extremes. Some are primary goods with service support, whereas others are primarily services with good support.

As illustrated above, most products are a combination of a good and a service element. In fact, there are only very few organisations with no service involvement at all. Baron and Harris (2003:18) classify services according to the role of the service in the total offering as follows:

- If the whole organisation is classified as a service business or a 'pure service' usually very little (if any) evidence of tangible goods exists. Examples would be consultancy services or a hairdresser. If any tangible goods do exist, its primary function is to support the intangible service, i.e. an aircraft supporting the intangible service of air travel.
- Many organisations declare services to be part of their business in order to add value to a tangible product. Many organisations have service providers within their business, for example, some businesses rely on administrative and technical services within their organisation.
- Many organisations successfully differentiate their offering by declaring services as an augmentation of their manufactured goods. This can occur when a goods manufacturer augments its core tangible service with additional services, such as an after-sales service or warranty for a new car.
- Palmer (1994:10) suggests another group of services, which can add value to a product more fundamentally, by making it available in the first place. Such services can facilitate the purchase of tangible goods by means of credit arrangements, which allow tangible products to be bought.

The next section discusses a classification strategy which is based on the level of employee and customer involvement in the production process.

2.2.3 Classification based on Employee and Customer Involvement in the Production Process

According to Baron and Harris (2003:32), many services require customers to participate in creating the service product. Customer involvement in helping to create the service product can be viewed as three different dimensions:

- Self-service (customer only), e.g. ATM
- Interpersonal service (both customer and employee), e.g. hair dresser
- Remote service (employee only), e.g. insurance company

Mudie and Pirrie (2006:49) propose a more complex classification by further differentiating the 'equipment' or 'people' component of services. Hence, equipment based services were further classified as being either:

- automated (vending machine),
- monitored by relatively unskilled operators (dry cleaning) or

- operated by skilled operators (airlines).

Whereas people based services where classified as follows:

- unskilled labour (car guards),
- skilled labour (car repair) or
- professionals (lawyers or architects)

Importantly Mudie and Pirrie (2006:49) regard the classification as a spectrum where services may move from people-based to equipment-based and vice versa. Changing the nature of the production process often affects the role that customers play in the process. Even though a service customer's main interest is the final output, the way in which he[3] is treated during the service delivery can have an important impact on his satisfaction (Baron & Harris, 2003:32).

Having looked at the level of employee and customer involvement, the subsequent section focuses on the classification based on the level of service customisation in relation to the level of staff empowerment.

2.2.4 Classification based on the Level of Customisation and Staff Empowerment

Table 2.2 below compares the extent of customisation of services in relation to the extent of the empowerment of the customer contact personnel. This table combines point (3) and (4) of Silvestro et al's classification (pg. 29).

Table 2.2: Service classification according to service customisation and employee empowerment

Empowerment of employees	**Level of customisation of the service**	
	Low	*High*
Low	Food retailing superstore	Telephone banking
High	National Health Care	Architect

(Source: Lovelock, 1992)

Many high contact services are characterised by the quality of the service delivery by the service personnel in contrast to low-contact services, which are often limited to the resolution of customer's problems. It can be challenging to manage service encounters between customers and service personnel in ways that *"will create a satisfactory experience"* (Baron & Harris, 2003:32). Service firms therefore need to

[3] *He* is used for ease of reference, but refers to both sexes.

devote special attention to selecting, training and motivating those employees who will be in direct contact with the customers.

Baron and Harris (2003:32) point out that a high level of interaction is present where a customer can actively intervene in the service process. They add that high customisation is in evidence when a service is designed to respond to individual needs and preferences. Although customisation and interaction go hand in hand for many services, *"it does not concede instances where one may be high and one may be low"* (Baron & Harris, 2003:32). The value of this classification lies in the challenge specified for service management in each quadrant. For instance, if the degree of interaction and customisation is low, standard operating procedures can be adopted whilst at the same time seeking to make the service inviting through design of the service facility (Lovelock, 2001:16).

The last classification effort is associated with the service delivery with regards to the processing focus.

2.2.5 Classification based on service delivery and processing focus

This classification illustrated in Table 2.3 adds another dimension to the classification shown in Figure 2.1. The dimension lies in the processing focus, that is, whether the service focuses on the body, the mind, the tangible or intangible assets of customers. The table provides some examples of services with different service delivery/processing focus combinations.

Table 2.3: Service classification according to delivery system and processing focus

Processing Focus	Professional Service	Service Shop	Mass Service
Body	Doctor's appointment	Immunisation clinic	Aerobics class
Mind	Counselling	Video games in arcade	Classroom lecture
Tangible assets	Architect	Car wash	Retail (self-service)
Intangible assets	Financial advice	Bank teller	Financial seminar

(Source: Baron & Harris, 2003:31)

Based on Tables 2.1 - 2.3, Baron and Harris (2003:32) conclude the following main problems faced by the three service categories:

- Professional Service providers often have problems with displaying and communicating their services, calculating costs accurately, setting prices, promoting their services and controlling service quality.

- Service shops have problems with consumers being involved in the production of the service, levels of customisation and the level of discretion given to employees.
- Mass services have problems with customers feeling no tangible ownership of the service, sense of crowding and loss of control.

Any process of classifying services can help in determining differences and similarities between services offered in a range of contexts and therefore provide a basis for the sharing of successful practice. The classification methods discussed above can assist marketers in better understanding the challenges posed by the service category they operate in, and help to shape their marketing strategies accordingly. However, it is not only the service category characteristics, which have to be considered, but also the service marketing characteristics in general, which are explained in detail in the following section.

2.3 Service Marketing Characteristics

As seen in the previous section, it is not only imperative that service marketers clearly recognise the realm and challenges posed by the individual service category, but also realise the implications arising from the distinguishing characteristics of services in comparison to tangible goods. The four characteristics are commonly referred to as intangibility, heterogeneity (or variability), perishability of output and simultaneity of production and consumption (Lovelock, 1996:66). It is vital for services marketers to recognise that these four service characteristics identified in this regard pose several problems which require a marketing response thereof. Lovelock (1992), Mangos, Lewis & Roffey, (1997:13), Hoffman & Bateson (2001:27) and Coldren (2006) have all identified the unique service characteristics as well as the associated problem and required marketing responses, which are discussed in detail in the subsequent sections.

Lovelock (1992), Michael, Mollenkopf & Burn (2000:573), Hoffman and Bateson (2001:27) and Coldren (2006) agree that a number of implications arise from the distinguishing characteristics of services. Principally, the characteristics cause a number of marketing problems for service marketers which are not encountered by marketers of tangible goods. These marketing problems and their implication on marketing strategy identified by Hoffman and Bateson (2001:27-41) will be discussed in detail.

2.3.1 Intangibility

Intangibility is the most basic and most frequently quoted difference between goods and services. According to Hoffman and Bateson (2001:27), intangibility is the *"primary distinguishing characteristic of services, which makes them unable to be touched or sensed in the same manner as physical goods".* As services are an experience or a performance and not a physical object, the assessment of quality and value is only possible for the client once he has received or experienced the service. However, clients usually look for *"tangible signals about the service process and quality prior to purchase to reduce uncertainty and reservation"* (Coldren, 2006). As discussed earlier, although most services include some type of tangible element, the service performance itself is basically intangible and is often difficult to grasp for consumers (Michael, Mollenkopf & Burn, 2000:576). The intangibility characteristic also often increases the risk for the purchaser. With regards to the intensity of the risk some services are perceived to be riskier than others, *"depending on whether they are high in search factors, experience factors or credence factors"* (Baron & Harris, 2003:19). Baron and Harris (2003:19) explain that search factors refer to the information available to the consumer prior to the service delivery, i.e. a car insurance service may claim a replacement car within 24 hours of an accident. Irrespective of the information, the search affects the consumers perception of the risk involved in the service purchase. They continue by saying that a service, which is high in experience factors, is one that has to be experienced before a consumer can judge the quality of the service, i.e. a holiday package involves much more than what can be conveyed through a travel agent, Website or brochure. Therefore the risk involved in those services is higher than the ones which are high in search factors. A service that is high in credence factors means that consumers experience difficulties in evaluating the service even after the service experience (Baron & Harris, 2003:20). The reason for this is that usually those services are offered by experts or professionals in their field and therefore require a high degree of reassurance from the service provider, i.e. a vet, car mechanic or architect.

2.3.1.1 Marketing Problems caused by Intangibility

Hoffman and Bateson (2001:27-31) identify several marketing problems caused by the intangibility of services. They advise that the most prominent problems include *"the lack of ability to store services, the lack to protect services by patents as well as the difficulty in displaying, communicating and pricing of services".*

Due to its intangible characteristics services cannot be inventoried for later use. Consequently customers often have to wait for their services and service providers are limited in how much they can sell and by how much they can produce.

The inability of patenting services means that new and existing services can easily be copied. This makes it difficult for firms to maintain a competitive advantage over a longer period of time. This problem is elevated by the challenge in promoting services, which is associated with the fact that services cannot be seen or touched. Consequently, tangilising a firm's service offering in order to explain the services' merits can pose a great challenge to service marketers.

Furthermore services are difficult to price and customers often find it difficult to evaluate the service price. Most products are based on cost-plus pricing. In the pricing of services there is no initial cost as the cost of producing a service is based on labour. Many service professionals find it difficult to put a price to their time and many customers have difficulty in evaluating the value of the time provided by a service professional.

The paragraphs above indicate the varied problems attributed to the unique characteristics of service intangibility. In the following section Hoffman and Bateson (2001:27-31) and others identify possible solutions to counteract the problems cased by intangibility problems.

2.3.1.2 Possible Solutions to Intangibility Problems

The following paragraphs discuss the suggested solutions to marketing problems caused by intangibility as identified by Hoffman and Bateson (2001:27-31). These solutions include approaches, like making use of tangible clues, using personal sources of information as well as the creation of a strong organisational image and strong client relationships.

Coldren (2006) suggests that in order to build client confidence, service marketers need to establish how to effectively communicate the services process, deliverables and benefits. Mudie and Pirrie (2006:4) add that in order to assist consumers to picture a service prior to usage, a service organisation needs to provide tangible cues to the service process, i.e. a computerised representation of a hairstyle. *"Tangible clues that indicate service quality and value result from personal interaction, trusted recommendations, clear communications, equipment used or processes followed,* *pricing and the physical environment in which the business operates"* (Coldren, 2006).

Secondly, many consumers lack the ability to objectively evaluate a service offering. They therefore often rely on more subjective evaluations relayed by friends, family or opinion leaders (Hoffman & Bateson, 2001:30). Service marketers should therefore acknowledge the power of personal information sources, such as word-of-mouth (WOM) advertising. A way of stimulating WOM is through incentive schemes or publishing testimonials. Furthermore, client relationships are another important factor in minimising the client's perceived risk. Coldren (2006) points out, that the staff plays a major role in setting appropriate customer expectations and representing the company in an acceptable manner (e.g. through their appearance, attitude and communication skills).

Lastly, Hoffman and Bateson (2001:31) suggest that service providers should strive to create a strong organisational image in order to reduce the client's perceived risk of the service purchase. This can be accomplished, for example, by developing a strong and consistent brand identity, which clearly differentiates the firm from its competitors. Hoffman and Bateson (2001:31) add that *"a well-known and respected corporate image can significantly lower the perceived risk and sometimes even lowers the reliance on personal sources of information when making service provider choices".*

The above paragraphs illustrate the importance of trying to *tangilise* the firm's service offering in order to overcome common problems associated with the service characteristic of intangibility. It is evident that these tangible cues seek to reduce the perceived risk associated with the service purchase.

Not being able to touch, feel or smell a service offering as a result of its intangible nature, is not the only characteristic to be considered in service marketing. The following section discusses inseparability as the second unique characteristic, which refers to the fact that the service cannot be separated from its provider.

2.3.2 Inseparability

This characteristic reflects the interconnection between the service provider and the customers' involvement in receiving the service (Hoffman & Bateson, 2001:31). There is a marked distinction in the production and consumption sequence of services in comparison to goods. Whereas goods are first produced, then stored and finally sold and consumed, the production of the services cannot be separated from its consumption and is therefore experienced simultaneously (Mudie & Pirrie, 2006:4). Evidently the simultaneous delivery and experience of a service will result in several marketing problems which are explained in detail below.

2.3.2.1 Marketing Problems caused by Inseparability

Hoffman and Bateson (2001:31-37) identify several marketing problems caused by the inseparability of services. The major problems attributed to this problem include the physical connection of the service provider to the service, the involvement of the customer himself as well as other customers in the production process. Furthermore they explain special challenges associated to the mass production of the services.

In order for a service to take place, the service provider is mostly present throughout the service delivery. In some instances the provider is required to be heavily involved in the production process, which results in the fact that the service provider is often identified as the service itself. He therefore becomes a tangible cue on which the customer's service experience could be based. As a result the service provider has to carefully treat, what being produced and how it is being presented. As tangible clues, service providers are often judged based on their appearance and interpersonal communication skills (Mudie & Pirrie, 2006:4). This can pose challenges in assigning staff, managing the processes and ensuring that all staff display the appropriate knowledge, attitude and appearance when delivering the service (Michael, Mollenkopf & Burn, 2000:577).

Similarly to the service provider's involvement, the client often forms part of the production process due to the simultaneous production and consumption of a service. Therefore the service providers have to manage this process carefully as the client is able to observe it in action and make judgements about quality and value. According to Hoffman and Bateson (2001:31), the customer's involvement in the production process may vary from (1) a requirement that the customer is physically present to receive the service, i.e. a dental service; (2) a need for the customer to be present to only start and stop the service, i.e. a car repair service and (3) a need for the customer to be only mentally present, such as a college course that is transmitted over the Internet. Each scenario reflects different levels of customer contact and as a result each service delivery system should be designed accordingly. As consumption often takes place inside the service production environment, service firms must design the operations to accommodate the customer's presence as it becomes another tangible clue for the customer's evaluation of service quality (Mudie & Pirrie, 2006:4). Overall, as customer contact increases, the efficiency of the operation decreases. Furthermore, the customer's involvement in the production process creates uncertainties in the scheduling of production. More specifically, the customer has a direct impact on the type of service desired, the length of the service delivery process, and the cycle of service demand (Hoffman & Bateson, 2001:33). Attempting to balance consumer needs with efficient operating procedures poses a challenge to the service firm.

Hoffman and Bateson (2001:33) also point out that during the customer's interaction with the service provider the customer provides inputs into the service production process. As a result the customer often plays a key role in the successful completion of the service encounter. As the production and consumption of a service is simultaneous, several customers could possibly share the same service experience. The individual's positive or negative experience can thus influence the experience of other consumers being present in the service experience, i.e. dining in a restaurant. The marketing challenges presented by having other customers involved in the production process generally reflect the negative aspects of their involvement. The primary challenge therefore lies in effectively managing different market segments with different needs within a single service environment. However, the impact of other customers is not always negative. Many consumers feel more comfortable in places that are occupied by other customers as the lack of other customers may act as a tangible clue that the imminent experience may be less than satisfactory (Hoffman & Bateson, 2001:34).

Lastly, Hoffman and Bateson (2001:33) note that the challenges pertaining to mass production of services are twofold. Firstly, the service provider is directly linked to the service being produced; therefore an individual service provider can only produce a limited supply. Secondly, because the customer is also directly involved in the production process he would have to travel to the service provider's location in order to receive the service; highlighting the challenge associated with selling intangible products to a large geographical market.

2.3.2.2 Possible Solutions to Inseparability Problems

In this regard Hoffman and Bateson (2001:36-38) identify the following three independent strategies to combat the problems stemming from the inseparability of services.

Firstly, the service firm has to place emphasis on selecting and training public contact personnel because just as customers and service providers form part of the service process, so too does the contact personnel. Contact personnel display variations in behaviour that cannot be controlled by the service process. Furthermore, the attitudes and emotions of service personnel are apparent to the customer, and can affect the service experience in a positive or negative way (Hoffman & Bateson, 2001:36). As a result of the frequency and depth of interactions between service providers and consumers, selection of service personnel with superior communication skills is imperative. However, appropriate training is equally important and experts believe that *"employees must also be trained in 'soft' management skills, such as reliability, responsiveness, empathy, assurance, and managing the tangibles that surround the service"* (Hoffman & Bateson, 2001:37). In summary, carefully selected employees combined with extensive training can ensure that the customer's service experience is positive and the employees are properly equipped to handle customers and their needs (Coldren, 2006), resulting in the service firm's ability to significantly reduce the impacts of inseparability.

Secondly, (Hoffman & Bateson, 2001:37) state that the service provider is forced to implement sufficient customer management. This is linked to the fact that the customer is involved in the production process and can therefore influence the quality of the outcome. Depending on the level of client participation, the clients can be engaged through regular communications and face-to-face updates. This is one way to assist customers in gaining confidence and *"building commitment to the engagement and relationship"* (Coldren, 2006). This characteristic can also be minimised through effective consumer management by staff, i.e. separating smokers from non-smokers in a restaurant (Hoffman & Bateson, 2001:37). Finally, isolating the technical core of the business from the consumer allows for consumer involvement, but limits the customer's direct impact on the firms operations.

Lastly, service firms that mass produce, often use multi-site locations as a way to combat inseparability (Hoffman & Bateson, 2001:37). They thereby involve multiple locations to limit the distance the consumers have to travel. Each location is also staffed differently in order to serve a local market. However, due to the possible variability in performance from one multi-site location to another, service firms attempting to establish a consistent image by providing a standardised service product might encounter problems. Providing delivery services could be another option which may eliminate the need for many consumers to be physically present within a service factory, thereby increasing the firms operating efficiencies.

The above section indicates that a service marketer has to place emphasis on efficient training of service personnel as well as customer management. Furthermore using multiple locations assists in reducing the problems associated with the inseparability of services. The following section discusses heterogeneity as the third unique characteristic, which refers to the variability of the service.

2.3.3 Heterogeneity

Heterogeneity is referring to the variability experienced during the service encounter. It means that each service experience is likely to be different from the next depending on the interaction between the service provider and the customer as well as time, location and operating procedures (Brassington & Pettitt, 2003:959). This results in distinct marketing problems associated with the characteristic, explained in detail below:

2.3.3.1 Marketing Problems caused by Heterogeneity

Two marketing problems stemming from this characteristic have been identified, namely quality control and promotion. As the service delivery is people-based, standardised service quality and consistency are difficult to achieve. There are many factors (such as workload, experience or attitude) which result in the variability of personal performance and service quality. Mudie and Pirrie (2006:5) point out that the problems of standardisation of the service experience have proven to be specifically difficult when there is a finite capacity and the service provided is very labour intensive. They add that service marketers often experience difficulties in promoting services as the output is often inconsistent, due to the strong focus on customisation. Therefore maintaining consistency and client trust at all times is critical.

2.3.3.2 Possible Solutions to Heterogeneity Problems

With reference to the problems stemming from the characteristic of service heterogeneity, Hoffman and Bateson (2001:38-40) have identified certain solutions which can offset some of the problems identified above. The two distinct strategies suggested in this regard are customisation and standardisation.

Customisation is one possible solution to the problems created by heterogeneity. In this instance, *"the service firm takes advantage of the variation inherent in each service encounter and customises the service"* accordingly (Hoffman & Bateson, 2001:39). Producers of goods typically manufacture the good in an environment that is isolated from the customer, therefore mass produced goods do not meet individual customer needs. Hoffman and Bateson (2001:39) note that because both the customer and the service provider are present in the service delivery process, it is easier to customise a service according to the customer's specific instructions. They add that the tradeoffs associated with the customised service are that it will take longer to produce a service exactly to the customer's specifications which consequently leads to the service provider charging higher prices. Even if the customer is willing to face increased delivery time and service charges he is still faced with the uncertainty associated with the customised service. This is a direct result from the fact that each customised service is different and therefore the customer is never exactly sure what the final product will be until it is delivered (Hoffman & Bateson, 2001:40).

On the other hand standardisation can reduce the problems associated with heterogeneity. This involves determining and eliminating the causes, i.e. incompatible personality traits of the employee providing the service and the consumer receiving the service (Mudie & Pirrie, 2006:6). Services marketers can overcome variability problems by trying to ensure that the same person establishes the relationship with a customer, as well as delivers the service. Coldren (2006) proposes to reduce the perceived client risk by developing special service packages or standardise certain service offerings *"to enable the organisation to be very specific in noting service and quality deliverables, thus decreasing variability and meeting client expectations simultaneously".* She adds that marketers can overcome client concerns about service consistency through clear and standardised team training and introductions, as well as through positive referrals. Although training will assist in reducing extreme variations in performance, employees will ultimately vary to a certain extent from one transaction to the next.

The following section deals with the final unique service characteristic, namely perishability.

2.3.4 Perishability

As services can be seen as performances, this characteristic refers to the inability to store services for future use (Kotler & Armstrong, 2001:318). This means that the service cannot be manufactured and stored either before, or after the experience; therefore production and consumption occur simultaneously (Brassington & Pettitt, 2003:956). The challenge posed to the service provider relates to the fact that this characteristic is closely linked to the quality of the service delivery in relation to effective management of supply and demand, which is discussed in greater detail below:

2.3.4.1 Marketing Problems caused by Perishability

Perishability can greatly affect performance, as synchronising supply and demand can be difficult. If demand exceeds supply it cannot be met, and equally, if capacity exceeds demand, the revenue or value of the service is lost. Furthermore, difficulty in equalising supply and demand makes it difficult to adequately staff services (Michael, Mollenkopf & Burn, 2000:578). The demand in many service industries often varies seasonally, which means that it can be difficult to give the same personal attention throughout the year and maintaining high performance levels during demand fluctuation can be challenging (Hoffman & Bateson, 2001:42).

Coldren (2006) states that perishability is primarily a concern of the service provider, due to the fact that the customer only becomes aware of this factor when he already experiences insufficient supply, i.e. he has to wait for his service. For the marketing professional that means that perishability had a direct affect on pricing and distribution. Coldren (2006) adds that *“for those services that are long-term, maintenance or consultative in nature, specific pricing and delivery methods guarantee an ongoing service delivery with a greater consistency in quality and allow the service provider to establish a more predictable cash flow and forecasting scenario”.*

2.3.4.2 Possible Solutions to Perishability Problems

Hoffman and Bateson (2001:43-48) discuss several demand and supply side strategies, which can assist marketers in effectively synchronising supply and demand.

There are several demand side strategies to combat challenges associated with perishability, which are explained in more detail below.

Creative pricing, for example, is a strategy which is sought *“to even out demand fluctuation, by offering special prices, such as ‘Early Bird Specials’ to shift demand from peak to non-peak periods”* (Hoffman & Bateson, 2001:44). On the other hand, a reservation system can be implemented *“to give consumers the opportunity to request a portion of the service firm for a particular time slot”*, i.e. a doctor’s appointment (Hoffman & Bateson, 2001:44). This strategy will reduce the consumers risk of not being able to receive the service or simply minimise the time spent waiting for the service encounter. Should a reservation system alone not be sufficient to smooth fluctuating demand, a service firm could offer complimentary services which are directly related to the core service in order to reduce the customers perceived waiting time, i.e. a cocktail lounge in a restaurant.

Furthermore Hoffman and Bateson (2001:45) suggest that service firms should attempt to develop non-peak demand. This strategy can be utilised in two ways: On the one hand the service provider can use their off-peak time to prepare for the demand during peak-time, i.e. by cross training staff. On the other hand the service provider can also market their downtime to different market segments which have different demand patterns to their traditional market segment.

After having looked at the demand side strategies, the following paragraphs outline the available supply side strategies to combat challenges associated with perishability as proposed by Hoffman and Bateson (2001:46-47).

Firstly, the utilisation of part-time employees is a successful tool to manage demand in peak demand period. The utilisation of third parties can further assist a service firm to expand their supply capabilities by outsourcing third parties to service customers and thereby save on time and resources. Capacity sharing is another approach, where service providers form co-operations with other service providers to expand their supply, i.e. the sharing of storage facilities. From a customer's perspective, service firms often successfully manage increasing demand by increasing the customer's participation in the service process, i.e. a self service salad bar in a restaurant.

As a long-term approach to company growth, a service firm can advance preparation for expansion. Planning for future expansion can thereby assist in managing increasing demand.

The two preceding sections have provided a detailed discussion on the realm and challenges posed by the individual service categories as well as the implications arising from the distinguishing characteristics of services in comparison to tangible goods. It is imperative that service marketers clearly recognise these differences and apply them in the development of the marketing mix. These distinctive characteristics have given rise to the expansion of the traditional marketing mix from four elements

(4P's) to seven elements (7P's). The successive section discusses the application of the 7P's in the service context in greater detail.

2.4 The Service Marketing Mix (7P's)

Marketing activities, or the classic marketing mix for products, are usually structured around the 4P's – product, place, price and promotion. However, due to the distinctive characteristics of services, as discussed in the previous sections, the addition of another 3P's (people, physical evidence and process) is required for the successful application of the marketing mix in the service sector. Each of these elements is of central importance in the marketing of services as they present customers with cues in judging quality and the overall image of the service provider (Mudie & Pirrie, 2006:7). It is the task of the service marketer to select the most appropriate mix of elements to create a successful marketing mix. Before discussing the individual elements in detail, the following table will give a brief overview of the various components, which form part of the extended marketing mix for services addressed in this chapter:

Table 2.4: Expanded Marketing Mix for Services

Product	Place	Price	Promotion	People	Physical Evidence	Process
Product Levels	*Channels*	*Customer Considerations*	*Communications Mix*	*Employees*	Essential	*Flow of activities*
Core Perceptible Augmented Potential Service component Quality dimensions Branding & Differentiation	Location Situation People Involvement	Cost Considerations Competitors Considerations Profit Considerations	Advertising Personal selling Sales promotion Public relations Word of Mouth	Contact personnel Non-contact personnel Customer involvement Other customers	Exterior Interior Peripheral Other tangibles Packaging	Employee empowerment Level of customer involvement

(Source: Zeithaml & Bitner, 2000:25)

2.4.1 The Service Product

"A product is an overall concept of objects or processes which provide some value to customers, whereas goods and services are sub-categories, which describe two types of a product" (Strydom, Jootse & Cant, 2003:181). Thus the term 'product' is

often used in a broad sense to describe either a manufactured good/product or a service.

As discussed in detail in section 2.1.2 supported by Figure 2.1 most products are a combination of a good and a service component. In fact there are only very few organisations with no service involvement at all. Depending on the role of the service in the total offering, the service marketer will dictate whether the service encompasses the whole business, part of the business or an augmentation of the product offering.

From a customer's perspective they are, in actual fact, not buying goods or services, *"they are buying specific benefits and value from the total offering"* (Payne, 1993:126). The service offer must therefore represent the benefits the customer experiences from the purchase of goods or services. Physical products and services can be looked at in terms of the benefits offered, as well as features and specific attributes associated with those benefits. According to Woodruffe (1995:125) the service concept is based on the idea that the actual service offering (or product) can be broken down into a number of levels relating to customer need satisfaction, benefits and features. Typically four levels are identified in the literature and are illustrated in Figure 2.2 below:

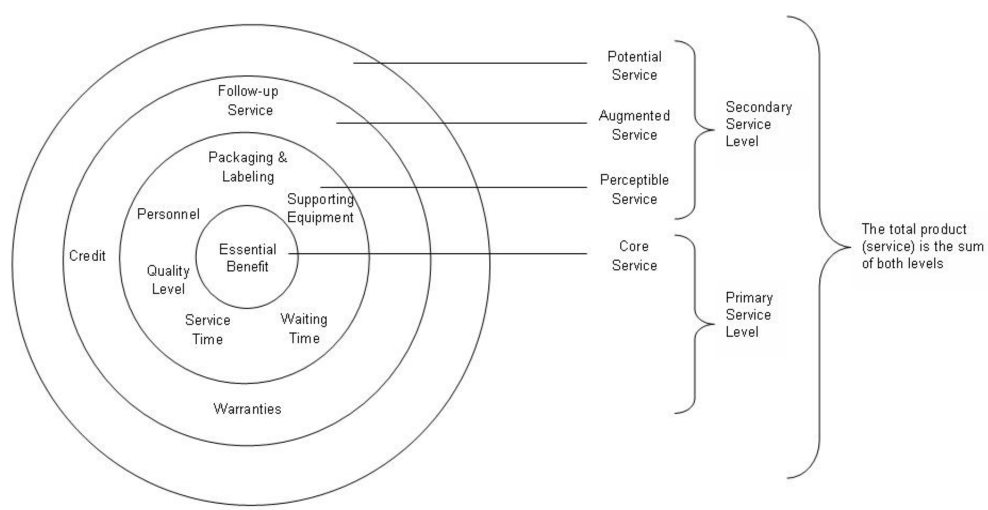

Figure 2.2: Levels of a Product

(Source: Adapted from Kotler & Bloom, 1984:152 & Strydom, Jootse & Cant, 2003:181)

Figure 2.2 illustrates the two different service levels, namely the primary service level and the secondary service level, which are explained below:

2.4.1.1 The Primary Service Level

The primary service level refers to the core service offering, also described as the core benefit of a service. Palmer (1994:127) explains that the core benefit consists of the basic service product or the specific customer need and therefore refers to the essential function of a service, i.e. a car hire is a solution to a transport problem. He adds that there seems to be little difference between services and material goods at this fundamental service level as all customer needs and wants are essentially intangible.

2.4.1.2 The Secondary Service Levels

On the other hand, the secondary service levels refer to the expected or tangible service, the augmented service and the potential service. Even though one cannot refer to a ‘tangible’ level when speaking of services, it can be argued that it is difficult to define an augmented service. However many elements considered to be part of the augmented product, relates to ‘how’ the service is delivered which is synonymous with the functional component of the service offering. The 3 different service levels are discussed in the sections below:

The perceptible or expected service consists of the generic service together with the minimal purchase expectation which needs to be met, or from a customer perspective: it is related to the customer’s expectations of what kinds of services are available to satisfy their need. The second level is also known as the tangible product level. The core product is made available to the consumer in some tangible form, expressed through the product features, service quality, packaging, brand name, etc.

The third level or augmented service refers to the tangible product plus additional services and benefits to satisfy additional consumer needs. Kotler and Bloom (1984:152) argue that augmenting the service offering also implies the differentiation of the service offering to the competitor’s offering in order to positively influence consumer choice. Additional features over and above the expected features are added to make the service more attractive to prospective clients, i.e. through effective after-sales service or warranties.

Strydom, Jootse and Cant (2003:188) add that the potential service can be defined in terms of *"its possible evolution relating to new ways of differentiating itself from competitors",* i.e. an airline company introducing first class seats which can fold into a bed.

Table 2.5 on the following page provides an overview of the total product/service concept, providing examples and illustrating the different perceptions from the customer and marketers' perspective.

Table 2.5: The Total Product Concept

Product Level	Customer's View	Marketer's View	Example: Hairdresser	Example: Architect
Core Benefit	Customer's generic need, which must be met	Basic benefits which make up service of interest	Hairdressing	Architectural Planning
Perceptible Service	Customer's minimal set of expectations	Marketer's decisions on the level of tangible and intangible components	Well appointed salon Qualified stylist Range of treatments	Qualified staff/competent advisors Well appointed offices Professional presentations and drawings
Augmented Service	Sellers offering over and above to what is expected by the customer or the customer is accustomed to	Fine-tuning of Marketing Mix decisions (7P's) to differentiate the service	Luxury salon Famous stylist Specialist treatments Refreshments	Famous architect Specialist services, i.e. interior design
Potential Service	Everything that potentially can be done with the service which is of utility to the customer	Marketer's actions to attract and hold customers regarding changed conditions or new applications	Beauty therapy Innovative hairdressing solutions, i.e. computerised projection of a new haircut	Offering a turnkey building solution, including construction and interior design Computerised 3D projection of building solution

(Source: Adapted from Payne, 1993:126)

As already denoted in Table 2.4, many service firms find it difficult to differentiate themselves on their core service alone. Furthermore, as competition increases and the industry matures, *"it is the secondary service level dimensions that become increasingly important as a means of creating a sustainable competitive advantage"* (Sharma & Patterson, 1999:158). The following sections further reiterate on some principle elements of the secondary service level, namely features, styling, packaging, after-sales service and service quality.

According to Palmer (1998:36) features represent those specific components of the service product that can be added in order to offer a range of services which appeal to various market segments; however not changing the *"essential service characteristics"*. For example a bank could offer different types of current accounts to appeal to several market segments with slightly different needs.

Styling on the other hand is described as the means of giving the service product a distinctive look or feel (Palmer, 1998:36). In terms of a service offering, styling refers to the service delivery approach rather than merely the physical quality. The style of a service therefore presents a combination of features, including tangible décor, and intangible components, such as the staff interaction.

Thirdly, service packaging can, in a wider sense, be referred to as the way in which *"tangible and intangible elements are bundled together to provide a comprehensive service offer"* (Palmer, 1998:37). In the tangible goods context packaging is usually discussed as a part of the product level. However a service in itself is intangible and does therefore not require packaging for purely functional reasons. Physical evidence can be used to package a service and therefore add quality cues, which can assist in the firm's image development. Image building, in turn, can improve customer perceptions of the service and reduce the perceived client risk (Hoffman & Bateson, 2001:225). The role of physical evidence in the service marketing mix will be discussed in more detail in section 2.4.7.

An increasingly important feature of many services is the level of support provided by the company after the initial service delivery (Palmer, 1998:40). After sales service in the form of guarantees or other contractual agreements, offer significant benefits to consumers after the service delivery and give companies the opportunity to differentiate themselves from their competitors. These kinds of on-going relationships cannot only reduce a customer's post-purchase dissonance, but can also lead to re-purchase and positive WOM referrals.

The previous sections illustrate some of the elements which form part of the secondary service levels. As some of the major elements, the service quality concept, positioning and branding require a more detailed explanation which is provided in the successive section.

i. Service Quality

The level of service quality plays an important role in the evaluation of the overall service offer. In service marketing, quality is referred to as the perceived level of performance of the service. Due to its inseparable nature, often the performance of the service provider, rather than the actual service offer, is used by consumers to judge the overall service quality.

In order to evaluate service quality, consumers are likely to compare the expected service with the perceived service (Lovelock and Wirtz, 2004:411). If the perceived service cannot meet the expected service, the perception of service quality will drop. Contrarily, if the perceived service meets or exceeds the expected service, the perception of service quality will increase. Therefore it is imperative for service marketers to balance consumer expectations and perceptions in order to close any gap between the two. Ideally, successful strategies attempt to offer added benefits that not only satisfy customers, but also exceed their expectations.

The service-quality model (SERVQUAL model) as shown in Figure 2.3 indicates the main requirements for delivering a high quality service experience and reveals five shortfalls (gaps) that can lead to unsuccessful delivery. Parasuraman, Zeithaml and Leonard (1985)[4], as cited by Kotler and Keller (2006:412), describe the five gaps as follows:

Gap 1: the first gap lies between consumer expectation and management perception. It relates to the problem that management does not always correctly perceive what the customer's expectations are.

Gap 2: the second gap lies between management perception and service-quality specification, which means that management may correctly perceive customers' needs and wants but fails to set a performance standard.

Gap 3: the third shortfall refers to the service-quality specifications in relation to the service delivery, which refers to employees being poorly trained, incapable or unwilling to meet the desired service standards.

Gap 4: the fourth gap occurs between service delivery and external communications, which means that consumer expectations are affected by statements that are made by marketing organisation representatives and advertisements.

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[4] Parasuraman, A., Zeithaml, V.A. and Berry, L.L. 1985. A Conceptual Model of Service Quality and Its Implications for Future Research. *Journal of Marketing*, (Fall): 44.

Gap 5: the fifth gap arises when the customer's expectation of the service experience does not congregate with the perceived or actual service experience. This gap is often caused by the misinterpretation of the service quality by the consumer.

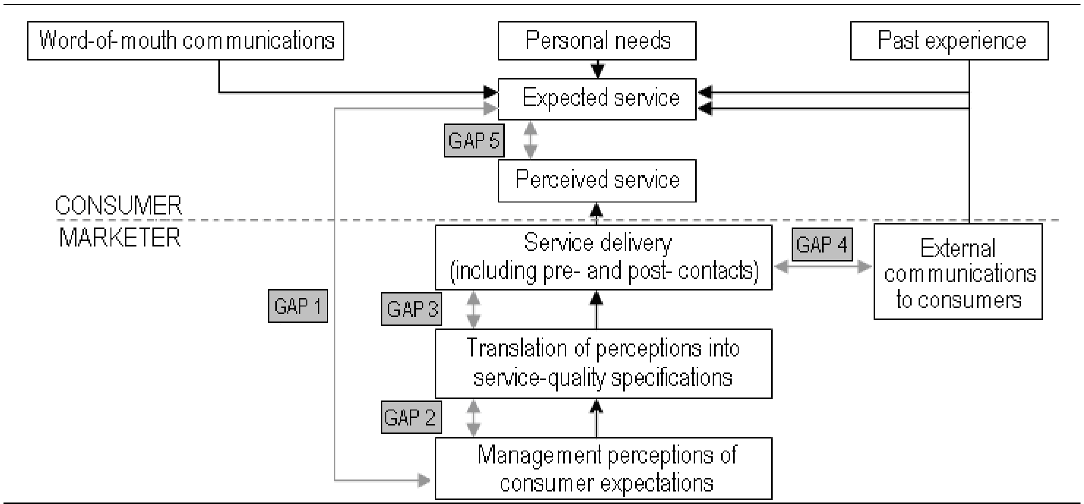


Figure 2.3: The SERVQUAL Model

(Source: Adapted Parasuraman *et al.* (1985) cited in Kotler and Keller, 2006: 413)

In relation to the five possible satisfaction gaps identified in the SERVQUAL model, Berry and Parasuraman (1991:16)[5], as cited in Kotler and Keller (2006:413), also identify five responses which can minimise the occurrence of a satisfaction gap and thereby improve the customer's evaluation of service quality. These are listed in order of importance below:

1. Reliability, which is the ability to perform the promised service dependably and accurately.
2. Responsiveness, namely the willingness to help customers and to provide a prompt service.
3. Assurance, which is the knowledge and courtesy of employees and their ability to convey trust and confidence.
4. Empathy, which is the provision of caring and individualised attention to customers.
5. Tangibles, which is the appearance of physical facilities, equipment, personnel and communication materials.

[5] Berry, L.L. and Parasuraman, A. 1991. *Marketing Services: Competing Through Quality*. New York: The Free Press.

The three levels beyond the core or generic product represent opportunities to provide added value to customers. After the detailed discussion on the service quality component of the secondary service level, the following section deals with the positioning and branding of services. Even though these two elements are not always mentioned as part of the secondary service level, they play an important role in creating sustainable competitive advantage.

ii. Positioning

A service positioning strategy aims to distinguish a firm's service offering from its competitors in order to gain a competitive advantage in the market place (Palmer, 1998:41). Kotler and Armstrong (2001:269) reinforce this definition by stating that *"a product's position is the way the product or service is defined by consumers on attributes – the place the product or service occupies in consumers' minds relative to competitors."*

The concept of positioning is mostly used in conjunction with the terms segmentation and targeting. Those three elements determine how to offer a service, in which markets and to which target group. Dibb et al (1998:131) illustrate their interrelation in the following graphic:

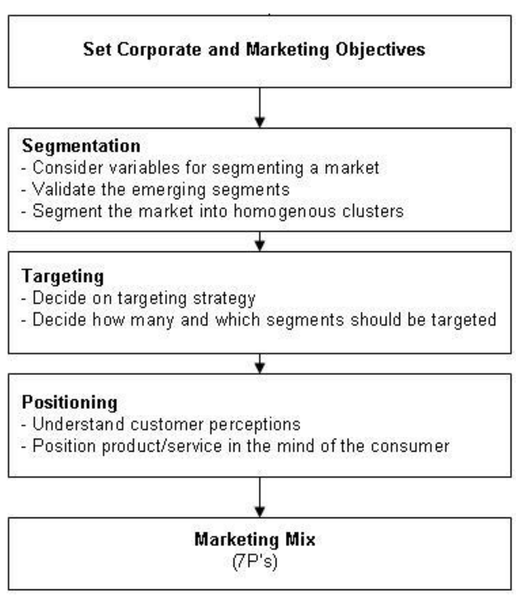


Figure 2.4: From Segmentation to Positioning

(Source: Dibb et al, 1998:131)

As illustrated in Figure 2.4 above, once a company has decided which segments of the market to enter, it has to be determined what position the company wants to occupy in those segments. This allows marketers to address the needs and expectations of the target groups with a tangible marketing mix.

Consumers experience an overload of information and therefore are unable to re-evaluate a service every time they make a buying decision. Aaker (2005:214) notes that in order to simplify the buying process, consumers thus organise products and services into categories, meaning they *position* them in their minds. A service position can be described as a *"complex set of perceptions, impressions and feelings, which the consumer has for the service or company in comparison to competitors"* (Kotler & Armstrong, 2001:269).

Dibb et al. (1998:131) emphasise that consumers position products or services with or without the help of marketers. Nevertheless, marketers can significantly influence the buying decision by planning a position that will give their products the greatest advantage in selected target markets and as a result they can then design marketing mixes to create the desired positioning.

Strategic positioning is very closely related to sustainable competitive advantage or the unique selling proposition. However it is not the same thing, as positioning mainly focuses on the most critical point in time, the purchase decision (Aaker, 2005:214).

The concept of positioning is closely related to the branding of services. Once the position has been established, branding can further assist marketers in creating a strong competitive advantage. The successive section discusses the role of branding in service marketing in greater detail.

iii. Branding

The purpose of branding is to create a corporate image which identifies products as belonging to a particular organisation and enables differentiation of its products from those of the competitors (Palmer, 1994:130). As a result of increased competition in the service industry many service providers started to realise that a strong corporate brand is an essential part of their competitive advantage (Strydom, Jootse & Cant, 2003:190). McDonald, de Chernatony & Harris (2001:341) even argue that a strong corporate image is *"the most effective form of differentiation in professional services".*

However, the development of service branding has not stayed abreast with the overall growth of the services sector. This could be due to the fact that it is much more difficult to brand a service as opposed to a tangible product. Initially, however, marketers assumed that the principles of product branding would equally apply to service branding. Conversely, it was soon revealed, *"that the specific nature of services requires tailored concepts and approaches and that product branding is unlikely to be effective if its principles are transferred without adaptation"* (McDonald, de Chernatony & Harris, 2001:341).

Young (2005:27) points out that a brand can easily be created around a tangible product, which has its own presence in the market and often the corporate entity behind the proposition is irrelevant to buyers. The notion of service brands, on the other hand, is completely different because of the emotions provoked due to the close connection of the service provider and recipient in the service process.

Aaker (2005:264) describes the traditional view of product branding as *"a brand that consists of a set of perceptions which serve to differentiate the product from the competition".* Instead, the service branding process will more likely focus on the service provider's corporate image. In this way, architects as well as fast-food providers are differentiated on the basis of their reputation and corporate image rather than their specific service offer (Palmer, 1994:130). While the added value gained through branding might not be visible and only prominent at an emotional level, it is nevertheless important to the customer. However, this added value, through the creation of strong brand image, allows the brand owners to demand premium prices. Branding also plays an important role in assuring consumers that they will receive uniform service quality. It is becoming more inevitable that many consumers in the twenty first century see the brand image as the main discriminator in their choice, and depend less on the evaluation of other functional benefits of a service (Aaker, 2005:215).

Differentiation for a brand is achieved by adding value to the core service. Payne (1993:128) suggests that even though the core service might account for 70 percent of the total cost of providing the service, it may only account for 30 percent impact on the consumer choice and vice versa. This means that marketers should pay more attention to how they can differentiate and enlarge the service augmentation. As a result, the larger the product augmentation, the greater is the possible differentiation of a company's brand offering from those of its competitors.

McDonald, de Chernatony & Harris (2001:335) argue "*that the current lack of powerful brands in the professional services sector clearly illustrates the overall challenges associated with service branding and the need for a new mindset when developing service brands".* They add that in order to create a successful brand, the corporate brand development needs to be created through a holistic approach which is based on a comprehensive competitive position, which in turn has to be derived from the overall corporate strategy. Lastly, the involvement of the entire organisation is required to communicate the brand positioning and its benefits to both staff, as well as current and potential consumers (McDonald, de Chernatony & Harris, 2001:335).

The previous section illustrates the different components which all define the overall service. The below paragraph examines the second P, namely Place.

2.4.2 Place: Service Locations and Channels

The location and channels used to supply services to target customers are two key decision areas. Location and channel decisions involve considerations on how and where the service is being delivered. Due to the implications stemming from the inseparability of services, this has particular relevance in the choice of the location and channel as it forms part of the perceived value and benefits to the consumer (Payne, 1993:146).

The diversity of service categories discussed earlier in the chapter makes it hard to generalise place strategies. Addressing this issue therefore involves considering the nature of the interaction between the service provider and customer (Zeithaml & Bitner, 2000:456). The following subsections further reiterate on location and channel as two key areas.

Location is concerned with the decision a firm makes about where its operations and staff are situated (Payne, 1993:146). The importance of location for a service depends upon the type and degree of interaction involved, i.e. does the customer visit the service provider, does the service provider visit the customer or do the service provider and customer transact business at a neutral location.

In the case where the customer visits the service provider's site, location and design becomes very important as this is often a cue which affects the customer's judgement of the overall service delivery (Payne, 1993:147). The implications of physical evidence on the service organisation will be discussed in more detail later on in this chapter.

The second type relates to the channel decision of who participates in the service delivery in terms of both organisations and people. Payne (1993:148) refers to three kinds of participants (1) the service provider, (2) intermediaries and (3) the customer. In this case the service provider is the firm or individual offering the service, an intermediary is a possible facilitator of the sale and the customer is the person seeking to purchase the service.

Traditionally direct sales have been argued to be the most appropriate form of distribution in the case of professional services. However in other service sectors intermediate channels have become more prominent *"in the companies' efforts to achieve improved growth and fill unused capacity"* (Mudie & Purrie, 2006:127). Therefore many services are now being delivered by intermediaries. These can take a variety of forms, such as advertising agencies, which act as brokers for a number of related services, i.e. design, media buying, print and production.

The choice of both, location and channels for services, does largely depend on the particular requirements of the market and the nature of the service itself (Payne, 1993:148).

As service delivery channels are often the service providers themselves (Mudie & Purrie, 2006:9), this highlights the importance of the selection of the appropriate delivery channel. In addition training of service deliverers is vital to provide consistency and quality. The influence of people on the service delivery will be discussed in more detail later on in this chapter.

Furthermore technology, such as the rapid growth of the Internet, has further changed the environment of traditional service delivery. One of the advantages it has offered is the proximity of a service to the customer, i.e. through Internet Banking. Even though technology has had a large influence on the location decision in many service sectors, the distribution of the service is often still dependant on the needs of the consumer.

After having discussed 'place' as the second element of the marketing mix, the consecutive paragraph deals with the third P, namely price.

2.4.3 Price

In the traditional service marketing mix, the development of effective pricing strategies perhaps remains the most difficult variable to determine. Hoffman and Bateson (2001:167) argue that *"the pricing of services remains one of the least researched and mastered areas of marketing with research and expertise pertaining to the pricing of services particularly lacking".* When compared with the goods sector, there tend to be many different names for price in the service sector, i.e. charges, points, fares, fees and commissions. The terms used, incorporate the benefit that the customers receive from the service, such as paying fares for the benefits of transportation.

The ultimate pricing challenge for most firms is determining a price that sells the services, while at the same time offering a profitable return Hoffman and Bateson (2001:168). Traditional pricing strategies such as penetration pricing, competitive pricing, and premium pricing offer little benefit to service customers and service providers (Zeithaml & Bitner, 2000:489). To effectively price services, the service firm must therefore first understand what its target market truly values.

Hoffman and Bateson (2001:168) suggest a breakdown into four different pricing approaches for services. These different approaches relate to customer, cost, competitor and profit considerations and are discussed in more detail below.

Instead of focussing first on costs, a service firm could begin its fee setting process by considering their clients and their perceptions of what the appropriate fee for a service is. When pricing services, a major challenge lies in the intangible nature of services as they are characterised by few search attributes. Search attributes refer to the *"informational cues that can be determined prior to purchase as is the case with tangible goods, whereas the enjoyment of a service is not known until the experience is complete*" (Hoffman & Bateson, 2001:169). Furthermore, service consumers are more likely to use price as a cue to quality. Service providers must therefore consider the message the service price sends to customers, especially when price is the primary differential information available, when alternatives are heterogeneous and there are significant competitive price differences (Zeithaml & Bitner, 2000:490). This condition may also affect the consumer's reservation price, which is the maximum amount that the consumer is willing to pay for a product (Hoffman & Bateson, 2001:180).

Secondly, setting fees in a cost-oriented way would require the firm to calculate what it costs to provide a given amount of service to a client and then setting a fee to ensure that costs are covered and a specified level of profits is earned (Kotler & Bloom, 1984:170). Cost-oriented pricing is generally more difficult for services as the main component of the service is usually intangible and labour costs are difficult to forecast, mostly due to fluctuating demand (Hoffman & Bateson, 2001:169). Furthermore, services are typically characterised by a high fixed costs, regardless of the level of production and sales, compared to associated minimal variable costs, directly associated with increases in production and sales (Zeithaml & Bitner, 2000:491).

Because of the inseparability and perishability characteristics, service economies of scale tend to be limited as service providers often produce services on demand rather than in advance, and customisation limits the amount of work that can be done in advance of a customer's request (Hoffman & Bateson, 2001:171). The inseparable nature of services also means that the consumers may not know the actual price they will pay for a service until after the service is completed. For instance, a customer may be aware of a professional's rate, but may not know the time required to provide the service (Zeithaml & Bitner, 2000:491). It also has to be considered that the final price or bill is sometimes the last piece of information communicated to the customer.

In terms of competitor considerations the pricing information for services is usually more difficult to acquire than search attributes for goods. When it is available, *"it tends to be more difficult to compare between services, as comparative shopping for services requires much more time and effort"* (Hoffman & Bateson, 2001:180).

Other pricing approaches, such as price bundling are more effective in a service context because service organisations can choose to form strategic alliances with other firms and bundle services, resulting in a new service used to either retain current customers, attract new customers or cross-sell existing customers (Hoffman & Bateson, 2001:181). However, consumers can experience difficulty when attempting to calculate how much each component of the bundle is contributing to the total cost.

In summary, clients are no longer willing to accept whatever fee a service provider chooses to charge. Instead clients are using an increased amount of information to guide them to evaluate and demand fees, which are equitable (Kotler & Bloom, 1984:167). This increased client sensitivity to fees and the resulting price competition elevates the importance of carefully developing the price or fee component of the marketing mix. Careful attention to fee setting can bring substantial returns to a firm, helping to attract clients away from competing firms.

After concluding ‘price’ as the third element of the traditional marketing mix, promotion, will be discussed as the last element of the traditional 4P’s. Due to the fact that promotion is made up of several elements, namely advertising, personal selling, sales promotion, public relations it is also often referred to as the promotional mix.

2.4.4 The Promotional Mix

The promotional mix is often also referred to as communications mix, as promotion is the means by which the service organisation communicates with its consumers (Morgan, 1991:64). Within the communication mix a variety of promotional tools, such as advertising, personal selling, sales promotion, public relations and word-of-mouth can be utilised. The different communication elements have distinctive capabilities relative to the types of messages which they can convey to the consumer and can be combined in a communications mix (Lovelock, 2001:295). Table 2.6 illustrates the different elements which form part of the promotional mix and stipulates the form as well as the approach of communication. It also shows the general objectives which apply to all elements across the mix.

Table 2.6: Overview of the Promotional Mix

<table>
<tr><th>Promotional Element</th><th>Communication approach</th><th>Form of communication</th><th>Objectives (applicable to all elements)</th></tr>
<tr><td>Advertising</td><td>Formal</td><td>Impersonal</td><td rowspan="5">▪ Inform and educate prospective clients about the benefits of the service
▪ Encourage them to buy the service by enhancing consumer confidence and reducing the perceived risk
▪ Remind them about the benefits they receive from the service
▪ Develop and maintain a favourable corporate image
▪ Differentiate the service offering and the organisation</td></tr>
<tr><td>Personal Selling</td><td>Formal</td><td>Personal</td></tr>
<tr><td>Sales Promotion</td><td>Formal</td><td>Impersonal (Personal)</td></tr>
<tr><td>Public Relations</td><td>Formal</td><td>Impersonal</td></tr>
<tr><td>Word-of-mouth</td><td>Informal</td><td>Personal</td></tr>
</table>

All elements of the promotional mix should be mutually reinforcing and portray a consistent message and image to current and prospective clients. The individual elements are discussed in detail below.

2.4.4.1 Advertising

Lovelock (2001:298) depicts advertising as the most dominant form of impersonal communication in product and service marketing as it often presents the first point of contact between a service provider and their prospective customer.

With regards to service marketing in specific, the advertising of services can often be much more challenging than the advertising of goods. In many cases this is due to the intangible nature of the offering and the fact that advertising has to portray a credible experience for the user, which in turn poses another challenge (Mudie & Purrie, 2006:195). The service can often be unique to each buyer, especially in the case of professional services. This is due to the fact that the service presents a bundle of attributes that will not be offered to every buyer at every purchase occasion and the advertising message can thus be interpreted differently by every consumer (Mudie & Purrie, 2006:195).

The role of advertising in service marketing is usually *"to build awareness of, and interest in the service, educate customers, to entice the prospective consumer to buy and to differentiate the service from competitors"* (Payne, 1993:153). As discussed earlier, because the core product is of an intangible nature, advertising can assist marketers in promoting tangible elements within the product surround and thereby *tangilising* the intangible. Customers may rely more on information provided by advertising for services because they may find them more difficult to evaluate than goods. Advertising messages transmitted through mass media, such as billboards, TV or magazines, are often reinforced by brochures or direct marketing (Lovelock, 2001:298). Furthermore, the growth of the Internet offers interesting new opportunities for marketing communications and will be discussed in more detail in the next chapter.

With regards to Architectural Services, Cheppell and Willis (2000:391) suggest that advertising must be used with caution. Even though architects may advertise their services (since the late 1980's), the use of it depends on the circumstances. They add that there is still a general sentiment that advertising is not a very professional thing to do. However, it all depends on how the advertising activities are executed, i.e. many architects advertise in local newspapers or in magazines to communicate the practice's principal expertise.

The following section looks at the second element of the communications mix, namely personal selling.

2.4.4.2 Personal Selling

Personal Selling refers to the face-to-face contact between the consumer and the service provider. The way service encounters develop can determine whether a customer's service experience is perceived as satisfactory or not. Although a customer's expectation can help to determine the levels of satisfaction, *"the encounter itself will invariably play a significant part in determining satisfaction"* (Mudie & Purrie, 2006:183). As mentioned previously, the person who delivers the service is often actually part of the service mix itself (Payne, 1993:155). Therefore personal selling is often a very important variable in the development of customer expectations. Regardless of what the advertising message and what the influence of other consumers is, their expectation will be shaped by any personalised communication from the service provider (Mudie & Purrie, 2006:183).

Personal selling is an important element in the promotional mix as most service firms involve close personal contact between service provider and customer coupled with the fact that people are becoming a part of the service product. Therefore many customers of service firms have a close and on-going relationship with the service provider, which in turn reiterates the importance of personal selling in the communications mix (Payne, 1993:155).

Morgan (1991:66) explains that personal selling is relatively expensive and inefficient if the primary objective of promotion is to inform and educate clients about the service offering. He adds that it is more appropriate for objectives, such as encouraging the client to buy the service. It is also important as a follow-up after the service consumption as after sales service can increase the customer's satisfaction with the service. This is especially important for professional services, which initially need to educate clients before they start building a long-term relationship.

This leads the discussion to the third element of the communications mix, namely sales promotion.

2.4.4.3 Sales Promotion

Sales promotions can be described as typically short-term tactical incentives which *"offer something over and above the normal product or service offering in order to encourage consumers to act in a certain way"* (Brassington & Pettitt, 2003:1108). In different words, a sales promotion is a communication attached to an incentive. Lovelock (2001:303) adds that *"sales promotions are usually specific to a time period,* *price or customer group with the distinctive aim to accelerate the purchasing decision or motivate customers to use a specific service sooner, in greater volume or more frequently".* This means that promotions can reduce the risk of first-time purchase and thus encourage trial and add excitement to trivial purchases and appeal to more price conscious consumers. At the same time price promotions can be a useful to adjust demand and supply fluctuations and allow marketers to charge different segments different prices for the same service (Hoffman & Bateson, 2001:186).

Certainly, some kinds of traditional sales promotions are inappropriate for the nature of some service organisations. Combined with ethical constraints the use of certain promotional activities may be limited, especially in the professional service environment (Morgan, 1991:69).

In the following paragraph public relations is explained as the last element of the promotional mix with regards to the formal communication approach.

2.4.4.4 Public Relations (PR)

Public Relations involves efforts *"to stimulate positive interest in an organisation and its products and services by sending out news releases, holding press conferences, staging special events or sponsoring newsworthy activities for a third party"* (Kotler & Armstrong, 2001:527). Amongst the widely used PR techniques mentioned above, there are recognition and reward programmes which entail obtaining testimonials from public figures, community involvement and support (Lovelock, 2001:300). With regards to architectural services, a firm can get PR through the official opening ceremony of a prestigious building or for assisting in fund raising for a charitable building. PR can also be carried out by the setting up of exhibitions at social events, meetings and locations such as libraries and museums*, "provided the subject matter is local and topical".* (Cheppell & Willis, 2000:391). These techniques can assist organisations in building their reputation and credibility and secure an image that is supportive to business success. PR is rarely the main component of the promotional mix; however it can assist in the promotional objective of imparting information about the organisation or its services (Morgan, 1991:69). It may also play a role in reminding clients of the firm's offering and in maintaining or building a positive corporate image.

Advertising, Personal Selling, Sales Promotion and Public Relations all form part of the traditional promotional mix and are recognised as formal communication elements. However, for many years informal communication has proven to be very successful in product and service marketing. The best known approach of informal communication is referred to as word-of-mouth (WOM) communication.

2.4.4.5 Word-of-Mouth (WOM)

WOM communications can be described as *“unbiased information from someone who has previously been exposed to the service experience”,* such as friends, family members or consultants (Hoffman & Bateson, 2001:317). Personal recommendation is a powerful communication vehicle in the service sector and *“the importance customers attach to the WOM endorsement by their peers arises from their need to reduce risk from the intangible and variable nature of services”* (Mudie & Purrie, 2006:187). As consumers are closely involved in the production process, this not only refers to the service staff but also to other customers present during the service delivery. This also highlights the importance of the people factor in services, as the comments and recommendations that customers make about their service experience can have a powerful influence on other consumer’s decisions (Lovelock, 2001:298). This refers to the fact that positive and negative WOM communications can influence the extent to which others use the service. Lovelock (2001:298) and Payne (1993:161) agree that personal recommendation through WOM is one of the most important and often also the preferred information source for consumers. Hence, WOM can play a more important role than other communication mix element, especially in service organisations, such as professional service providers. Morgan (1991:71) suggests the following activities to encourage positive WOM:

- Inviting prospective clients to open house events or seminars
- Asking satisfied clients to actively refer their service or implement a loyalty programme
- Publishing satisfied clients’ statements to endorse the service offering
- Advertising to opinion leaders or so called *brand ambassadors* and develop materials to pass along to prospective clients.
- Networking with other service providers who can refer the firm

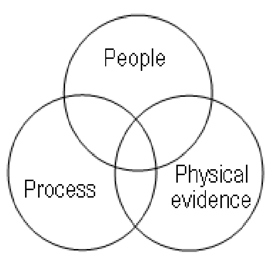
Networking presents one of the most important activities within the informal communication approach as it is highly effective to stimulate positive WOM. Networking refers to developing relationships with current and potential clients, contractors, consultants and anyone else who might have knowledge about an upcoming business or cross-selling opportunities. Networking can be done by attending industry related conferences or functions or simply through the natural course of socialising.

2.4.4.6 Summary

Each of the different promotional elements can potentially be powerful tools that can be used to communicate with current and prospective customers. Without effective communications, prospects may never find out about a firm's existence and its services on offer. It is the task of the service marketer to select the most appropriate mix of communication elements to convey the desired message effectively to the target audience. Usually several different communication elements are used in ways which mutually reinforce each other in order to create a successful communications mix (Lovelock, 2001:306). This includes the elements which form part of the extended marketing mix, which are discussed in detail below.

2.4.5 The Extended Marketing Mix (3P's)

The traditional marketing mix (4Ps) is too limited to be applied to a service offering and therefore the concept of the 7Ps was introduced to the services marketing mix in order to allow for greater flexibility in services marketing. Baron and Harris (2003:94) claim that the additional 3P's (People, Process and Physical Evidence) are also often more prominent in customer's perceptions than the traditional 4P's. Figure 2.5 illustrates the interrelationship of the extended marketing mix elements.



People	Physical evidence	Process
Employees	Décor/atmosphere	Flow of activities
Consumers	Equipment/facilities	Reception
Communicating culture and values	Colour scheme	Staff procedures
Staff training	Signage/Stationary	Queuing
Employee	Staff dress/uniform	Ticketing
	Image/company logo	

Figure 2.5: 3P's – The Extended Marketing Mix

(Source: George, 2004:306-307)

Figure 2.5 provides an overview of the different subcategories, which make up the additional elements of the extended marketing mix. Starting with *people* as the first element of the extended marketing mix followed by *physical evidence* and *process*, the successive paragraphs discuss each element in more detail.

2.4.5.1 People

As touched on in the discussion on the promotional mix, the importance of people to service marketing has already been stressed. The people component in the marketing mix includes *"all people who play a part in the service delivery process and who can influence the consumers' perception of the service"* (Morgan, 1992:16). It consists of the personnel in the service firm, as well as any other consumers in the service environment.

The personnel, who perform a role in the service production or delivery process, may be perceived by consumers as part of the service. Their presence makes the service more tangible and more personalised (Lovelock, 2001:293). The primary responsibilities of employees in customer service positions usually entails *"creating and delivering the service in the customer's presence, as well as providing information, receiving payment and solving problems"* (Lovelock, 2001:297). This suggests that people form a part of the differentiation in a service organisation which can create added value to the customer. Therefore, staff are often required to fulfil a dual role, namely performing and marketing the service. Due to the fact that personnel represents the face of the company, the success of service marketing is tied closely to the selection, training, motivation and management of people, which consequently means that the success or failure of services is often closely linked to effective/ineffective people management (Payne, 1993:163).

In addition to the contact personnel itself, the consumer can be influenced by non-contact personnel and other consumers who are present during the service delivery. It is often challenging for service marketers to control how non-contact personnel can support contact personnel as well as *"regulating the composition of consumers and the nature of the interactions between consumers in the service environment"* (Morgan, 1992:16).

The traditional marketing functions can only operate at the strategic level, whereby the personnel have the opportunity to re-mix the service offering and add value in interaction with clients (Sharma & Patterson, 1999:152). Their technical, as well as interpersonal skills thus become a critical source of differentiation, satisfaction and, in turn, client retention. Furthermore, it has to be emphasised that *"service quality management is always implicated with people, because people are not only the 'service carriers', but also the 'service accepters'"* (Michael, Mollenkopf & Burn, 2000:573). The relevant literature concerning service quality and gaps control has been discussed in the product level context in section 2.4.

The importance of people in the service delivery has led to greater interest in internal marketing, which recognises the importance *“of attracting, motivating, training and retaining quality staff by developing jobs to suit individual needs”* (Payne, 1993:163). Internal marketing and the management of client relationships therefore aims to encourage effective behaviour amongst employees which will attract and maintain customers. Payne (1993:165) advocates that by viewing people as a stand-alone but integral element of the marketing mix, the appropriate level of attention can be directed to *“maximising the impact of their activities and desired contributions”.*

The second element of the extended marketing mix is ‘physical evidence’, which is examined in the following section.

2.4.5.2 Physical Evidence

The physical evidence refers to the firm’s physical environment where the service is created and where the service provider and customer interact. It also includes any tangible elements that are used to communicate or support the role of the service. It therefore encompasses *“all tangible clues that a consumer can examine in order to derive an impression of the service”* (Hoffman & Bateson, 2001:221). In designing the physical service environment, Mudie and Purrie (2006:113) suggest that *“a balance should be achieved between enabling operational efficiency and providing marketing effectiveness*” through offering opportunities for consumers to engage in an experience.

Payne (1993:131) and Woodruffe (1996:135) argue that physical evidence can be divided into two categories, namely essential and peripheral evidence. Essential evidence thereby refers to the integral part of the service offering. This type of evidence is usually not passed on to the consumer, except on a temporary basis, i.e. car hire. Hoffman & Bateson (2001:221) further separate the essential evidence into the facility exterior, i.e. exterior design, signage and parking, and the facility interior, which refers to aspects such as the interior design, room temperature and air quality. Peripheral physical evidence or ‘other tangibles’ on the other hand refers to the elements which allow customers to experience the service at a later point in time, i.e. stationery, business cards, brochures and employee appearance. This type of evidence therefore presents the items which are passed on to the consumer. Woodruffe (1995:136) adds that even though the service can be performed without these complimentary items, they have the ability to enhance the organisations image and can assist a firm in making the consumer’s experience more enjoyable.

Physical Evidence can also aid with the positioning of a service firm by providing tangible support to the expected service experience. A marketer should therefore seek to compensate for the intangibility dimensions by providing physical cues to support the firm's positioning and image by enhancing the product surround (Payne, 1993:131). The effective management of physical evidence can thus present a source of differentiation from competitors. This results from the fact that the appearance of personnel and facilities often has a direct impact on how the consumer perceives the service delivery (Mudie & Purrie, 2006:113), e.g. an upgrade of a firm's facilities often result in an image upgrade of the firm in the minds of consumers.

In this regard the term *servicescape,* first established by Bitner (2000:142), is introduced to further elaborate on the interrelation between physical evidence and processes. A *servicescape* describes the design of any physical location where customers come to place and obtain service delivery. It consists of four dimensions, namely, the physical facility, the location, ambient conditions, such as temperature, and personnel (Lovelock, 2001:306). Each of these components is critical because the appearance of the firm's facilities as well as the personnel, affect both communication and image building as mentioned in the previous paragraph. The *servicescape* or service design is often referred to as *"the design of the physical environment and the service process"* (Mudie & Purrie, 2006:97). The service process will be discussed in greater detail in the successive paragraph.

2.4.5.3 Process

As mentioned earlier, a service is a process rather than a tangible product (Baron & Harris, 2003:95). The process by which services are created and delivered to the customer is a major factor within the service marketing mix due to the fact that the service delivery system is often perceived as part of the service itself.

"Processes involve the procedures, tasks, schedules, mechanisms, activities and routines by which a product or service is delivered to the customer" (Payne, 1993:169). Especially consumers of professional services are not only interested in the end result, but also in how they receive the professional service (Morgan, 1992:17).

Techniques used to design the process flow are for example *blueprinting* or *service mapping*, both effective management tools used for structural process design. Zeithaml and Bitner (2000:205) explain the blueprinting approach as *"a map that* *accurately portrays the service system, so that the different people involved in providing it can understand and deal with it objectively"* and according to George (2004: 315) it involves the following steps:

1. Identifying the service to be blueprinted
2. Identifying the consumer or consumer market segment
3. Mapping the process from the consumer's point of view
4. Drawing the lines of interaction and visibility (both front and backstage activities)
5. Drawing the link between consumer and front-line staff activities
6. Adding the evidence of service to show each consumer action step

Hoffman and Bateson (2001:244) emphasise that especially in high-contact services, the physical presence of the customer in the service experience has to be considered as each stage of the planning process can have a direct effect on the customer, which contributes to the overall evaluation of the service. Staff decision-making processes during the client interaction are also of relevance. Generally it can be said that, *"the more specialised a service the higher the degree of decision-making capabilities are entrusted to the employees and vice versa"* (Payne, 1993:170).

Process is the last element or 'P' and therefore concludes the discussion on the extended marketing mix. However, Weaver and Lawton (2006:228) propose *partnerships* as another element which is briefly discussed below.

2.4.5.4 Partnerships

'Partnerships' is an additional 'P' which has recently been proposed by Weaver and Lawton (2006:228) in the context of the tourism industry. Constitutionally, it reveals the concept of relationship marketing between various sectors within similar industries. In other words, a service organisation should pay attention to building its co-operation network not only within its own industry, but also with other related industries, which includes both the private and public sectors. For example, a client's building is designed by an architect, surveyed by a civil engineer and, built by a construction company and possibly furnished by an interior designer. This example highlights the fact that the same project can possibly contribute to four different industry sectors simultaneously. It also underlines the fact that co-operation between industry sectors through partnerships can play a vital role in the successful service delivery process and can ultimately improve customer satisfaction across various industries.

2.4.6 Summary

In a service setting, all marketing mix elements are equally important because they serve to create powerful images and a sense of credibility, confidence and reassurance. Lovelock (2001:306) concludes that *"through a differentiated service offering, distinct corporate branding and a well-designed servicescape, companies can give visibility and personality to their intangible service offerings".*

All service characteristics and marketing mix elements apply equally to any kind of service, thereby merely differing in the considerations given to each characteristic or element. This also refers to professional services. However, professional service marketers not only have to consider the previously discussed marketing essentials, but also the unique characteristics and challenges associated with professional service marketing.

The summary concludes the section on service marketing and is now further defined into the marketing of professional services specifically. The successive section illustrates the tasks faced by professional service marketers and provides insight into the marketing of professional services thereby making reference to the architectural industry where applicable.

2.5 Professional Services

Harte and Dale (1995:34) describe professional services as *"characterised by intangible outputs, with qualitative rather than quantitative criteria being the main measures for customer satisfaction, high buyer-interaction levels and a lack of heterogeneity"*. They further add that these *"problems are compounded by the autonomous status which professionals attach to their work"*. This is due to the fact that professionals are, by their nature, required to exercise individual judgement, based not on thorough systems or procedures, but on intrinsic values and beliefs. Professional cultures are characterised by individualism and autonomy, and by a strong professional identity. Individualism and autonomy lead to professionals having strong personal work distributions and contacts, as well as a personal responsibility for the output of their work. A strong professional identity leads them to prefer *"as few regulations and organisational impediments as possible, together with a minimum of administrative work"* (Harte & Dale, 1995:35).

The following paragraphs provide a brief overview of the nature and distinguishing characteristics of professional services.

2.5.1 Professional Service Concepts

Woodruffe (1996:266) argues that even though professional services encompass a broad range of activities, they can all generally be defined by certain common characteristics:

- Professional service providers are highly trained and knowledgeable in a complex specialist area of expertise
- They will hold qualifications and accreditations within their field of expertise as entry into the field is not possible without the appropriate credentials
- Typically, membership of a professional society or governing body is also required
- Professional services are sold to individual clients, business or private, on a confidential basis
- The service is specifically tailored to meet clients' needs

Thakor and Kumar (2000:65) identify several distinct schools of thought that have been influential in the past, namely the *functionalist view*, the *power view*, the *modified power view* and the *continental view*. The functionalist view appears to be most relevant for the purpose of this research paper and is therefore discussed in more detail. The functionalist view considers that professional rewards such as high earnings and prestige are the natural outcome of requirements, such as the necessity for complex skills and higher education, which are deemed functionally important by society. An extensive literature review conducted by Thakor and Kumar (2000:66) argues that the professions could be distinguished in terms of *"possessing systematic theory and professional authority, being sanctioned by the community, being governed by an ethical code and exhibiting a professional culture".* Gummesson[6] as cited by Thakor and Kumar (2000:66) adds distinguishing service criteria, such as *"the service should be provided by qualified people, be advisory, focus on problem solving; the professional should have an identity and the service should be an assignment from the buyer to the seller".*

Michael, Mollenkopf & Burn (2000:581) characterise professional services as being more people-oriented and process-focused with greater levels of customisation and

[6] Gummesson, E. 1979. The Marketing of Professional Services - An Organizational Dilemma. *European Journal of Marketing*, 13(5).

employee discretion than other service types. These characteristics are consistent with their findings of five marketing problems stemming from intangibility and heterogeneity, which are experienced by professional services to a greater degree than other service types. According to Michael, Mollenkopf & Burn (2000:581) professional services experience greater complexity in displaying/communicating their services, calculating costs accurately, setting prices, promoting their services and controlling service quality.

These marketing problems need to be managed carefully, as ignoring them will lead to deteriorating levels of perceived service quality and eventually to a loss of profitability for service organisations. *"Given the focus service organisations place on creating and maintaining customer relationships, a decline in perceived service quality stands to inhibit the formation and duration of such relationships"* (Michael, Mollenkopf & Burn, 2000:584). To manage marketing problems arising from high levels of intangibility and heterogeneity, strategies such as stressing word-of-mouth communication, providing tangible cues, using uniquely attributable costs and perceived value pricing, are recommended by Michael, Mollenkopf & Burn (2000:586).

2.5.2 Four Service Marketing Characteristics applied to the Professional Services Context

Professional services represent the extreme end of the scale with regards to service tangibility, *"being highly intangible, high-contact, people-based services with a high degree of expertise" (*Morgan, 1991:9).

When looking at marketing in the professional services environment specifically, it is obvious that the four service characteristics, discussed in section 2.3, impact significantly on the marketing of professional services. By making reference to the previously discussed unique service characteristics, namely intangibility, inseparability, heterogeneity and perishability, the successive section re-looks the individual characteristics in the context of professional services.

2.5.2.1 Intangibility

With reference to the service characteristic of intangibility as discussed in section 2.3.1, professional services are usually seen as more intangible than most other types of services. This is due to the fact that with professional services it is often impossible for the client to trial the services as part of their purchase decision making process. As discussed previously, one can see varying degrees of intangibility both between professions and within the service offerings of one profession (Morgan, 1991:9). On a similar construct as Baron and Harris's concept (Figure 2.1) the below figure illustrates the scale of market entities as a relative continuum in the professional service context:

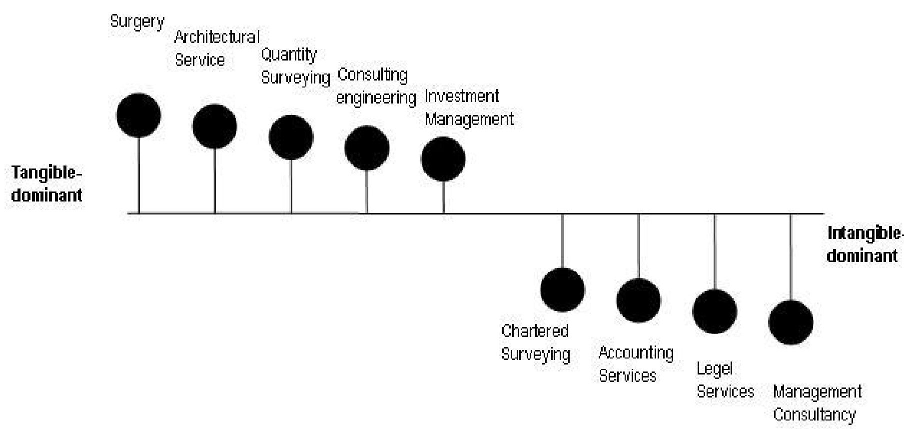


Figure 2.6: Degree of Intangibility in Professional Services

(Source: Adapted from Morgan, 1992:9)

When referring to architectural practices it has to be kept in mind that the intangibility of the service is reduced through the prominent tangible component, the actual building, after the service delivery. However, the actual quality can only be assessed once the project has been physically realised. Again, the consumer typically assesses the quality of the total service delivery on two components: the technical and functional quality of the service. The technical quality refers to the core or promised service which is therefore the architectural planning and the actual building as an end result. On the other hand functional quality refers to the competency of the adviser in achieving the best solution for their client's building requirements, in line with the client's budgetary and time requirements.

2.5.2.2 Inseparability

As discussed in section 2.3.2 inseparability reflects the interconnection between the service provider and customer. However, besides the inability to separate the service from the professional service provider, it is also difficult to separate the service provider from the service itself. For example a legal service provided is largely inseparable from the professional skill of the individual lawyer. Furthermore the client does often also take part in the service provision; i.e. a doctor cannot provide a physical examination without the patient present. Especially in the architectural industry, client participation plays a vital role. The clients can be engaged through on-going interviews, strategy sessions, regular communications and face-to-face updates. New developments in information technology make this process much easier as it saves the providers and clients time and money. For example, WebEx's Internet conferencing interface allows firms to share graphic-heavy information and videoconferences from the user's computer (Gerfen, 2005:60). This is one method, which helps the client to gain confidence and strengthens the relationship between service provider and receiver.

2.5.2.3 Heterogeneity

Section 2.3.3 already highlighted the fact that the individual nature of the service, typically performed on a one-to-one (client-professional) basis can lead to high levels of variance in service quality (Woodruffe, 1996:266). Besides service inseparability, an individual that differs in knowledge, experience, skill, personality and communication makes the standardisation of services almost impossible. Furthermore, most professional services are highly customised and will therefore be different every time a service is provided. This means that achieving a standardised service offering to clients is impossible in most types of professional service firms. This causes problems with regards to the service quality evaluation by current and potential clients, who have difficulties in judging the quality of the service and service provider before they have actually experienced the service. As a result there is a greater need for quality control for professional services.

2.5.2.4 Perishability

As professional services are perishable in nature, i.e. they cannot be stored for future use as mentioned in section 2.3.5; many firms suffer from fluctuations in demand. This means that if there is not enough capacity to satisfy peak demand, the possible additional revenue will be lost. Similarly in times of low demand, the consultants' service capabilities will be lost as it cannot be stored for future use. If an architect, for example, misses an appointment with his client, that time can never be recaptured. Techniques to combat demand fluctuations have been previously discussed. Perishability also affects performance, as synchronising supply and demand can be difficult. Capacity lost in many services cannot be regained and *"difficulty in equalising supply and demand makes it difficult to adequately staff services"* (Michael, Mollenkopf & Burn, 2000:578). The demand in the architectural industry often varies seasonally, which means that it can be difficult to give the same personal attention throughout the year. Therefore maintaining high performance levels during demand fluctuation can be challenging.

2.5.3 Marketing Professional Services

In essence, regardless of the nature of the service, business and management practice calls for the implementation of proactive marketing programmes and strategies. In reality, however, many professional organisations act reactively by waiting for clients to come to them and *"viewing marketing activities as unnecessary or even forbidden"* (Woodruffe, 1996:266). One of the reasons for this reactive approach to marketing by professional service providers is the fact that the employment of a strict code of conduct, particularly those regulations concerning advertising and promotion, *"has been equated to anti-marketing"* (Mangos, Lewis & Roffey, 1997:11).

2.5.3.1 The Role of the Professional Body in the Architectural Industry

Some possible barriers preventing professional organisations from successfully undertaking marketing activities stem from the traditional structures and constraints imposed on professionals in the past.

The South African Council for the Architectural Profession (SACAP) has been founded, just like councils or bodies in any other professional service, to implement guidelines (the code of conduct) for the professionals in order to (1) protect the architectural industry from professional incompetence and (2) to protect consumers from any unfair practice. Every architect who wants to practice in South Africa therefore has to register with SACAP. Hence, any registered person and architectural practice is subject to the disciplinary supervision of the council. The code of conduct for the architectural profession in South Africa (South Africa, 2004, Act No.44) is defined as follows:

> *"The rules lay down standards of professional conduct and practice and, whereas not every non-compliance with a provision may necessarily constitute grounds for disciplinary proceedings, failure to follow the guidance of the rules will be taken into account should it become necessary to examine the conduct or competence of a registered person. It is an overriding obligation under the rules that in carrying out professional work, a registered person is expected to act competently and with integrity".*

Any breach or non-compliance with the code of conduct will lead to the professional's loss of practice.

With regards to promoting architectural services, the following rules have been laid down by SACAP in the code of conduct for the architectural practice (South Africa, 2004, Act No. 44):

- A registered person may only promote his or her professional services in a truthful and responsible manner.
- In advertising or promoting his or her services, a registered person shall not make untruthful or misleading statements. Credit for work done during a period as a principal or employee of another architectural practice should make reference to such practice and be clearly described.
- The business style of an architectural practice should not be misleading or capable of being confused with that of another practice.
- Services rendered shall be described in a factual manner that is related only to the work of the professional disciplines represented in a practice.
- In offering a service combining consulting services with contracting services, it should be made clear to a potential client that the consulting services are not independent of the combined services.
- A registered person shall declare to any potential client any business interest, including any interest in the business of trading in land or business of property developers, property auctioneers, estate agents or building contractors or subcontractors or of suppliers in or to the building industry, or in a design/build practice the existence of which interest, if not so declared, would raise or may be likely to raise doubts about his or her integrity as an independent professional person.

Another reason for the reluctance of marketing their firms may arise from the myopic view of marketing *"as a set of promotional and selling tools rather than a strategic, organising and integrative function within the organisation"* (Crane, 1993:145). The view that good work will inevitably lead to successful practices, or that revenue fluctuations are normal and not a great deal can be done about them, are examples of misconceptions which can prevent organisations from engaging in marketing activities (Woodruffe, 1996:267).

Furthermore the rejection of marketing has arisen from the historical strength of the professions in the marketplace. However, there has been a dramatic proliferation in the number of professional practitioners and service organisations in the latter half of this century (Michael, Mollenkopf & Burn, 2000:572). This is due to a number of factors including the growth of business activity in general, demographic changes and particularly the post-war increase in population size and the more widespread accessibility of higher education and training. Michael, Mollenkopf and Burn, (2000:572) emphasise that the number of practitioners competing in the market has grown considerably and with that has the degree of *"provider substitutability"*. The effect of this has been increased competition and the effects of economic recession have led to further intense competitive pressure. This situation would appear to underline the need for effective marketing within professional service firms *"to ensure survival, profitability and growth"* (Baron & Harris, 2003:127).

However, as mentioned previously, it has to be kept in mind that professional service marketers face additional distinct challenges to the ones traditional service marketers are confronted with. Therefore professional service marketers cannot assume that the marketing approaches and techniques that have worked in other industries will automatically work for them (Kotler & Bloom, 1984:9). The following section will therefore discuss ten distinct challenges associated with the marketing of professional services.

2.5.3.2 Ten Distinctive Problems associated with Professional Services Marketing

The marketing of professional services is different, and what has worked to sell tangible goods, or even banking services, may not be transferable to the conditions found in many other professional industries. Therefore an overall different approach is necessary. Kotler and Bloom (1984:9-14), Harte and Dale (1995:36), Thakor and Kumar (2000:67) and Hoffman and Bateson (2001:211-214) have identified ten distinctive characteristics which make the marketing of professional services different, and often more difficult, than the marketing of tangible goods and services. The authors sate that these ten problems will face different organisations with varying intensity. Nevertheless, they believe that all professional service organisations face these problems to a certain degree.

i. Third-Party Accountability

Sound marketing involves making a strong commitment to serving the needs and desires of target markets. Marketers of commercial products therefore generally give primary consideration to how to fully satisfy their consumers. Only some consideration is given to how government regulatory agencies, stock-holders, and employees react to their activities (Kotler & Bloom, 1984:9). *"Investors, banks or governmental agencies often hold professional service providers accountable for their actions"* (Hoffman & Bateson, 2001:212). Therefore marketers of professional services must give substantial consideration to how third parties, other than their clients, will react to their marketing programs.

Professionals should always recognise that in serving their primary client they are always also serving other third-party 'clients' such as investors or members of their own profession. To believe that they are only serving their primary client, could lead to a loss of trust with important third parties and possibly also a loss of the legal certification or licensing (Kotler & Bloom, 1984:10).

Creating credibility and projecting the image of a quality firm to third parties can be accomplished by the communication mix, thereby minimising excessive scrutiny by outside parties. Conducting business seminars, giving speeches or writing trade articles can demonstrate the provider's expertise to clients and other interested parties, particularly other industry participants. Speeches and articles can further highlight the firm's capability and as a result enhance the company's image (Hoffman & Bateson, 2001:212).

i. Client Uncertainty

Even if consumers understand what a particular type of service is supposed to do, they may have difficulty distinguishing the performance of one firm from another (Lovelock, 2001:291).

Hoffman and Bateson (2001:212) add that many professional services are costly, highly technical and specialised which makes them hard to evaluate for the client, thereby increasing the perceived risk associated with the purchase. People face uncertainty in all types of buying situations, and uncertainty is particularly high for buyers of professional services. This results in clients experiencing difficulties evaluating the performance characteristics of an offering prior and post to purchase and use (Kotler & Bloom, 1984:9).

Another factor that can add to client uncertainty is the client's level of expertise regarding the service being purchased. The service is highly intangible and difficult for the layperson or typical client to understand and assess, in terms of quality and value. As such services are often costly, the degree of risk to the consumer is also high (Woodruffe, 1996:268). Client expertise and expectations are closely interlinked, as expectations and perceptions regarding quality will partly depend on the sophistication or experience of the client (Bateson, 2002:207). Client expectations play a significant role in the entire selection and performance evaluation process, as they shape the attitudes toward particular professional service providers. Credence will play a key part in provider selection. Effective management of marketing mix variables can help reduce uncertainty and enhance customer confidence (Woodruffe, 1996:268).

High levels of client uncertainty create unique challenges for professional service marketers. Client education must play a much bigger role in the marketing of professional services than in the marketing of other offerings. Day and Barksdale (1994:49) found that *"representatives of architectural and engineering firms expressed frustration in dealing with first time buyers because their expectations often* *seemed to be unrealistic to the provider"*. Clients must therefore be educated about what criteria to use in evaluating professionals and about how to make use of professionals productively. Hoffman and Bateson (2001:212) rightly point out that *"effective communications can describe processes, show likely outcomes to manage customer expectations, answer common questions and therefore minimise the consumer's area of concern"*. Especially in the case of novice buyers, professional service firms must attempt to educate the prospective client about what can be realistically accomplished within budgetary and time constraints.

ii. Experience Is Essential

Although buyers of professional services are frequently uncertain about the criteria to use in selecting a professional, one criterion is almost always prominently considered: prior experience with similar situations. People prefer to use accountants and management consultants who have worked in their industry before and *"architects who have built buildings like the one they want to build"* (Kotler & Bloom, 1984:11).

The need to have this kind of experience to obtain clients produces problems for many professional service organisations as inexperienced professionals often find it difficult to find any work at all. Therefore offering seminars, becoming a member of local organisations, speaking at functions or publishing articles can assist new market entrants to attract a new customers (Hoffman & Bateson, 2001:212).

iii. Limited Differentiability

Hoffman and Bateson (2001:212) argue that as the level of competition increases, differentiation amongst professional service providers tends to decline as they match each others offering with comparable alternatives.

As previously discussed in the section on product levels, marketers typically attempt to differentiate their offerings from those of their competitors. They desire consumers to perceive their offerings as having certain unique and superior characteristics (Kotler & Bloom, 1984:11). This kind of differentiation can be carried out in two ways: either by actually producing an offering with unique characteristics and/or by persuading buyers through advertising and selling that the offering possesses unique or superior characteristics (McDonald, de Chernatony & Harris, 2001: 341).

The innate differentiability of many professional services is quite limited which makes it a difficult task for professional service marketers to achieve differentiation of their professional offering. Furthermore, *"the amount of variation in the way a professional* *service can be provided may be quite limited, particularly if certain professional standards restrict methods of provision"* (Kotler & Bloom, 1984:12). As it is difficult to differentiate an accounting audit for example, communication has to go beyond the core service and extend to product levels, such as personnel, customer service or the image of the firm in order to achieve a competitive advantage over other professional service providers.

iv. Maintaining Quality Control

Keeping high-quality control levels is a challenging task for service marketers in general, and for professional service marketers in particular as they are highly people-intensive service organisations.

Furthermore the fact that the client forms part of the production process means that the client has ultimately got a large amount of control over the final outcome of the service experience. *"Uncooperative clients can therefore unfortunately produce poor results and a poor track record for a professional to try to build upon"* (Kotler & Bloom, 1984:11). Hoffman and Bateson (2001:212) suggest that communication should therefore emphasise the importance of following the professional's advice and the consumer's role in the service delivery system (Hoffman & Bateson, 2001:212).

v. Turning Doers into Sellers

Before appointing a professional services provider, prospective customers often meet and become acquainted with the professionals who will be serving them. This is a way for them to reduce their uncertainty. It is therefore not advised to appoint outside sales people to sell the service as the client's uncertainty also dictates that ultimately no one should be promoting the service better than the professional provider himself. Hence, the professional service provider must become actively involved in the sales process to reassure clients and thereby reduce their uncertainty (Hoffman & Bateson, 2001:212). However, whereas some providers thrive on making sales, many others feel uncomfortable in this area of expertise. Many lawyers, architects and other professionals simply do not want to get involved with selling and many others do not have personal characteristics that would make them a good sales person (Kotler & Bloom, 1984:11).

vi. Allocating Professionals' Time

Hoffman and Bateson (2001:213) advocate that directly related to the previous point it is a problem that professionals can only bill clients for time they spend providing professional services, but cannot bill anyone for time they spend marketing their services. This is one of the reasons why many firms are reluctant to allocate very much of the professionals' time to marketing.

Moreover, even if professionals devote substantial time to marketing*, "decisions must still be made on how to divide that time among cultivating new clients, maintaining relationships with existing clients and becoming involved in general public relations work"* (Hoffman & Bateson, 2001:213).

vii. *Tendency to be Reactive Rather than Proactive*

Another problem related to the time allocation is that the pressures of the daily business strongly influences the time a professional can allocate to marketing (Kotler & Bloom, 1984:13). Often existing clients demand their services to be delivered in a more convenient time frame for them. As they struggle to keep current clients satisfied, professionals often find themselves reactive in terms of new client acquisitions. This again can lead to a negative effect on the cash flow during times of low demand between clients. Consequently on-going communications should work for the provider in a proactive manner, while the provider himself performs everyday activities with his existing clients (Hoffman & Bateson, 2001:213).

viii. *The Effects of Advertising Are Unknown*

The use of advertising is still so new to many professions, so that a sophisticated understanding of its effects has not yet been obtained. Knowledge about the most effective approaches and media to promote particular professional services has not been accumulated.

Traditionally, professional services were subjected to wide-ranging advertising restrictions. As discussed previously, most professions have had detailed codes which were reinforced by disciplinary committees. Woodruffe (1996:268) suggests that the need for such fierce constraints on advertising has been attributed to the following reasons:

- Advertising could easily mislead as professional service provision is based mainly on trust and takes the form of specialised knowledge and expertise on matters about which the layperson, or typical client, knows little about

- Advertising might have an adverse effect on professionalism as it might de-value 'professional honour'

- Service quality levels might deteriorate as advertising might lead to unscrupulous practitioners profiting from price cutting and dealing with volumes of clients in an unsatisfactory manner
- Advertising can lead to harmful effects on industry structure due to unfair competitive practices such as excessive price cutting

In the 1980s however, many professional associations were forced by government or legal pressure to remove or relax long-standing bans on advertising and promotional activities in general. As already discussed in Chapter 1, the relaxation in the control and regulation of professional services advertising in the 1980s was due to the fact that research in the UK and USA had shown that the restriction of advertising worked against the interests of consumers'. This led to higher prices (Lovelock, 2001:25). The absence of advertising left consumers with insufficient information on which to base their choice. Historically there has been some feeling that the successful professional organisation does not need to advertise. To do so in these days reflects adversely on their standing in the industry. Many professional service providers are thus still reluctant to engage in traditional marketing activities, such as advertising, as they believe that advertising could have a negative impact on their image, credibility and dignity (Hoffman & Bateson, 2001:213). However, Morgan (1991:62) states that even research in the 1980s did not indicate consumer negativity against professional service providers who promoted their offerings, nor has any substantial evidence surfaced that the quality of professional services has diminished.

As time has passed and competitive pressures in the professional service environment have increased, the use of marketing communications seems to be becoming more acceptable to many professional service firms (Hoffman & Bateson, 2001:213). After all it also has to be remembered that professional organisations need to inform the market about their offerings simply to communicate their availability to the public in the first place.

ix. *A Limited Marketing Knowledge Base*

In addition to not having much knowledge available to guide them in making advertising decisions, professional service marketers do not have much knowledge available to guide them in making all marketing decisions. Professional service providers are trained to effectively perform their technical duties by attending architecture schools (Hoffman & Bateson, 2001:213). However, after their education, they have to run a business; yet business education in general and marketing education in particular, is usually only touched on in the education of professional service providers.

Therefore, unlike marketers in other industries, marketers of professional services cannot rely on reading materials or discussions with colleagues in similar situations to provide them with much guidance (Kotler & Bloom, 1984:13). There is also a tendency for those involved with marketing professional services to keep silent about many of their approaches out of fear of losing their competitive advantage.

After having discussed the distinct problems faced by professional service marketers in general, it is worth specifically looking at the marketing of architectural practices. It has to be acknowledged that there is very limited literature available on this topic. This is due to the fact that not very long ago, the only acceptable way for an architect to attract work was through existing clients. Apart from practice signage of a prescribed size, there were only few ways an architect could advertise the existence of the practice. The situation now is vastly changed and a wide range of activities are allowed by the code of conduct. However, many practitioners still perceive marketing as unnecessary or unethical and are reluctant to engage in marketing activities.

2.5.3.3 Marketing Architectural Practices

Cheppell and Willis (2000:391) suggest that every practice must develop a unique marketing approach for their firm, including specific marketing objectives which are recognised and exercised by every member of the organisation. They propose actions, such as registering with an architectural institute, using architects' sign boards, office brochures, giving lectures and publishing articles as well as a direct approach, to market an architectural practice. The following paragraphs illustrate those four approaches in further detail.

By registering with an institution, such as the South African Institute of Architects, an architectural practice is not only promoted in a general way, but the institute also responds to any queries it receives from prospective clients seeking an architect for a particular project. Architects have an entry in the Directory of Practices which is available as a hard copy as well as the Internet. Practices are responsible for keeping the information held up to date and when an enquiry is received, the institute provides a client with a list of names of architects appropriate for the project outlined by the client (Cheppell & Willis, 2000:391).

On the other hand since the relaxation of marketing standards, architects may also approach a client directly before there has been any initial enquiry by the prospective client. For example, an architect may hear that a company is expanding and looking for sites for additional factory production which offers the practice an opportunity to approach the company directly in order to offer his or her services in finding a suitable site and designing the building. Experience suggests that many commissions are obtained in this way (Cheppell & Willis, 2000:393).

Architects' sign boards are the most common form of promotion for an architectural practice. Most practices have standard sign boards which are erected in a prominent position on new developments, usually alongside other professionals' boards, giving the particulars of the main contractor and subcontractors (Cheppell & Willis, 2000:392). An architect now has the right to insist that the practice is credited with the design of the building in permanent form on the outside of the finished building (Cheppell & Willis, 2000:392). Although there may be isolated instances where the architect definitely does not wish to be remembered as the designer of a particular building, in most cases it is a valuable means of additional publicity. However, it has to be remembered that such boards require planning permission and the architect is usually responsible for approving, if not actually designing, the layout of such boards.

Another popular communication device is the office brochure. Cheppell and Willis (2000:394) suggest that a brochure should introduce the members of the firm, how long it has been established and the kind of work carried out, preferably with illustrations, and special areas of expertise should be highlighted. The brochure should be well designed in layout and typeface, and it should be easy for a prospective client to find their way to the information required. Cheppell and Willis (2000:394) further suggest that the brochure should be used selectively, i.e. it can be made available in the waiting area of the practice office and should be left with clients after a presentation. Often small practices cannot afford a large and expensively produced brochure; however that does not mean that a well prepared and informative document is less effective.

The following two paragraphs focus on the more informal communication approaches of promoting an architectural practice.

As already discussed in section 2.4.4 word-of-mouth can be a very efficient source of promoting a professional service. One way to encourage WOM is by fostering contacts which could lead to useful sources of work or further contacts. These contacts can include family, friends and acquaintances, but the members of a practice can also try to make contacts by joining any clubs or organisations of a social, religious, sporting, civic or political nature. Cheppell and Willis (2000:394) advise that civic societies and conservation panels are a useful way of getting to know the local planning officers.

However, according to Symes, Eley and Seidel (1995:168) the best way of building a practice is to encourage every satisfied client to commission further projects. Repeat business also shows that the client is really satisfied and it provides a solid base from which the practice can grow. Superior service as well as regular newsletters or correspondence on matters of interest help to show clients that their architect is concerned for their interests.

The last two sections refer to approaches which are typically more common in the architectural industry than in other profession, namely gaining publicity through speeches and articles as well as taking part in design competitions.

An approach often adopted by architects is giving lectures and publishing articles on their work. Although it may be difficult for a small practice to find the time to give lectures or write articles, many practices contain members who can give short talks and others who can put together an interesting article on aspects of architecture in general and the work of the practice in particular (Cheppell & Willis, 2000:393). Speeches can be a good way of putting the firm's name in front of a wider public. An article is a more permanent record and architects are often inclined to publish those articles in professional or academic magazines, thereby neglecting the fact that these articles are unlikely to reach a wider audience unless they appear in an appropriate magazine or local paper. Symes, Eley and Seidel (1995:168) therefore suggest that *"looking outside the profession, to the general public rather than talking to each other, will be vital to future business opportunities".*

On the other hand, competitions are not as popular with regards to architectural practices trying to attract work. Whether an office will enter a competition depends very much on the volume of work in the office and the enthusiasm of its members. However, often the winning of a competition can have a great impact on the reputation of an architectural practice or the participating architect.

Cheppell and Willis (2000:391) explain the various types of competitions depending on the particular requirements of the promoters. They suggest that in the first place, the competition may be single or two-stage. In a single-stage competition, the competitors are required to submit fairly complete small scale drawings sufficient to describe their designs, but in a two-stage competition, they are required to submit simple line drawings only in the first stage, indicating the broad outline of the scheme. From these entries, a shortlist is drawn up and the competitors on it are invited to submit a developed entry similar to the submissions in a single-stage competition. An obvious advantage of this method is that a relatively small number of entrants are expected to devote large amounts of time and effort. A variant is where the second stage consists of the competitors selected from the first stage together with a limited number of competitors specifically invited to submit schemes at the second stage. Persons invited to submit at the second stage only, must be named in the conditions so that other competitors know the talent of persons they have to beat.

Another type of competition is the ‘ideas competition’ which is intended to solve particular problems. This kind of competition is sometimes set by manufacturers or the professional press as well as by clients, in order to voice specific issues or to encourage rising architectural talents (Cheppell & Willis, 2000:395).

Competitions may be open or limited. Cheppell and Willis (2000:395) explain that open competitions are those which may be entered by any eligible architect. Sometimes clients will promote a limited competition and invite architects of established merit, or entrants may be limited to architects from within a particular geographic area. Architects who are invited to submit designs or who are successful in proceeding to a second stage receive an honorarium. All winners should receive an appropriate premium and the author of the design placed first should be appointed to carry out the work. The premium is then subsumed into the fee for the project (Cheppell & Willis, 2000:395).

2.6 Conclusion

The continued growth of the service sector has sharpened the competitive environment experienced by service providers and in particular professional organisations, such as architectural practices. This is due to a number of factors including the growth of business activity in general, demographic changes, the increase in population size and the more widespread accessibility of higher education and training. The number of service providers competing in the market has grown considerably and the degree of provider substitutability alike. Coupled with the de-regulation of the advertising restrictions for professional services, this situation would appear to underline the need for effective marketing within the professional service environment to ensure survival, profitability and growth.

Even though for many service buyers, personal relationships are still the driver of purchase decisions, changes in consumer buying processes are apparent. Therefore, service marketers not only have to be aware of the unique differences between goods and services, but also the diversity present within the service sector itself. This is due to the fact that the realm of the professional service environment also includes the constraints of professional ethics which are imposed in the form of professional standards of conduct. Nonetheless marketers cannot neglect the fact that the service sector is dominated by intangibilities and unique experiences. A sound understanding of the implications arising from the extended marketing mix and the unique service characteristics is therefore vitally important as it affects the way professional service firms interact with their clients and how they can possibly influence the decision-making process in order to gain competitive advantage. By managing the different marketing mix elements and unique service characteristics carefully in their marketing strategy, professional service firms will be able to improve customer experiences, thereby differentiating themselves from competitors. This indicates that many professional service providers must rethink familiar marketing practices and focus their marketing strategies on the particular needs of their clients in a society which is becoming increasingly marketing literate. Better information about what clients and the public as a whole have wanted, and what they have found satisfied their needs, will help firms to make relevant decisions about where to position themselves in the field and how to market their services (Symes, Eley & Seidel, 1995:168). With regards to architectural practices, looking outside the profession to the general context rather than talking to each other about the subject closest to their hearts, namely design, will be vital to future growth.

CHAPTER THREE
MARKETING AND THE INTERNET

As highlighted in Chapter 2, service marketers have to re-think their familiar marketing practices. This is becoming especially important in a society that is not only becoming more marketing literate but also experiences a significant increase in Internet penetration worldwide, including South Africa. Not only is the use of the Internet constantly increasing, the Internet has also become the primary source of information for young and educated people worldwide (Langrosen, 2005:63). In order for Internet marketing communications efforts to reach their full potential they need to be integrated into a co-ordinated business structure. Thus, Internet communication activities need to be included in the overall marketing communications mix and further need to be coordinated with the operations of the company (Lovelock & Wirtz, 2004:114).

3.1. Introduction

One of the most profound changes driving the growth of the service economy has been the phenomenal advance in technology, in particular the Internet (Hoffman & Bateson, 2001:61). At the same time the Internet service area is one of the fastest growing segments of Internet resources, which has had a significant impact on the services marketing across all service sectors. This is due to the reason that the Internet opens up a whole new world of opportunities for service marketers, not only to create new online service products but also to enhance their current service product mixes (Dann & Dann, 2001:343). Bandyopadhyay (2001:16) advocates that *"the Internet marketer has a global reach with the elimination of obstacles created by geography, time zones and location".* He argues that due to low entry barriers related to the costs of setting up and maintaining a Website, as well as the opportunity to avoid physical networks of intermediaries to communicate directly with any potential consumer worldwide, have made the global marketplace more attractive to many businesses. The Internet has also directly connected industry participants, which, in turn, has assisted many businesses worldwide in improving internal efficiencies of supply chains.

Langrosen (2005:63) points out that the *"adoption of the Internet is faster than it has been for any other media. Whereas it took 38 years for the radio and 13 years for the*

TV to reach 50 million users, the Internet achieved this level in only five years". Although marketing has often adapted with developments in technology, it has also influenced the course of the development (Coupey, 2001:8).

Technology and marketing have existed co-beneficially for hundreds of years, *"merely making the Internet the most recent technology for the delivery of marketing"* (Coupey, 2001:10). The importance of understanding the role of the Internet for marketers lies in recognising how the technologies that underlie the Internet enable marketers to change the way they carry out marketing activities.

Although companies that act solely on the Internet have generally been more publicised, the Web also has the opportunity to positively affect businesses that use traditional channels to sell their goods or services. Langrosen (2005:63) therefore suggests that *"the value of the Internet does therefore lie in how Internet communication is integrated in the traditional communication mix".*

3.2 A Historical Overview of the Development of Technology in Marketing

Technological innovation and technological improvement have had a profound effect in all areas of marketing. Computer technology, for instance, has revolutionised product design, quality control, materials and inventory management, the production of advertising and other promotional materials, as well as the management and analysis of customer information (Langrosen, 2005:64). The rise in direct marketing as a communication technique owes a lot to the availability of cheap and powerful computerised database management. Technology also affects the development of new processes and materials, as well as the invention of completely new products or services (Brassington & Pettitt, 2003:46).

At the same time, marketing has undergone its own developments over the past four decades. In 1960 Levitt[7] revolutionised the view on marketing with his article 'Marketing Myopia', which criticised businesses for being too narrow-minded and production focused. Since then, there have been significant developments towards wider and more integrated marketing approaches. Companies have moved away from a production focus and sales approach to concentrate on the needs and wants of consumers. With developments like niche and relationship marketing, the marketing discipline has been taken to the next level.

[7] With reference to Levitt, T. 1960. Marketing Myopia. *Harvard Business Review*, July/August.

However, the development of technology and marketing go hand in hand. Coupey (2001:3-13) provides a detailed explanation of the development of technology in marketing. Figure 3.1 illustrates those developments according to a timeline and the subsequent sections elaborate on the relationship between technology and marketing in further detail.

Marketing				Technology
			2000	Number of unique Web pages exceeds one billion pages
Mr. Clean speaks online First full-service Internet bank U.S. Postal Service sells stamps online	1999			
		1995		Online dial-up services provide Internet access
First online shopping mall First commercial interest in Internet	1994			
		1992		Number of hosts exceeds 1,000,000
			1991	CERN releases WWW
			1989	Number of hosts exceeds 100,000
			1987	Number of hosts exceeds 10,000
			1984	Number of Internet hosts exceeds 1,000 Domain name system introduced
			1975	First Internet mailing list
			1960	Early digital computing technologies Widespread colour TV capability
First television ad: Bulova Watch	1941			
			1939	First all-electronic TV: RCA
One-third of radio shows have commercial sponsors	1935			
			1926	First radio network: RCA
			1921	First radio station
			1890	Majority of production moves to factories
			1880	Industrial Revolution under way (mechanisation and mass production)
			c. 1450	Printing press invented

Figure 3.1: Overview over the relationship between marketing and technology

(Source: Coupey, 2001:7)

In Figure 3.1 it is illustrated how the technological development in marketing went through its own, but at the same time, concurrent technological stages.

In the absence of a money economy, early societies relied on barter and exchange methods in local marketplaces. With the later development of money economies, marketing activities became increasingly sophisticated. The ability to save money for a purchase lengthened consumption planning horizons and created the opportunity for financial arrangements of credit and interest (Coupey, 2001:4).

The Industrial Revolution in the later part of the nineteenth century had a profound impact on marketing. Coupey (2001:5) explains that the mechanisation of many previously manual processes enabled the mass production of products and technological developments, such as the development of train systems enabled widespread distribution. As a result, these advances in technology created sufficient supply in the marketplace; however the demand in the marketing environment was still lacking.

Prior to the beginning of the twentieth century, the primary channels for making consumers aware of products were face-to-face communications or print, typically in the form of newspapers. Coupey (2001:6) argues that both methods had limitations; whereas face-to-face techniques were time consuming and costly, newspapers ran the risk of missing the target market and becoming quickly outdated.

The introduction of technologies that enabled new ways to reach and communicate with consumers fuelled the development of a consumer economy with knowledge and interest in available mass-produced products. In the 1920's, radio became a common vehicle with which marketers could publicise their offering without the constraint of being geographically limited, thereby creating widespread brand awareness and stimulating demand for national brands (Coupey, 2001:5). In addition, the advent of television in the 1930's enabled marketers to also include visual information about products to national audiences.

Coupey (2001:6) points out that since the 1960's, developments to create digital and fast transmittable information "*have led to a shift from an industrial economy to a digital economy".* He adds that by 1995, personal computers were commonly owned by the public, and with the introduction of the Internet at the same time, there has been a dramatic acceptance of the technologies that enable or assist the Internet throughout the world.

Information networks in the 21st century provide a new infrastructure for a digital economy that is characterised by the importance of networked intelligence in the form of digitised information. The critical element of the shift from *"an 'industrial' to an 'information' economy is the means of transmitting the digitised information through* *the Internet, which enables high-speed digital communications"* (Coupey, 2001:7). Many marketers therefore focus their marketing activities on the Internet as it provides an interactive medium to target consumers with their products and services, thereby enabling personalisation of marketing messages and two-way communications.

Of all the technological developments mentioned, the Internet and the World Wide Web had the most profound effect and therefore deserve special mention.

3.2.1 The Internet: A Historic Overview

The Internet was developed in the late 1960s as a result of the repercussions of World War II, including the development of the atomic bomb and the increasing tensions of the Cold War which made the government concerned about the vulnerability of a single, centralised computer system (Coupey, 2001:11).

As a military project it was developed under the sponsorship of the U.S. Defence Department's Advanced Research Projects Agency (ARPA) and was therefore named *ARPANET*. Initially, it was an experimental network that linked several large university computers that were participating in the research project. It was envisioned as a decentralised network of computers, with some duplication, or redundancy, between computers (Anon, 1998:121).

By 1989, the National Science Foundation had replaced the Defence Department as the chief source of support for the new network, renamed *NSFnet*. This new network, designed to link together five supercomputers, served as the backbone of what is now known as the Internet (Anon, 1998:121). Originally intended to facilitate research and communication within the scientific community and the government, the *NSFnet* expanded beyond basic research services to include electronic mail and file transfer. In the 21st century the Internet has grown to include millions of networks and users across the globe. This growth can be attributed to the rapid increase in the popularity of personal computers (Coupey, 2001:11). Based on these general technological milestones similar, however slightly delayed, movements can be observed in the emergence of Internet in South Africa.

Lewis (2005:2) explains that in 1990, the 1958 Post Office Act governed all telecommunications in South Africa which allowed the state-owned Telkom to retain a monopoly in telephony services and infrastructure. He adds that at the time it was illegal to connect private equipment to the network, thereby prohibiting third-party traffic. At that time the use of E-mail was still a novelty and only a few hundred devotees realising its potential.

Lewis (2005:4) further acknowledges that *"although the Internet would never quite lose its sense of community, its rapid growth quickly made it a space where costs had to be recovered and where there was money to be made",* which inevitably drew the attention of policymakers and the current operator.

Goldstuck (2007b) claims that the Internet in South Africa had reached a level of maturity by 2003, with users in 2002 amounting to over 3 million and over 200 competing Internet Service Providers (ISPs) servicing them. With over 5 million Internet users in South Africa in 2007, the Internet has become a persistent feature of both personal and commercial life, with e-mail becoming a key tool of communication.

This significant growth in Internet usage worldwide, including South Africa, would not have been possible without the development of the World Wide Web (WWW).

3.2.2 The World Wide Web: Integrating People and Technology

From its origins as a high-tech tool with the purpose of connecting universities and scientists to provide a means of quickly sharing information, the Internet has evolved into a communications medium with greater accessibility to people around the world.

Initially the Internet had to be navigated by using complex commands. In the 21st century, the World Wide Web is a means of linking international networks via visual interfaces for the purpose of easily exchanging information across the infrastructure of networks that combine to create the Internet. These so called 'browsers' provide a *"graphical tool that assist users to find, view and manage information on the Internet"* (Anon, 1998:122). This approach makes it possible to present information in ways that are more intuitive and user-friendly than the original form of the Internet.

One of the concepts that make the Internet so powerful is the fact that these documents are integrated through hyperlinks. Hyperlinks enable the user to acquire desired information by moving from one page to another through the digital links in a flexible sequence. Information connected in this way is called hypertext (Coupey, 2001:12).

The growth of the Web is also reflected in the variety of types of Internet users. The Internet uses the domain name system (DNS) as a form of address for users. Coupey (2001:12) explains that the domain names provide users with a way to describe a particular Internet site without having to know the Internet Protocol (IP) address, which may be a number of up to twelve digits. He adds that the DNS domains indicate different types of Internet users, providing structure and organisation to the growing medium. For example, in South Africa users affiliated with academic institutions are designated by the 'ac' in the address, and commercial affiliations are denoted by '.co.za' or '.com' and '.net'.

The rapid increase in the number of Internet users and domains has been mirrored by the growth in the commercial domains by e-businesses. Coupey (2001:12) explains that the importance of the commercial domains for the Internet is reflected in the rapid increase in online sales and online advertising revenues. This shows that many traditional businesses have started to include the Internet as part of their service offering, thereby wholly or partly transforming their traditional business into an e-business. It is therefore to be established if the architectural industry has or should equally consider adopting the WWW as part of their business strategy.

With the world moving towards a global community and ever increasing changes in the way people conduct business, incorporating Internet technology into the core business processes can have significant benefits. This development is more commonly known as E-business and explained in further detail below.

3.3 E-business and E-commerce

The term E-business, or electronic business, can be defined as *"the transformation of key business processes through the use of Internet technologies"* (Chaffey, 2006:18). The term was first introduced by IBM in 1997, who used it to promote their services.

E-business methods involve various business processes across the value chain. It spans from research and development over inbound and outbound logistics to customer service and cooperating with business partners (Schneider, 2002:4). E-business processes are supported by special software, which allows the integration of intra- and inter-firm business processes and further facilitates the data exchange between organisations. Chaffey (2006:18) explains that most Internet services are available to any business or consumer with access to the Internet. When it comes to sensitive business information, however, E-business applications usually require access and are limited to certain individuals or partners within the firm and are not accessible to the general public.

The term E-business should not be confused with the term E-commerce as there is a significant difference between the two definitions. Whereas the concept of E-businesses implies a more strategic focus, placing emphasis on the electronic functions and capabilities, E-commerce (electronic commerce) can be defined as *"a subset of an overall E-business strategy"* (Schneider, 2002:4). E-commerce is often simply referred to as buying and selling using the Internet. However, Chaffey (2006:18) emphasised that E-commerce involves much more than electronically mediated financial transactions between organisations and customers. He argues that one can refer to e-commerce as *"all electronically mediated transactions between an organisation and any third party",* which, by this definition, would also include non-financial transactions, such as simple information requests by customers.

In total, three general E-business models can be distinguished as follows: (1) According to Pavic et al. (2007:320) Business-to-Business or 'B2B' is a term commonly used to describe the transaction of goods or services between businesses, as opposed to (2) transactions between businesses and individual consumers (B2C) or (3) Consumer-to-Consumer transactions (C2C)[8], which are based on transactions between consumers, i.e. eBay or Mixit.

The term 'Business-to-Business' can also refer to *"all transactions made in an industry value chain before the finished product is sold to the end-consumer for final consumption"* (Pavic et al., 2007:320). It is typically performed in much higher volumes than (B2C) applications and usually takes the form *"of automated processes between trading partners"* (Schneider, 2002:4). With regards to the architectural industry B2B transactions refer to the delivery of the architectural service to other businesses, i.e. residential or office developments or governmental buildings, while B2C transactions refer to the direct service delivery to the end-consumer, i.e. a family residence.

Smith and Chaffey (2005:102) suggest that in the B2B market the main drivers for adopting e-marketing are cost-efficiencies and accessibility of global markets. This is due to the fact that for the B2B market the Internet can deliver cost savings through global sourcing, reducing suppliers and inventories and provide wider access to products and services.

[8] Being a non-business application, the discussion thereof will be omitted in the research following.

The rise of the Internet has also encouraged the development of an electronic marketplace, also referred to as e-marketplaces. In the B2B context e-marketplaces take the form of large online platforms or Websites *"that facilitate interaction and/or transactions between buyers and suppliers at organisational or institutional rather than individual levels"* (Pavic et al., 2007:320). The primary aim of the owners of these platforms is to facilitate buyer-seller interaction without actually buying or selling themselves. E-marketplaces therefore assist suppliers in finding new clients, reducing the time and cost of the interactions, managing payments and tracking orders.

Business-to-consumer (B2C) describes activities of commercial organisations serving the end consumer with products and/or services. The online environment presents an ideal marketplace for B2C transactions. Again intermediaries play an important role in the facilitation of a transaction or provision of information. The different kind of online intermediaries will be discussed in greater detail as part of the discussion of the Internet Marketing Mix. At the same time businesses can use the Internet *"to get closer to more customers, serve them more effectively and build their brand"* (Smith and Chaffey, 2005:102). Companies selling services instead of products, such as architectural services, engage differently when it comes to the use of the Internet. These companies are commonly referred to as E-service providers.

3.4 E-Services

As briefly discussed earlier, Internet services are often referred to as electronic services or e-services. These services became a reality following the convergence of several technologies, including the rise of the Internet, global telephone systems, communication systems (i.e. Internet Protocols), addressing systems of URLs, personal computers and cable TV with sound and graphic enhancements, user-friendly browsers and customer databases (Fitzsimmons & Fitzsimmons, 2006:110).

3.4.1 E-Service Characteristics

As in the case of traditional service industries, electronic services share many unique service characteristics of traditional services as discussed in Chapter 2. Hoffman and Bateson (2001:67-69) and Dann and Dann (2001:198) highlight how the Internet can assist marketers in managing the challenges associated with the unique service characteristics discussed in Chapter 2.

3.4.1.1 Managing Intangibility

Electronic services are also intangible because the transactions and experiences delivered via electronic channels are difficult to list as an inventory or described fully and measure. E-services can overcome some of the challenges provided by intangibility by using the Internet to provide evidence of the service. It can further tangilise services by providing additional evidence, such as appearance of the site, the frequency of information updates, the accuracy of information, the speed of the server and the ease of navigation. Another advantage is that to a certain extent customers are also able to sample e-services before purchase which is not possible in the physical marketplace.

3.4.1.2 Managing Inseparability

Inseparability, as discussed in Chapter 2, reflects the simultaneous service production and consumption, which is inseparable in both traditional and electronic services. It also describes the shared service experience of consumer and service provider and possibly other customers involved in the production process. However, the modularity of e-services, solutions to individual customer requests can be more easily customised. Furthermore, Fitzsimmons and Fitzsimmons (2006:115) note that the information provided on a Website requires a customer to become an active participant in the service process up to the point that *"the customer becomes a 'partial employee' by fulfilling duties, which would usually be completed by the staff*". This implies an online order and credit card transaction. For the service provider this means that not only can labour costs be reduced, but it also offsets the negative effects of inseparability on the standardisation of services. Because e-services are produced over a distance (Web or cell phone) customer involvement in the production process is minimised.

3.4.1.3 Managing Heterogeneity

As mentioned previously, the differing needs, expectations, self-service capabilities, willingness to interact and the perceptions of customers equally contribute to the heterogeneity of electronic services. The customer's connection to the Internet or modem type further adds to the heterogeneity with regards to the speediness of the service delivery. When services are provided by people it becomes inevitable that the quality of the service will vary from one transaction to the next. Fitzsimmons and Fitzsimmons (2006:115) argue that because e-services are electronically based, quality variations in the service delivery from one customer to the next should remain minimal. Furthermore, they add that many services, available over the Internet, are often *“sufficiently automated which translates into a high provision consistency”.*

3.4.1.4 Managing Perishability

As seen in Chapter 2, perishability deals with the challenges faced by service marketers as a result of the inability to inventory services. The ability to automate the provision of services often helps to balance over- and under-consumption which exists in the physical marketplace. E-services can create a solution to such a problem as they are available 24 hours a day, 7 days a week. From a supply point of view applications which have not been purchased on the one day, will be available again the next day. Furthermore e-services can assist companies in filling unused capacity at the last minute (i.e. airline seats). From a demand side perspective, a surplus of demand is not optimal, but can be handled with much more ease.

Given the above-mentioned, the Internet has the potential to influence each of theses unique service characteristics. Furthermore the Internet blurs the distinction between goods and services, but in terms of goods, those sold over the Internet, are far less tangible than most goods in the traditional marketplace. On the other hand services may be less distinguishable from goods in terms of heterogeneity.

In this regard, Hoffman and Bateson (2001:69) recapitulate that e-services are able to overcome many of the traditional challenges faced by service marketers as a result of three main characteristics:

- Quantisation (the breaking down of monolithic services into modular components)
- Search (the ability and ease in which information can be sought)
- Automation (replacing tasks that required human labour with machines)

They elaborate that quantisation affords the opportunity for unparalleled mass customisation instead of service bundling (in traditional services). Search facilities provide ultra-efficient information markets and thus supply and demand can be more carefully monitored and matched. Lastly, by offering consumers choices on a 24/7 basis, automation overcomes the traditional limitations of time and space, as it engages differently to traditional services. The different ways of engagement are now looked at.

3.4.2 E-Service Delivery

In most service industries the service delivery process equals the product due to direct customer participation in the production process. Electronic services differ in the extent to which customer contact, customisation, interaction, labour intensity, service inputs and technology can be used to differentiate between operations.

Advances in communication and information technology are having a profound effect not only on marketing of services but also on the way consumers interface with their service providers. Fitzsimmons and Fitzsimmons (2006:106) describe the different roles technology plays in the service encounter as illustrated in Figure 3.2 and the following paragraphs.

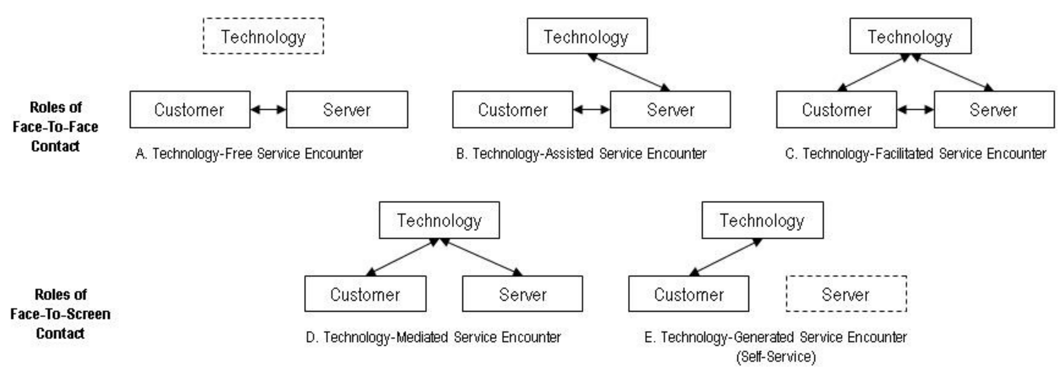


Figure 3.2 The Role of Technology in the Service Encounter

Source: Fitzsimmons & Fitzsimmons (2006:106)

Role A can be described as a *technology-free service encounter*, where the customer is in physical proximity to and interacts directly with a human service provider and technology does not play a direct role. Most personal care services, such as an experience at a hair salon, along with some professional services, i.e. consultancies, fall into this category.

Role B illustrates a *technology-assisted service encounter,* as only the service provider has access to the technology in order to improve the quality of the face-to-face service. An example of this service encounter is the health care procedure, such as an eye scan, experienced when visiting an optometrist.

Role C is called a *technology-facilitated service encounter* because both the customer and service provider have access to the same technology. An architect, for example, could refer to the architectural drawings on a personal computer to illustrate the project progress or outcome.

Role D can be described as the *technology-mediated service encounter.* In this instance the traditional face-to-face contact no longer exists as the customer and the service provider are not in physical proximity. Service access is usually enabled through telephone communication, i.e. making a reservation at a restaurant.

Role E illustrates the *technology generated service encounter* where the human service provider is entirely replaced with technology, which provides the customer with a self-service. Many firms attempt to reduce the cost of providing a service with this approach by introducing ATMs, airport kiosks of Website based information sources.

As touched on in Role E, services are migrating from human interaction to the substitution of employees through machines to offer *anywhere-anytime* services. The elimination of labour costs for non-productive activity is the principal driver for the service provider in this regard. On the other hand, customer acceptance results from the increased opportunities for customisation, accuracy, consistency and speed. This movement has given rise to the development of self-service technologies, such as ATMs, in many service sectors. At the same time the concept of self-service is becoming increasingly familiar to consumers.

The Internet has further fuelled the development of such technology as many services, such as information, entertainment or teaching, can easily be digitised and delivered over the Internet, often at a large cost saving for the service provider. Table 3.1 on the following page illustrates the evolution of self services.

Table 3.1: Evolution of self-service in different Service Industries

Service Industry	Human Contact	Machine-Assisted Service	Electronic Service
Banking	Teller	ATM	Online banking
Airlines	Ticket agent	Check-in kiosk	Online booking / Printed boarding pass
Book Store	Information Clerk	Stock-availability terminal	Online shopping
Education	Teacher	Computer tutorial	Distance learning

(Source: Fitzsimmons & Fitzsimmons, 2006:108)

Table 3.1 above illustrates how the different service industries make use of technology to implement self-service facilities. While a few years ago a banking transaction could only be made through a bank teller at a physical branch office, the introduction of ATMs has already made human assistance in the service process for many banking transactions redundant. The emergence of sufficient and secure online banking facilities over the past few years illustrate the decrease of human contact even better as most transactions can be done online without any assistance from bank personnel (Fitzsimmons & Fitzsimmons, 2006:108). In this context it also has to be noted that professional services, such as architectural practices often stay untouched by self-service technology due to their 'high-touch' nature.

The emergence of self-service affords companies significant savings on resources, and ultimately costs; however the proliferation of self-service has many implications for society. Fitzsimmons and Fitzsimmons (2006:108) emphasise that due to the fact that low-wage, unskilled and non value-add service jobs are likely to disappear, the emergence of the self-service sector means that growth in service jobs will be limited to highly skilled (health care), intellectual (professionals) and creative (entertainment) recreation.

The success of technological innovations, particularly for the front office, depends strongly on customer acceptance. This not only refers to the loss of personal interaction, but might also require customers to learn new skills (i.e. the operation of an ATM). Fitzsimmons and Fitzsimmons (2006:115) highlight that the extent of the customer's contribution as an active participant or co-producer in the service process must be considered when implementing new technologies in the service delivery system.

On the other hand employees are often also directly affected by new technology and therefore need familiarisation with the new systems and often require training into the new tasks and the technology of the staff facing interface design.

Electronic services engage differently to traditional services in many ways. Table 3.2 provides a summary thereof.

Table 3.2: A comparison between Traditional and Electronic Services

Features	Traditional Service	Electronic Service
Service encounter	Face-to-face	Screen-to-face
Availability	Standard working hours	Anytime
Access	Travel to location	From home
Market area	Local	Worldwide
Ambience	Physical environment	Electronic interface
Competitive differentiation	Personalisation	Convenience
Privacy	Social Interaction	Anonymity

(Source: Fitzsimmons & Fitzsimmons, 2006:114)

The above mentioned table clearly shows how the different features in the service encounter affect the way consumers interact with a service. One can see that electronic services shift the power of interaction in favour of the consumer by making services available at the consumer's convenience; anywhere, anytime. On the other hand it also illustrates the lack of human interaction and the full physical involvement in the purchasing process.

In many ways technology, and specifically the Internet, have minimised or even eliminated the problems stemming from the unique characteristics of services. Fitzsimmons and Fitzsimmons (2006:114) and Dann and Dann (2001:330) highlight the following areas to illustrate the advantages of online delivery vs. traditional service delivery:

- *Reduced time dependence:* 24/7 access to the Internet reduces the dependency on the service provider and therefore the need for extended trading hours. This offers consumers convenience, saves them time and concurrently reduces impulse buying. It also allows the consumer to make the first contact at his own leisure through contact forms on the Website or through email.

- *Consistent service delivery:* As discussed in Chapter 2 service consistency is one of the main criteria for service quality evaluation. As already mentioned in section 3.4.1 the use of a Website and automated systems for service delivery can provide consistency in the quality of the transaction.

- *Consistent imagery and branding:* The careful selection of the Website design can aid in developing a consistent brand image. The Website can therefore operate as the equivalent to the servicescape for delivering tangible service cues.

- *Customer lead customisation:* Customised search portals, such as Google, afford consumers the opportunity to arrange elements of the Internet and to select those with the most value and significance to their own interests.

- *Consumer empowerment:* The globalisation of services through the Internet has empowered consumers through a wider range of service choice with the ability to access services from any supplier in the world.

- *Effective separation of production and consumption:* As discussed in section 3.4.1 the service provider is able to offer service products and information which can be accessed in their absence.

Given the above-mentioned advantages that online delivery has over traditional service delivery, the following disadvantages are to be mentioned:

- *No product sampling:* As opposed to traditional service delivery, where all five senses are involved in the buying process, product sampling is only possible for a small number of online services, i.e. computer software programmes.

- *Reliance on technology:* In order to conduct an online transaction and delivery, the consumer and service provider are entirely reliant on the availability of technology, i.e. a communication device (PC, Laptop, Cell phone) and an Internet connection.

- *Lack of social interaction:* Consumers are no longer interacting with people as service providers, but rather with machines, which can have a major impact on social skills.

- *Delivery fees:* Most of the time consumers do not receive the product or service immediately, which means that often a fee is charged to deliver it to the consumer.

A closer examination of the above-mentioned advantages and disadvantages emphasises that many of the advantages for traditional services can be offset by the disadvantages of electronic services, and vice versa. This highlights the fact that service firms should consider electronic services as an extension to their current business rather than a replacement.

As discussed in the previous section, technology and marketing have existed co-beneficially for many years, merely making the Internet the most recent technology for the delivery of marketing communications. Coupey (2001:7) advocates that the importance of understanding the role of the Internet for marketers lies in recognising how the technologies that underlie the Internet enable marketers to change the way they implement marketing activities.

3.5 The Internet as a Marketing Tool

The Internet-driven information revolution is widely perceived to be transforming the way businesses operate (Hogg, Laing & Winkelman, 2003:476). While early marketing emphasised one-on-one, face-to-face interactions between seller and buyer the advances in technology made it possible for marketers to target larger and more widespread audiences (Coupey, 2001:8). The ready accessibility of one-to-many communication, once only available through television, radio or print media, creates marketing opportunities for all types and sizes of business that did not exist with traditional media (Anon, 1998:121).

With the introduction of the Internet as a marketing tool, an even greater shift in capabilities became prominent by enabling marketers to communicate not only one-to-one, but also in a mass format. The Internet is also largely differentiated from other communications technologies, such as print, radio and TV, through its interactive capabilities, thereby affording two-way communication. Moreover, Coupey (2001:8) mentions that the Internet improves not only the efficiency of the development and implementation of marketing activities, but can also improve on the wealth of the content and activities.

To remain competitive in global and local markets, Internet-enabled capabilities are therefore believed to be imperative. However, in emerging markets, such as South Africa, Internet marketers need to pursue approaches different from those in developed countries. This is directly related to the available technological infrastructure in emerging countries, like South Africa, which can often constrain businesses in the marketing functions that can be performed. As discussed previously technology, as the main driving force behind the Internet, therefore presents one of the major considerations that should guide Internet marketers in emerging markets.

The marketing of services online is often less complex than in the traditional environment. The nature of the environment enabled by the Internet means that the scope and nature of marketing activities become more flexible. This results in several of the main problems associated with services marketing, such as time dependency and the necessity of one-on-one interactions between customer and service provider, being reduced if not eliminated in the online environment (Dann & Dann, 2001:343).

Nevertheless, the Internet opens up a whole new world of opportunities for service marketers worldwide, including South Africa, not only to create new online service products, but also to enhance their current marketing mixes (Dann & Dann, 2001:343). For instance a marketer can provide information about a product/service more efficiently to a customer than creating a brochure or catalogue. This also allows them to react to competitive forces faster and easier by adapting flexible elements to the marketing mix to stay ahead of the competition. Also, the advertising of a service on the Internet can gain the attention of a potential client across the globe, *"allowing for the physical distance exerting a minimal effect in the negotiation of a transaction"* (Coupey, 2001:9). The Internet is also a more interactive medium than many traditional marketing channels. This interactivity means that firms can communicate in real time with their customers through their Website to provide specific, desired information. Such tailored communication may result in more efficient and satisfying transactions, which are all characteristics that are important for developing long-term relationships with customers, which is discussed in further detail in section 3.5.2.

From a demand side perspective, moving services into the online environment shifts the balance of power in favour of the consumers. The nature of the Internet implies that services must be acquired at the discretion of the consumer and not pushed at them, and pressure to purchase is minimised due to the anonymous interface between service provider and user. Furthermore the search capacities of the Internet make comparisons of different service offerings, prices, etc. significantly easier for the consumer.

3.5.1 The Marketing Mix on the Internet

The marketplace of the 21st century is increasingly more dynamic as a result of demographic shifts, economic forces, politics and changing technology. *"It is the age of 'sameness' where there seems to be no limit to consumer choice, but customers still make one simple request: Just give me one really good reason to choose your product over the competition"* (Dibb et al, 1998:97). This quote encapsulates the importance of positioning and differentiation in order to succeed in an increasingly competitive market regardless through which medium.

Porter (2001:3) argues that Internet technology is able to provide firms with better opportunities to develop a competitive advantage than previous generations of information technology. He adds that gaining a competitive advantage does not require a fundamentally different approach to business but rather entails *"building on the proven principles of an already effective marketing approach".* Dann and Dann (2001:343) emphasis that ultimately marketers have to remember that technology is a tool - "*It should be recognised for what it is: the means to the end - not the end itself".* Porter (2001:3) continues to argue that the Internet on its own will rarely provide a competitive advantage and suggests that most of the thriving businesses are the ones that use the Internet *"to complement their traditional marketing functions"* and not those that separate their Internet initiatives from their established approaches. This also means that established companies, in particular, are in a good position to merge Internet with traditional approaches in ways that strengthen the existing competitive advantage. Although the media has been focussing on companies that act solely on the Web, the Internet might substantially affect companies that sell their goods or services through traditional channels (Langrosen, 2005:63). However, every company needs a plan to deploy the Internet throughout its value chain, using the technology to reinforce traditional competitive advantages, such as unique products or services, proprietary content, distinctive physical activities, superior product knowledge, strong personal service and customer relationships.[9]

From a demand side perspective most consumers will value a combination of online services, personal services and physical locations over stand-alone Web distribution (Porter, 2001:20). They will want a choice of channels, delivery options and ways of dealing with companies. On the supply side, production and procurement will be more effective if they involve a combination of Internet and traditional methods integrated into one strategy.

Smith and Chaffey (2005:37) agree with Porter's approach and suggest that rather than developing a new Internet marketing mix, the traditional marketing mix should be adapted to the digital environment. The following sections will therefore discuss how the traditional marketing mix can be tailored to become more effective through the integration of the Internet.

[9] See section 3.5.2

3.5.1.1 Product

Product selection for Internet marketing in emerging markets, such as South Africa, will depend on the target market. A widely recognised disadvantage of Internet marketing is that customers cannot actually see the products that they buy. On the other hand, services, such as computer software, can often be sampled before purchase. Smith and Chaffey (2005:37) suggest two different Internet service product approaches, which are described below:

i. The online service as a core service product

Online activity as the core service refers to organisations who do not offer an alternative method of service delivery besides their online delivery. These kinds of organisations, also referred to as *'dot-coms'*, for which online activities form the core service, tend to be new firms that have developed and evolved specifically to take advantage of the opportunities available to an Internet service.

ii. The online service as an augmented service product

More commonly, many service firms use the Internet to augment their current services. Usually in this case the online service delivery is based on the assumption that an offline consumer relationship already exists. Service firms often use online services to augment their core services by means of reinforcing the purchase decision post purchase, promote additional services which support current products or merely provide regular service updates.

From a demand side point of view Bandyopadhyay (2001:21) differentiates between businesses and consumers and their purchase intentions online. He suggests that business customers, who buy products in bulk to make other products, to resell, or to use in their organisational operations, are likely to reduce their risk by buying standardised and low-cost products or commodities.

On the consumer side, affluent consumers are more likely to look for high-quality, expensive and not otherwise easily available products on the Internet (Bandyopadhyay, 2001:22). Furthermore, many consumers perceive it as a risk to buy products or services from unknown firms existing only in *Cyberspace* without any known physical location. These consumers will tend to reduce their risk by buying only well-known brands from well-known firms on the Internet. Bandyopadhyay (2001:22) argues that marketers in emerging markets are not likely to find great success by offering inexpensive, easily available products, such as books, music CDs, or groceries on the Internet (unlike in Western countries). This is mainly due to the fact that the critical mass of computer users seeking convenience in this regard, is still lacking.

3.5.1.2 Price

With new buying models usually come new pricing approaches. 'Name-your-price' services, transparent pricing and global sourcing are forcing marketers to rethink their pricing strategies (Smith and Chaffey, 2005:37). Competitive growth is fuelled partly by globalised customers and global suppliers searching via the Web, which puts pressure on prices. Online companies enjoy lower margins with more efficient Web-enabled databases and processes, also cutting out intermediaries and their margin, which illustrates the extremely competitive nature of online global markets (Smith and Chaffey, 2005:37).

For business customers in emerging markets, the primary purpose of turning to the Internet may be to search for the lowest prices for standardised products available from a greatly expanded number of suppliers. On the other hand, affluent consumers who primarily look for expensive, specialty products are likely to be less price sensitive at a product level. After a product or brand is selected however, these consumers will likely look for a supplier offering the lowest price for the selection. Therefore pricing transparency creates pressures for Internet marketers. As prices are published on the Web, buyer comparison of prices is more rapid than before, allowing for 'shopping engines' to find the best price (Smith and Chaffey, 2005:49). Internet marketers should recognise the fact that *"affluent consumers are less sensitive about the absolute prices than they are about the relative prices of the specialty products that they seek"* (Bandyopadhyay, 2001:22).

Websites can also track customer segments and their sensitivity to prices against their activity on the site or past purchase habits recorded.

3.5.1.3 Place

Technology offers the potential for closer integration between the manufacturer and the intermediary. Online systems may enable direct access to stock availability, electronic ordering and automated dispatch with the minimum of negotiation. Electronic point-of-sale (EPOS) data can further facilitate very rapid responses within the distribution system (Brassington & Pettitt, 2003:846).

'Place' can refer to the place of purchase, distribution and consumption. All firms can extend their product or service offering online by considering their online representation of place of purchase, distribution or consumption. Some firms opt to exploit all three aspects of place online, such as online entertainment, others only consider certain elements. Smith and Chaffey (2005:53) and Bandyopadhyay (2001:22) provide the following examples to illustrate how marketers can make use of the Internet to optimise their marketing mix with regards to distribution:

- *Disintermediation:* This refers to the process whereby conventional distribution channel intermediaries become redundant because suppliers can directly gain exposure to vast numbers of customers via their Websites as illustrated by Bandyopadhyay (2001:22). He adds that disintermediation offers obvious advantages as the opportunity exists that *"all information, communication and negotiatory functions can be conducted directly and interactively between supplier and buyer"*. However this strategy can often result in channel conflict.
- *Reintermedation:* Contrary to the above, this strategy refers to the emergence of new types of middlemen or brokers who unite buyers and sellers online, such as online auction houses, i.e. eBay. Bandyopadhyay (2001:22) argues that in emerging markets this is likely to be the predominant distribution channel structure for the delivery of most products that cannot be electronically delivered and Internet marketers have to make use of retailers who will physically distribute products that are featured on the Internet.
- *Infomediation:* This is a related concept where middlemen hold data or information to benefit customers and suppliers. These infomediaries gather information on preferences, record information on purchases and are therefore able to, over time, build *"a holistic picture of consumer purchases and preferences"* (Brassington & Pettitt, 2003:1075). The infomediaries can organise relevant information and direct it for easy perusal to prospective buyers, thus reducing potential frustration in trying to find their way through the clutter of the Web (Bandyopadhyay, 2001:22).
- *Channel confluence:* relates to the situation where distribution channels start offering the same deal as suppliers to end-consumers. (Smith & Chaffey, 2005:53) Again this strategy can lead to channel conflict.
- *Cybermediaries* are electronic facilitating agencies, that perform the channel functions of routinisation and searching on behalf of the transacting parties, i.e. gateways (msn.com), directories (yahoo.com), search engines (google.com), price comparison services (pricescan.com), and brokers (priceline.com) as exemplified by Brassington and Pettitt (2003:1075).

Bandyopadhyay (2001:22) points out that cybermediaries performing these functions will be particularly useful in emerging markets, where the average Internet user is relatively less computer literate and cannot afford to spend a long period of time searching online due to high connection costs.

- *Affiliation:* Similar to the offline counterpart, online affiliate programmes can turn consumers into sellers. However affiliate marketing is also used on a business-to-business level, whereby the affiliate's Website provides descriptions, reviews, ratings or other service related information that is linked to another firm's Website which offers the particular service (Schneider, 2002:164).

Again it has to be kept in mind that the online and offline principle for this element of the marketing mix remains the same: *"a firm should increase their representation and make it widely and readily available to target consumers"* (Smith & Chaffey, 2005:53). Marketers therefore have to consider as many distribution channels as necessary to ensure that they make their product or service offering available to as many consumers as possible.

3.5.1.4 Promotion

Due to the fact that in emerging countries the Internet is used more frequently for communicating information than for conducting transactions or distribution, the development of an effective promotional strategy for emerging markets is particularly important.

The Website as a Marketing Communications Vehicle

Firstly, it is important to understand that the Internet is the medium and the Website is the interface. Even though both contribute to the firm's overall service concept, neither of them presents the actual service product (Dann & Dann, 2001:333).

Websites, as a communications vehicle, have the particular advantage that they are a passive, non-intrusive medium which people must seek out to see (Bandyopadhyay, 2001:23), therefore potential customers come to them voluntarily and can largely choose the information they want to consult. Moreover, the capacity of Webpages to provide information is almost unlimited, especially if they contain links to different sites (Garrido Samaniego, Gutie´rrez Arranz & San Jose´ Cabezudo, 2006:164). However, once a Website is online, companies must initially wait for consumers to visit them. The online activity patterns of South African consumers coupled with high Internet access costs, means that marketers cannot count on people to spend hours on the Web and coincidently discover their Websites. Therefore a more a more proactive approach must accompany the mere Website presence. E-Mail can be a powerful tool to alleviate this problem. Bandyopadhyay (2001:23) argues that even a limited Internet user is expected to read his e-mail more frequently than using any other Internet tool. However, unwanted advertising, such as mass e-mailings, is discarded by the Internet community. Another approach is to simply include the Website address (URL) in traditional promotional materials in order to considerably reduce the waiting time for customers (Ainscough & Luckett, 1996:45).

The Website's relative contribution to the service product is determined by its role in the strategic direction of the organisation. Fitzsimmons & Fitzsimmons (2006:113) and Brassington & Pettit (2003:1065) identify the following eight common strategic directions for Website uses:

(1) *As a channel to sell a product or a service*. Some businesses, such as Kalahari.net, do not have physical stores and exclusively use the Internet to sell their products. They either distribute the goods locally or deliver them by mail or shipping services; (2) *as a supplementary channel*, where firms have the possibility of extending their marketing reach by adding a Website. Apart from visiting the store, consumers can also order via telephone or the Internet. The delivery can be facilitated through a local warehouse or mail; (3) *for technical support*, where many businesses, such as computer manufacturers offer consumer after-sales technical support, thereby using the Internet as an inexpensive and time-saving channel to solve common problems; (4) *to exaggerate existing service*. Services that traditionally have been offered my mail can be augmented by using a Website, i.e. an online library or archive; (5) *to process orders*, as a Website can offer customers a convenient place to order services. For example, airline companies give customers the opportunity to book their tickets online, thereby bypassing several intermediaries, such as travel agents, which results in a significant cost saving. Additionally, they give customers access to schedules and the opportunity to compare offers in order to find the lowest fare; (6) many service firms, especially professional service providers, use their Website *to convey information about the organisation* (i.e. technical assistance, portfolio and contact details). Other use Websites as information arsenals, i.e. online doctors, who provide information for people interested in health issues; (7) organisations use Websites *to communicate information to their members*, e.g. sending newsletters to update members on announcements, conferences, operations management, etc; (8) *for research and planning*, as a Website can offer benefits to consumers as well as suppliers in terms of research. From a consumer's point of

view, the Internet provides access to a considerable amount of secondary information, either through free sources or subscriptions. This reduces the inconvenience for consumers to visit a library or use comprehensive directories. As Internet usage increases, the possibility for primary research is also growing. A marketer is able to gather useful information through online surveys, Web discussion groups, visitor's books and statistics on Website traffic. All this information aids service marketers to make the correct decision with regards to the marketing approach to be followed.

Online promotions are continuing in importance to marketers due to their flexible nature. However that does not mean that the traditional communication tools are redundant, instead they can be extended and enriched by the Internet to add a new and dynamic dimension (Hardaker & Graham, 2001:74). This means that it is also important for Internet marketers to make use of conventional mass media to promote their business as well as their Website address (URL). Advertising of their business and their Website in newspapers, magazines, radio and television will help to build initial customer awareness of Internet-based marketing programs. Bandyopadhyay (2001:23) advocates that these media channels have far greater penetration in the population in emerging markets and advertisements in these media will further reduce the search efforts and, as a result, cost of prospective clients.

Similarly to the discussions around the marketing mix, some academics believe that the Internet presents another element to the traditional communications mix; whereas others argue that the promotional mix should merely be applied to the Internet (Dann & Dann, 2001:219). Hence the posed questions "How can the Internet be integrated into the traditional promotional mix?" and more specifically, "how it can be applied to the key promotional tools?" will be addressed.

i. Advertising

Advertising has the advantage of creating symbols and images to demonstrate how a Website works. This makes the Internet particularly suited for the advertising genre. Similarly to offline advertising, Internet advertising also lacks the interactivity and targeted finesse of other promotional mix elements, such as direct marketing or personal selling (Dann & Dann, 2001:229).

Banner advertising on portals and Websites is one way of utilising the Internet to advertise. The concept of portals has emerged from the evolution of search engines. Portals are a virtual space which is a gateway to the wider Internet and also an opportunity to be part of a connected community. They provide an ideal space for banner advertising in the Internet market place. It is also thought that the portals of the future will offer an interactive version of traditional television advertising, or what is frequently being termed, 'interactive TV' (Hardaker & Graham 2001:74). Large portal sites, such as Google, have a major influence on the traffic across the Web and as a consequence, they are in a pivotal position for driving current and future banner advertising initiatives. Banner advertisements are targeted at a specific audience that is driven through keyword searches. When undertaking a keyword search, the banner appears at a prime location on the Website (often the top or on either side of the displayed area). By placing a banner ad, marketers anticipate that a consumer will click on the banner and then receive further branding information and the opportunity to purchase; or visitors will view the banner advertisement *"either consciously or subconsciously when surfing the Web*" (Hardaker & Graham 2001:74). The concept of banner advertisement on portals equally applies to Websites offering general news services or special services, such as News24.com.

Hardaker and Graham (2001:75) suggest the following four fundamental differences between traditional and new media advertising:

1. A performance based advertising model is driving the cost of advertising on the Internet. Many Websites now charge advertisement banners based on actual sales of the companies' product or service. This is possible due to the monitoring of the click stream from the banner through to the actual purchase.
2. The cost of advertising on the Internet declines as space becomes cheaper, due to increased competition from hosting companies who provide Web space.
3. Information rather than image is a primary initiator of consumer dialogue with a new medium.
4. Time is becoming an ever increasing commodity on the Internet and interaction with the user will have to be a fast and seamless process.

ii. Personal Selling

Personal Selling is not usually associated with Internet promotions except where the consumer is offered the Website as a point of after-sales service. Personal Selling offers *"high levels of customisation, interactivity, flexibility and feedback in a very specific and localised transaction"* (Dann & Dann, 2001:229). The disadvantage of this element is that due to its one-on-one capabilities, it is very labour-intensive.

iii. Direct Marketing

Direct marketing activities are products and services which are offered to market segments in one or more media at a personalised level. E-mails can be used to deliver promotional materials with the attempt to solicit an immediate response. The advantage of this medium is that it can be used by marketers for narrowly defined target marketing, as messages can be custom tailored and mailed directly to the target recipient (Hardaker & Graham, 2001:75). One of the disadvantages of direct mail is a lower market profile, as direct mail campaigns do not get incidental viewing by non target members of the audience. However, many marketers include a 'Send to friend' option which allows for marketing correspondence to be forwarded on to new potential consumers. Another unfortunate disadvantage is the emergence of illicit direct mail, known as 'spam', seeing consumers receiving promotional materials from unwarranted sources. This has led to an increasingly negative perception from consumers to direct mail, which in turn poses significant challenges for marketers which have to be addressed by ensuring that their marketing materials are received and interacted with by their target audience.

iv. Sales Promotion

Sales promotion activities for many products and services will play a more central role, especially for the information intensive products that are transferable over the Internet. Hardaker and Graham (2001:75) explain that many of the new promotional Internet initiatives are viewed as being *"at the high risk innovative stage in the adoption process",* while other promotional initiatives, such as banner advertising, are at a far later stage and more widely accepted as a valuable marketing tool.

The advantage of sales promotions is that is encourages goodwill amongst consumers and often stimulates immediate sales, thereby also encouraging brand switching. The major disadvantage of this element is that the consumer market is becoming much more sensitive to sales promotions and is often willing to switch brands in order to track promotional offers. This is particularly prominent when switching costs are low, i.e. Websites. This means that the use of sales promotion to encourage consumers to visit a Website does not necessarily translate into customer loyalty, as consumers are likely to scan a host of online promotions to collect a range of offers from different Websites (Dann & Dann, 2001:229).

v. Public Relations

Unlike many other elements of the promotional mix, public relations initiatives are non-personal, and typically a company has little control over the actual publicity

(Hardaker & Graham 2001:76). Regardless of the fact that a company has little direct control over publicity, which is distributed on the Internet, it can still have a strong indirect influence. For example, a company hosting their own Website makes them a direct media owner, and as a consequence, they are able to post publicity on their site in 'real time'. Similar to traditional public relations initiatives, it is the knowledge of the market environment which is of critical importance. The most significant difference on the Internet lies in the speed and complexity of developments in markets.

Public relations campaigns concerning Websites are usually based around *"developing a stated corporate position on an issue and directing further enquiries to the Website where greater depth of information can be made available*" (Hardaker & Graham 2001:76). The advantage of this approach is that depth and clarity of information on a subject can be more easily accessed by the general public or media than through press conferences or other PR tools.

Hardaker and Graham (2001:76) imply that the main advantage of publicity is the associated low cost with the genuine publicity events that occur through media reviews on a Website or *"incidental featuring of the Website in media coverage".* On the other hand, the downside to publicity is the lack of control exerted over the use of the URL and the possibility of incomplete or inaccurate reporting of the address and the Website.

vi. Viral Marketing

In the offline world, viral marketing is referred to as word-of-mouth marketing (WOM). On the Internet, viral marketing usually exists in the form of 'send to a friend' communication. A marketer is hereby using a forwarding facility in order for the consumer to send certain information or content on to their friends (Brassington & Pettitt, 2003:1078). As already mentioned in Chapter 2, WOM promotion and incentivised referrals are often very effective forms of communication with regards to believability, considering that a potential new consumer receives the communication from someone he already knows and trusts. Originally, viral marketing was associated with youth companies who were trying to create more excitement around their brands. However, if the content is different, humorous or simply enjoyable, the chances that it will be passed on will increase significantly; this is therefore applicable to any viral marketing campaign, across all age groups.

Applied to the extended marketing mix in the context of services marketing, the Internet's role is as follows:

3.5.1.5 People

People are the differentiating factor that has helped many traditional companies to out-perform their virtual competitors. Service, before, during and after the sale, is required if repeat business is to be enjoyed. Contact strategies should be developed in order to give customers choice of contact and, at the same time, minimise costly interactions with staff. Hardaker and Graham (2001:76) advocate that automated services help, but human interaction is also required. They add that this is *"a delicate balancing act",* yet both options have to be considered when integrating online and offline marketing activities.

The concept of customer self service is prevalent in e-marketing. It enables consumers to obtain information they need faster and it reduces costs for the business. However, it has to be considered whether all customers want to conduct all of their interactions online. Some online customer segments just want to browse, others want to find specific information and others want to buy or get customer support. Of the segment that wants to buy, a sub segment might want to buy offline, and therefore require personal contact by the company staff (Smith & Chaffey, 2005:61).

Staff training in general and added IT training is imperative regardless whether the staff mans a Website, a telephone or a reception desk. Hardaker and Graham (2001:76) argue that a key resourcing issue is whether to identify specific staff to handle contacts from different channels or empowering staff to answer questions from a variety of channels. Current thinking suggests that the latter approach is more viable as it increases the variety of work and results in more knowledgeable staff who can better answer customer queries (Hardaker & Graham 2001:76). Similar to the offline approach continuous staff training is imperative to ensure satisfied staff and customers.

3.5.1.6 Processes

The design of the service process and the introduction of more advanced technology can both help to improve both, service productivity and the service experience for the customer. Technology, combined with well-designed systems, can be very powerful in creating market transactions where no interpersonal contact is required between buyer and seller (Brassington & Pettitt, 2003:976).

Online services and their process of production are not as visible since much of the processes operate in systems unseen by the customer. Some of the process or system can be viewed by the consumer, such as menus, shopping carts or follow up emails and of course any other interactions on the Website and customers will judge the service level on these elements (Smith & Chaffey, 2005:61).

Process optimisation involves minimising the people involved in every step of the online buying experience (Hardaker & Graham 2001:77). Minimising human resources can occur through redesigning the process, and/or automating them through technology. However, the staff involved have to be able to respond to each event in the process and provide customers with all relevant information.

It must be noted that many Websites simply do not have efficient systems in place and therefore lack the logistical and fulfilment infrastructure required to trading online. Hence, the *front-end* customer interface, on a Website, TV or cell phone, must be integrated with the *back-end* systems, which are out of site at the back offices and warehouse. A well managed process integrates into the business processes and systems which in turn, save costs and inventories.

Reviewing processes and systems can radically help to redesign supply and distribution channels and in the process compete much more effectively (Smith & Chaffey, 2005:61). Good processes and systems can create a sustainable competitive advantage while poor processes can significantly damage a brand.

3.5.1.7 Physical Evidence

In the online world consumers look for other cues and clues to reassure themselves about the organisation they intend to purchase from. Websites can provide these cues in the form of high quality site design and reassurance through guarantees, refund policies, privacy and security policies, customer lists, awards, customer endorsements and independent reviews or news clippings. A reassuring sense of order is also required. This means that the Website should be designed with a consistent look and feel that customers feel comfortable interacting with. Smith and Chaffey (2005:61) note that it has to be remembered that physical evidence emerges into the offline world. Especially if goods and services are delivered offline, traditional physical evidence is required i.e. professional packaging, paperwork and delivery vehicles. If not managed properly, these cues can equally damage a brand, as the offline evidence would damage the online evidence; therefore both need to be managed carefully.

Even though the Internet Marketing Mix is very similar to the traditional marketing mix and integration is vital, it is has to be kept in mind that it focuses on completely different market conditions. Hardaker and Graham (2001:252) suggest that due to the speed of change on the Internet, the marketing mix has to be viewed as *"an interactive document that needs to be updated frequently".* The time scale for review and changes is constantly being reduced by the market demands and technological developments. The marketing mix is based on an external audit which then drives internal operational developments as a means of identifying and sustaining a competitive advantage.

In various sections the value of two-way communication through the Internet as a marketing tool has been mentioned. The reason for that is that the unique *"nature of the Internet, characterised by its two-way communication features and traceable connection technology allows firms to gather much more information about customer behaviour and preferences"* than can be gathered using traditional marketing tools (Schneider, 2002:159). This makes the Internet a particularly useful tool for relationship marketing.

3.5.2 Relationship Marketing

Langrosen (2005:63) highlights the value of relations in marketing, thereby stressing that those traditional transactional marketing techniques need to be replaced or complemented with new frameworks, which focus on the value of relations and interaction. In the building and management of relations, the interactivity of the Internet makes it a particularly useful tool. Langrosen further (2005:63) points out that several stages of e-marketing can be defined ranging from the 'contact stage' focusing only on promotion and information, up to the 'relate stage'.

Service quality is becoming a fundamental building block in the customer relationship building. Hereby Web-based companies need to adjust their focus from offering low prices to delivering electronic service quality. As a result customisation and personalisation become crucial elements in the online service delivery. Furthermore, Langrosen (2005:63) emphasises the importance of supplementary services in this context as they tend to be more relational than the core services and therefore have a stronger influence on customer satisfaction. He adds that businesses need to continuously create new supplementary consumer value in order to build long-term customer relationships. Hoffman and Batson (2001:71) have identified the following eight categories of traditional supplementary services. The categories are discussed below with an emphasis on their adaptation to the Internet.

i. Information

To obtain full value from any good or service, customers need relevant information about it*, “ranging from schedules to operating instructions and from user warnings to prices”* (Hoffman & Batson, 2001:71). New and potential customers are especially interested in detailed information and may need training in how to use an unfamiliar service. A Website offers an ideal channel to place any kind of product or service related information. Provided that the Website is structured properly, consumers have the opportunity to filter the information on the site and access relevant sections at their convenience.

ii. Consultation and Advice

Hoffman and Batson (2001:71) explain that consultation and advice refer to the dialogue to probe customer requirements and, in turn, develop a tailored solution. They add that a customer’s need for advice may vary widely, reflecting such factors as level of economic development, technical standards and educational levels. The Internet offers an opportunity for on-going consultation and advice in real time. Due to its two-way communication functionality the Internet can facilitate immediate consultation and advice upon a consumer’s request. Efficient Website development might already pre-empt some of the possible solutions, which could significantly shorten the actual consultation process.

iii. Order-Taking

Suppliers need to ensure that it is simple for customers, who are ready to purchase, to place orders or reservations in the language of their choice, through telecommunications and other channels; at times and in locations that are convenient to them. E-commerce presents clients with the advantage to place orders at any given time or place at their convenience.

iv. Hospitality: Taking Care of the Customer

As previously discussed, services are produced and consumed simultaneously. This means that the consumer is present during the service production process, which often refers to the supplier’s facilities. It is therefore imperative that the customers are being treated as guests when they have to visit the supplier’s facilities, especially when the visit period extends over a longer period of time, as is true for many people-processing systems, such as consulting services.

v. Safekeeping: Looking After the Customer's Possessions

Customers often require assistance with their personal possessions at the service site, ranging from car parking to packaging and delivery of new purchases (Hoffman & Batson, 2001:71). Expectations may vary by country, reflecting culture and levels of affluence. With regards to the Internet, safekeeping refers to the security of a Website. A company practicing E-commerce needs to ensure that all their customer's details including credit card information are secure during and post the transaction, and are kept confidential.

vi. Exceptions

Hoffman and Batson (2001:71) explain exceptions as incidences outside the routine of normal service delivery. They include special requests, problem solving, handling of complaints, suggestions, compliments and compensation in a case of performance failures. Special requests are particularly common in people-processing services, such as the travel and lodging industries, which may be complicated by differing cultural circumstances (Hoffman & Batson, 2001:71). A place for customer comments or suggestions on a company's Website can offer customers the opportunity to express their positive or negative service experience in order to receive feedback from the service organisation. Pre-determined options on an online booking site can also minimise performance failures. One example could be the pre-determination of special dietary needs in the airline business.

vii. Payment & Billing

According to Hoffman and Batson (2001:71), ease and convenience of payment (including credit) are increasingly expected by customers when purchasing a broad array of services. The suggest that major credit cards and travellers' checks solve the problem of paying in foreign funds for many retail purchases, but corporate purchasers may prefer to use electronic fund transfers in the currency of their choice. More consumers appreciate online credit card facilities, which add to the convenience of the transaction. At the same time, however, the service firm needs to ensure that adequate security measures on the site are put in place. From a billing perspective, the Internet affords service organisations to email bills in real time, should the customer opt to receive an online bill. An online bill also overcomes problems associated with large geographical distances and infrastructural shortfalls.

The above mentioned supplementary services can aid a great deal in building and fostering positive relationships with consumers. At the same time the Internet presents completely new modes of interaction. Langrosen (2005:63) provide the example of e-communities*,* which are defined as places *"in which people with a common interest carry out their social discourse and activities using the Internet".* Online communities, where customers can interact with marketers and among themselves about products and services, are likely to lead to greater trust and better relationships. Internet marketers should thus consider sponsoring online chat rooms and bulletin board services, and stimulate product-related discussions on newsgroups or their own forums (Bandyopadhyay, 2001:19). By participating in such communities *"companies can go beyond "one-to-one" and develop "many-to-many" communications"* (Langrosen, 2005:63). Furthermore, by using e-bulletins or newsletters delivered via e-mail, the companies can keep the audience informed about the latest information or features on their Website.

Although the potential for relationship building based on the Internet exists, the literature indicates that relatively few companies take advantage of these possibilities and that most companies use the Internet solely for informational purposes. Additionally it has to be considered that most emerging markets are characterised as "high-context" cultures (Bandyopadhyay, 2001:23) *"where creating trust and establishing mutually obligatory relationships are often prerequisites to doing business".* An emphasis on building trust and relationships also reduces the risk of transacting on the Internet where the parties don't meet face-to-face. Internet marketers have realised the value of building online communities to foster relationship networks with customers. However, many companies still tend to transfer direct marketing techniques to their online communications effort, neglecting the vital difference that *"the Internet is an interactive medium where the consumer may adopt a far more dynamic role"* (Langrosen, 2005:63).

Given the unique marketing approach to architectural services, these professional services are also unique when it comes to the application of the Internet to their businesses.

3.5.3 The Use of the Internet to Market Professional Services

The Internet can have a significant impact on professional services, which are characterised by high levels of interpersonal interaction, as a large component of the service product is providing information and expertise. For these services, the Internet is primarily an accessible information source rather than a distribution channel; *"therefore the Internet has the potential to fundamentally change the way in which consumers interact with professional service providers*" (Hogg, Laing & Winkelman, 2003:476). Essentially, by advertising and providing services on the Internet, firms generally offer customers value through the firms' presence and the means to develop long-term, one-on-one relationships with the firm (Mathur, Mathur & Gleason, 1998:335).

McLaughlin (2005) points out that in an increasingly Internet literate society, the majority of prospective clients will possibly visit a company's Website before they attempt any personal contact; *"often even despite a referral at hand".* As a result the Website visit needs to be regarded as the prospective client's first step to enter into a business relationship with the professional service provider. This creates an opportunity for professional service providers to make a positive first impression that can differentiate them from their competitors and possibly opens the doors for a follow-up call. McLaughlin (2005) concludes that *"although a Website cannot substitute the power of personal interaction with clients, it can initiate and sustain customer relationships, as well as re-enforce commitment to clients".*

Arif and Karam (2005:160) add that the Internet can replace the more conservative advertising tools, such as office brochures and business announcements. The advantage of using a Website is that it can even extend to the unknown clients in the worldwide network. Therefore any individual or company with access to the Internet can easily obtain all relevant information about the practice.

Ramsey and McCole (2005:535) undertook a study on Web-based communication of professional service firms, including architectural/building services in New Zealand. They found that, although the majority of the businesses surveyed had at least one computer and modem to facilitate electronic mail, the percentage that had their own Website was much lower. The main reasons for having a Web presence were:

- to advertise and promote the firm's name and intent
- to communicate specific product/service information
- to enhance customer service
- to communicate with customers and/or suppliers
- because competitors have one

After closer inspection of these results Ramsey and McCole (2005:535) conclude that the main benefit perceived by the firms surveyed, is that *"having a Web presence provides effective advertising and brand building".*

Ramsey and McCole (2005:529) further elaborate that despite much publicised advantages for adopting Internet-enabled technologies, recent research shows that a large number of professional small and medium enterprises (SMEs) are still reluctant to capitalise on this new business approach. A review of the literature by Ramsey and McCole (2005:529) reveals the following five factors that seem to affect the adoption of new technologies:

- negative mindsets regarding the technological/regulatory environment
- the nature of the service
- staff development/human resource issues
- market-orientation and
- the macro-environment

Lawson et al. (2003:266) suggest that amongst professional service providers the *"barriers to doing business online can be categorised as having a technical or a social perspective".* They explain that while technical barriers refer to inadequacy of a telecommunication structure and security of transactions, social barriers include not only a lack of trust in information technology, but also a lack of knowledge about conducting business online coupled with the need for IT skilled staff and even ignorance with regards to possible uses of the Internet (Lawson et al., 2003:266).

McCole and Ramsey (2004:779) state that in terms of knowledge-intensive businesses (KIBS), such as architectural services, there is no requisite to move their business processes online to capture the final sale, particularly if they choose to define their markets narrowly and locally. They add that several internal and external factors, such as the customer preferences for human interaction, budget constraints and lack of time to develop an e-strategy may hinder the e-business implementation. A study conducted by the Yankee Group[10] suggests that the SMEs market opportunity for Web-based professional services is growing because most SMEs lack the time, technical expertise and Internet marketing skills to establish and maintain a professional-looking Website on their own. On the other hand, the rationale exists that the Internet is an *"inescapable part of every marketer's life"* (Uncles, 2001) and that the adoption of information technologies is no longer *"just a means of creating a sustainable competitive advantage but rather a competitive weapon essential to survival"* (McCole & Ramsey, 2004:779).

As already mentioned in Chapter 1, to date South Africa does not have a single comprehensive database of all South African businesses with e-mail addresses and

[10] As cited by McCole and Ramsey (2004:779)

therefore no comparative insights to Ramsey and McCole's research of the adoption of the Internet in South African businesses can be provided. This is confirmed in a study on e-commerce adoption in South African businesses by De Klerk & Kroon (2005:34). Available data with regards to Website ownership amongst architectural practices suggests a low incidence thereof.

3.6 Conclusion

To conclude, the Internet offers marketers several benefits that are not available with traditional vehicles for marketing, such as creating flexible information displays, providing a greater range and depth of information with interactive technology and to combine the modalities of television, print, and radio into a single presentation of video, text and sound (McCole & Ramsey, 2004:779). It also provides an effective tool for customer relationship management.

Porter (2001:19) highlights that *"in the marketer's quest to see how the Internet is different, many have failed to see how the Internet is the same".* He adds that although the Internet presents a new way of conducting business, the fundamentals of marketing remain unchanged and only through the successful integration of the Internet into overall marketing mix will this powerful new technology become an equally powerful force for competitive advantage (Porter 2001:19).

Competitive advantage is the result of matching a company's core competency to opportunities in the marketplace. The Internet marketers' core competency lies in the ability to reach global markets by eliminating obstacles created by geography, time zones, and location. To match this core competency with opportunities in emerging markets, such as South Africa, Internet marketers must understand the environmental forces in such markets, which are quite different from those in the developed economies. Bandyopadhyay (2001:23) emphasises that emerging markets have a lot of potential for future profitability. He suggests that *"establishing a presence in emerging markets today will give the Internet marketer a head start over the competition when markets, like South Africa, start to attract everyone's attention tomorrow*".

McLaughlin (2005) argues that despite the strong differentiation of professional service firms from one another in firm size, scope of services, culture, client relationship management and people, they often fail to use their Website to differentiate themselves from their competitors. It is therefore crucial that the Website supports and enhances the firm's corporate image and is tailored to meet the specific clients' needs. It is therefore recommended to build the Website content around specific client needs and wants as opposed to qualifications or generic mission statements. Taylor and England (2006:84) add that the more accessible the content relating to products and services offered via a Website, the more likely they will be adopted by the consumer. It should however be remembered that marketing is not a static activity and should environmental variables change and thereby change the consumer base, restructuring the Website would be required (Taylor & England, 2006:84).

Ultimately, marketers have to remember that technology is just another tool. With increasingly complex software available at affordable prices, many Internet marketers try to outdo their competitors in terms of creativity and interactivity. Dann and Dann (2001:343) emphasise that in the end the effectiveness of an online service will be determined according to the extent to which the firm meets the needs of its consumers; and meets or exceeds expectations in terms of service delivery. "*The greatest threat to an established company therefore lies in either failing to deploy the Internet or failing to deploy it strategically"* (Porter, 2001:18).

CHAPTER FOUR
RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction

As briefly illustrated in Chapter 1, the aim of this study is to provide an overview of the marketing vehicles employed by architectural practices in South Africa and evaluate the role of the Internet within that. The investigation is sought to establish if the low Internet presence as found by Arif and Karam (2000) is still prevalent amongst architectural practices in South Africa and what changes since then have occurred in the market place.

This chapter therefore outlines and motivates the suitable research approach taken for the investigation at hand.

4.2 Research Strategy

Keeping the key objectives of the study in mind, the intended research could be approached from a supply side and/or a demand side study of the industry. The former involves investigating the problem as perceived by architectural practices, whereas the latter will involve surveying past, existing and/or potential clients of architectural practices.

In this regard, it was decided to investigate the problem at hand only from the supply side of the industry for the following reasons.

Firstly, it must be noted that the primary research objective (as listed in Section 1.4.1), namely:

"To establish the reasons for the low Internet presence of architectural practices in the Western Cape in order to determine if the Internet can play a bigger role in the future development in the marketing of architectural practices in South Africa"

can be researched without the support of a demand side survey. Secondly, even though it would have been beneficial to ascertain whether the perceptions of architects correlate with the actual behaviour and opinions of current and potential clients, there is a key obstacle to overcome. The question here is "What would act as an all-inclusive and representative sample frame of the target population of people i.e.

customers of architects who are in need of architectural services or of those who used architectural practices in the past?” and “How would such a sample frame be compiled?” One can assume in this regard that it is highly *unlikely* that the various gatekeepers, being the architects themselves, regulatory bodies, or the local authorities, i.e. municipalities, will divulge any third party information to be used for the intended research. Also, in executing this research, the researcher abides by the rules and regulations as stipulated by SAMRA[11], which more specifically states:

> *The identity of informants shall not be revealed to persons not employed by the Research Practitioner concerned, and their sub-contractors, whether by supplying names, addresses and / or telephone numbers of informants, and / or their place of work, or by passing on completed questionnaires or answers to questions linked to the names of individual informants; and informants may be given such an assurance, if requested or deemed advisable (Samra.co.za, section F, par. 4).*

Furthermore, the behaviour and opinions of different types of clients within the different industry sectors, i.e. residential, commercial, etc., might differ significantly in terms of expectations and perceptions of architectural services. To take this into account, the target population and more so the sample frame, would therefore have to be segmented to provide a representative split of respondents to produce any valid results. Lastly, even if the correct respondents were identified, a significant amount of time and money would have been required to obtain valid research results. This however was not forthcoming for this research. Hence only a supply side study was decided upon.

Nonetheless, given the reasons for not conducting the research on the demand side, it does not negate any further future research, whether qualitative or quantitative, to be conducted on the demand side of architectural services.

4.3 Research Design

The research design for this survey consists of a combination of exploratory and descriptive research on the supply side of architectural services. Figure 4.1 on the following page illustrates the research design decided upon.

[11] Being the *Southern African Marketing Research Association*. This Association stipulates the code of conduct of any person involved in marketing research.

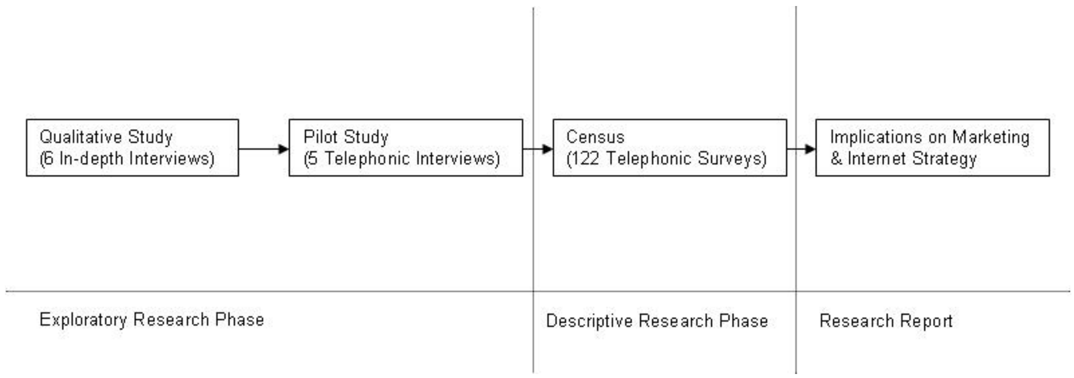


Figure 4.1: Overview of Research Design

In figure 4.1, three distinct phases can be identified, namely an exploratory research phase, a descriptive research phase and finally the reporting of research results. More so, the exploratory research phase sought to improve the quality of the descriptive research by providing an in-depth understanding of the motivations behind the use of marketing in architectural practices. The descriptive research phase on the other hand is used to extrapolate the research results onto the population of interest. In this study, the exploratory phase focused on qualitative research in the form of in-depth interviews with selected key role players in the architectural industry. Upon completion of the exploratory phase, a cross-sectional descriptive research design was adopted as part of the quantitative research, taking the form of telephonic interviews with architectural practices in the Western Cape. The different types of designs will now be elaborated upon briefly, before moving to the specific research instruments applied to the study (see section 4.4.).

4.3.1 Exploratory Research

Upon the recognition of the research problem, it is important for the researcher to have a clear initial understanding of the research environment. In this regard, exploratory research is usually undertaken to define the exact nature of the research problem and/or situation to provide more insights and a better understanding of the environment within which the problem has occurred (Mc Daniel & Gates, 2001:26).

Due to the low number of respondents involved, these exploratory research methods cannot be used to generalise onto the whole population. These methods are, however, valuable for exploring an issue and further probing below the surface for effective drives and subconscious motivations. In this case the exploratory research methods are sought to formulate and define the research problem more precisely, as well as act as a prelude to the descriptive research. The major advantages of this kind of research are the flexibility and versatility with regards to the methods *"as formal research protocols and procedures are not employed"* (Malhotra, 2004:76).

Qualitative research and pilot studies are two methods being deployed in exploratory research and are discussed in the following two sections.

4.3.1.1 Qualitative Research

McDaniel and Gates (2001:109) note two main reasons for the popularity of qualitative research:

Firstly, qualitative research provides for an in-depth understanding of the behaviour and motivations of the target population. In the case of this research study, the clients' reactions to marketing strategies were examined at first and then an in-depth understanding was obtained with regards to the marketing of these practises.

Secondly, qualitative research can further increase the efficiency of quantitative research. For instance, besides the fact that qualitative research can provide in-depth knowledge of a situation, it also provides the researcher with a set of strategies to organise the research with regards to data collection, processing and interpretation. Furthermore the results generated from qualitative research often provide input into the questionnaire design for the quantitative study and, at times, even provide key inputs with regards to the ideal survey methodology to be followed.

Unlike quantitative research, qualitative research designs are more flexible and involve a closer relationship between the researcher and those being researched. Also, the outcome focuses on understanding, rather than on predicting, general patterns of behaviour (Collins et al., 2000:139).

4.3.1.2 Pilot Study

Pilot studies within the domain of exploratory research are characterised by research being conducted with a small sample and are mainly used to gather background primary data for succeeding analysis. The main applications of pilot studies could include amongst other, focus group interviews, projective techniques and in-depth interviews (Zikmund, 2003:126). What differentiates pilot studies from qualitative research is that pilot studies generate qualitative information from the general public rather than from knowledgeable experts. These studies involve sampling, but relax the rigorous standards used to obtain precise, quantitative estimates from large representative samples. Brace (2004:164) in this regard suggests pilot questionnaires for a number of reasons:

- To establish if interviewers and respondents understand the questions and routing instructions and if respondents are in fact capable of answering the questions
- To ensure any mistakes have been eliminated and identify any ambiguous questions
- To uncover missing response codes and establish whether the existing codes are detailed enough
- To ensure a good flow and evaluate if the questionnaire is interesting enough to retain the respondent's attention
- To conduct a final test to confirm that the questionnaire is measuring up against the research objectives

A descriptive study is recommended upon the completion of the qualitative research.

4.3.2 Descriptive Research

Descriptive research seeks to quantify data and generalises the results from the sample to the population of interest using a structured data collection method. A statistical analysis is usually done on large numbers of representative cases and its aim is to understand a problem setting and to be able to recommend a final course of action. (Malhotra, 2004:137).

The points of departure for descriptive research are that knowledge should be factually based on things that can be observed and measured by means of the senses and that the research process should yield value-free knowledge (Collins et al. 2000:88). Preference in this type of research is given to the following methods and techniques:

- Conceptualisation of theory that can be operationalised through measuring instruments
- Data-collection techniques, such as structured questionnaires and schedules

- Data-analysis techniques, varying from simple cross-tabulation of the data to complex analysis techniques

This type of research is usually employed for the following reasons: (1) To describe market characteristics and functions of relevant groups, (2) To estimate the percentages of units in a specified population exhibiting a certain behaviour, (3) To determine certain perceptions and establish the degree to which marketing variables are associated and (4) To make specific, market related predictions (Malhotra, 2004:78).

Generally, if an unknown field is investigated, descriptive research should only follow extensive exploratory investigation.

As mentioned previously the descriptive design is best applied in conjunction with an exploratory study in order to add an exploratory and conclusive dimension to a descriptive and causal observation. The combination of both methods is explained in more detail in the following section.

4.3.3 Multiple Methods or Triangulation

Even though qualitative and quantitative methodologies are different approaches towards research, they can also, in specific areas, complement each other and can be used in conjunction. In this regard, Dillion et al. (2004:41) describe descriptive research as *"attempts to determine the frequency with which something happens or the extent to which variables are related".* Exploratory research on the other hand seeks to understand a problem in more detail. It is a common debate amongst researchers which method holds more advantages. Some stress the importance of a large-scale projectable sample (descriptive research); others focus on understanding underlying patterns of behaviour (exploratory research). Nonetheless, marketing researchers use the concept of multiple methods or triangulation to denote the use of various measuring instruments for collecting data. As Borg and Gall (1989:393) rightly point out: *"Using a single method or technique for a specific phenomenon is like a one-dimensional snapshot of a very wide and deep scene."*

Hence, it was decided to adopt a combination of data collection methods, i.e. exploratory research in the form of qualitative in-depth interviews as well as descriptive research in form of a quantitative telephonic survey. Exploratory research by itself cannot be conclusive or holistic enough to make generalisations, but it can provide a solid foundation for subsequent descriptive research, as it either refines the research problem or even supports the researcher in discovering blind spots in the research project that he might not have anticipated. The equation works equally in reverse, when descriptive research precedes an exploratory design of inquiry. In the case of this research project a conscious decision has been made to include both research types, as the information gathered throughout the investigation will serve to point out possible future implications on marketing approaches of architectural practices. These recommendations have to be based on in-depth knowledge as well as on descriptive and representative data from the large scale sample. The advantage in combining the two methodologies is that the investigation becomes reliable and valid.

4.4 Research Instruments

As briefly mentioned in section 4.3, in the qualitative phase, research in the form of in-depth interviews and a sample survey using telephone interviews was adopted.

4.4.1 In-depth interviews

Initially focus groups were considered as an alternative to the in-depth interviews; however, were decided against for the following reasons: Firstly, respondents proved to have difficulties taking time out of their work day. A focus group would have further required the respondents to leave their premises to meet at a central location which would have required additional time. Furthermore, it would have been difficult to schedule a meeting to be held at a time mutually convenient for all six respondents. Secondly, the competitive nature of the industry could have caused interviewee bias as respondents either might have tried to disclose any activities that drive their industry success or tried to answer in a way that portrayed a certain image about themselves or their practice.

Therefore the researcher decided in favour of in-depth interviews with six key role players in the architectural industry for the qualitative part of the research project. The characteristics of in-depth interviews are as follows:

The main aim of an in-depth interview is to obtain detailed information; it does not only look for answers, opinions, motivations or emotions, but also delves into the reasons behind the answers and opinions. In-depth face-to-face interviews are advantageous if difficult concepts and keywords need to be explained, the questions are complex and if visuals are used (Brace, 2004:25; Haydam, 2006:5). It is therefore vital to establish the form of interview beforehand, whether it will be a structured, semi-structured or unstructured interview (McDaniel & Gates, 2001:133). This decision depends highly on the researcher's knowledge and familiarity with the topic. If the researcher is equipped with a basic understanding of the field, a semi-structured interview set up is proposed. This approach allows the interviewer to have a specific list of questions, but leaves room for spontaneity or new information, which could also potentially further progress the questionnaire design for the succeeding research.

The items used for the in-depth interview in this survey are open-ended, including follow up questions, which give the respondents the chance to comment on or debate about a specific topic. Open-ended questions allow the respondents to answer in their own words. This type of question is particularly useful if one wants to encourage respondents to express attitudes, emotions, ideas, sentiments, suggestions or opinions (Collins et al., 2000:178). It is also helpful when the researcher is not sure about the type of response he may obtain. If the researcher cannot predict the multitude of possible responses, he should leave it up to the respondents to fill the gaps. However, the researcher has to be aware of the fact that respondents can easily loose interest or concentration and might not even have the time to elaborate further. Answering an open-ended question requires time and effort and respondents struggle to make this effort if they are not supervised. The face-to-face set up will, however, minimise this effect as the interviewer's presence has a strong bearing on the effort made by the respondents.

After looking at possible advantages of face-to-face in-depth interviews, like acquiring new information and the possibility of clarifying questions on the spot, one also has to look at the limitations of this method. Bias remains a central problem: The interviewer may hold a biased opinion towards the interviewee and the lack of anonymity could result in dishonest responses from the respondents (Malhorta, 2004:184). Moreover, face-to-face interviews are costly and another limitation lies in the practice and skills required to obtain honest and detailed responses. The Interviewer needs to know how to ask questions, how to listen, write notes and whether he should anticipate the need to ask probing questions. The last disadvantage is that one cannot interview a large sample in order not to sacrifice depth for breadth. In this research project, these given limitations can be neglected, as the sample is small, the researcher is experienced in conducting interviews and therefore interview training is unnecessary. Also, the subject matter is not a sensitive one, which means that possible bias can be ignored.

The in-depth interviews adopted for the qualitative questionnaire proved successful and provided valuable inputs into the compilation of the quantitative questionnaire design, which leads the discussion to the survey research.

4.4.2 Survey Research

With regards to survey research, four sample surveys were considered, namely personal interviews, an online survey, a self completion survey and a telephone survey.

Firstly, even though personal interviews hold clear advantages, such as the ability to explain complex concepts and keywords as well as probing on the spot, observing body language, etc. it did not present the ideal vehicle for the study. One of the major drawbacks associated with this technique is getting the respondents to commit to taking time out of their work day to complete the interview. Secondly, due to the time intensity (40-50 minutes per interview), interviewer presence as well as travel requirements within a large area (Western Cape), face-to-face interviews proved to be very costly, which the budgetary constraints of the research would have not allowed for.

An email or online survey on the other hand was deemed to be inappropriate from the offset, as it would only survey those architectural practices with a Website presence and omit the opinions and perceptions of those without one. Hence an overall picture of the industry would not have been possible for the study.

Thirdly, the choice of a mail or self-completion survey was not considered due to budgetary and time constraints. In other words, the questionnaires would have to be mailed or personally delivered and collected resulting in additional costs, which would have exceeded the budget available for this research. Added to this objection, the in-depth interviews confirmed that this technique was not a viable option for the following additional reasons, namely (1) Many respondents were not familiar with even the very basic marketing terminology. Personal interaction was imperative to assist respondents in answering the questions accurately and within the given context. (2) The time-pressured environment of architectural service providers indicated that it would have been too time-consuming for the architects to complete the questionnaire themselves, possibly resulting in a higher non-response rate. (3) A self-completion survey reduces the control over who actually completes the questionnaire. To ensure the validity of this research it was, however, imperative that the survey was conducted with a leading member of the practice (preferably a principle or partner).

Finally, only a telephone survey was deemed to be appropriate for the following reasons:

Firstly, telephone interviews have the advantage of monitoring the interviewing process readily and allowing the interviewer to explain and probe as the interview progresses. The qualitative research and pilot study indicated that leading members of architectural practices proved difficult to approach due to the time pressured environment of the architectural industry. The latter, combined with the budgetary constraints of the research, present the major reason why a telephone survey was opted for.

With regards to the time and budgetary constraints of this research other advantages of telephone interviews include: (1) The data can be collected very quickly, depending on the length of the questionnaire and the non-response rate and call backs initiated. In this regard, it is to mention that the fieldwork lasted only 13 working days. (2) No expensive travelling, accommodation, duplication or postage costs are involved and the cots for the survey depend on the incidence rate and the length of the interview. Collins et al. (2000:181) add that responses may actually be more accurate, because respondents do not have time to re-think their answers and interviewers can be monitored. Another advantage in comparison to other techniques, such as mail interviews, which held importance to this survey, is that telephone surveys provide a greater control over who is being interviewed.

Furthermore, even though telephonic interviews do not offer the same degree of complexity and versatility found in personal interviews, according to Dillion et al. (1994:149), they can still include complex questionnaires with features, such as skip patterns, probes, refer-backs and various termination points due to the fact that the interviewer is involved in the questioning. In this study it was ensured that the scales and unstructured questions have been kept simple and that interviewer provided support where required. It was also certified that inputs from the qualitative questionnaire were used in order to eliminate any biased or too complex questions and many of the responses gave input into the formulation of closed-ended questions to replace their open-ended counterparts in the qualitative study. This allowed the interviewing time to be significantly reduced (from 40-50 minutes in the qualitative study to an average of about 14 minutes in the telephone survey) without having to sacrifice on the amount or quality of the questions.

As much as this method holds advantages, one still has to look at the limitations of choosing this survey option. Firstly, people tend to be suspicious of a telephone call from an unknown person. Secondly, the response rate in telephone surveys tends to be lower than the response rate in face-to-face interviews. Thirdly, the interviewer cannot observe respondents' nonverbal behaviour, and lastly, the costs of telephone calls can also curtail the length or duration of the interview (Collins et al., 2000:181).

With regards to response rate, Dillion et al. (1994:155) state that telephone surveys produce data essentially comparable to that of collected via mail surveys and personal interviews (60 to 70%) as the *response rate* in telephone surveys typically ranges from 50 to 60 percent.

Due to the fact that a significant number of questions were open-ended, computer aided telephonic interviews (CATI) proofed not to be a viable option.

4.5 Sampling Methodology

Having discussed the characteristics of in-depth interviews as well as telephone surveys, the following section details how these research instruments have been applied to the research methodology for this study.

4.5.1 In-depth Interviews

Six key role players in the architectural industry were selected through a judgmental sample. In order to gain representative data, the sample consisted of an equal spread of firms with and without Internet presence. In order to ensure an equal age and practice size spread, at least one of the above mentioned architectural practices had to be in existence between 1-5 years, 6-10 years and more than 10 years and have between 1-10, 11-20 and more than 20 employees as depicted below.

Internet Presence	**Yes**	**No**		**Total**
No.	3	3		**6**
Practice Size	**Small (1-10)**	**Medium (11-20)**	**Large (20+)**	
No.	2	3	1	**6**
Age of the firm	**1-5 years**	**6-10 years**	**10+ years**	
No.	1	1	4	**6**

4.5.2 Telephone Survey

Leading architects within architectural practices in the Western Cape were selected as the target population for the telephone survey. Due to questions pertaining to the running of the business, it had to be ensured that the architects selected were decision makers in the practice, i.e. either partners or principles.

With regards to the sample frame it was initially intended to use the directory of the South African Council for the Architectural Profession (SACAP) as the sample frame due to the fact that every practicing architect has to register himself and his practice with the SACAP. However SACAP is not willing to share any of their information with third parties, including researchers. It was therefore decided to use the directory of the South African Institute of Architects (SAIA), which according to Wallace (2006), includes about 75 percent of all architectural practices registered with SACAP. The SAIA consists of all the different provincial/regional institutes, i.e. the Cape Institute of Architects (CIA), which determines the way in which the directory is structured. The SAIA is a voluntary but highly recognised association for South African architects.

Within the SAIA, the CIA was chosen as the target population for the following reasons: Firstly, there are a total number of 1300 architects registered with the South African Institute of Architects. Of these 1300 listed practices, 318 are registered with the Cape Institute of Architects (CIA), which amounts to 25 percent of the total population and therefore presents the largest stratum before Gauteng and Kwazulu-Natal. Secondly, the only related research study conducted by Arif and Karam (2000) was also based on the CIA, which allows for comparison to the outcome of the research. Lastly, the fact that the study was compiled out of Cape Town ensured that the locality was taken into consideration in order to compliment the budgetary constraints for the telephone survey.

Even though only the architectural practices registered with the Cape Institute of Architects formed part of the study, the findings are sought to be representative enough to be generalised onto all architectural firms operating in South Africa. Having a major city within their borders, such as Cape Town, it is sought to make the province a fair representative of the national trends in the architectural profession.

In the end, 318 registered practices with the CIA were identified as the target population and also provided for a valid sample frame. Given the relative small population and the anticipation of a relatively low incidence of response (due to the time-pressured nature of the architectural industry[12]) a census study with all senior members of all architectural practices was decided upon.

The CIA database proved to be the ideal sample frame for the following reasons: The fact that the SAIA is an official South African architectural association ensures that only architectural practices and not architects were listed. Furthermore the requirement that only the principles or partners of architectural practices can list their practices in the SAIA directory minimises duplication within the sample frame.

Nonetheless, it was certified that the sample frame was updated before commencement of the survey by ensuring that all possible duplications were excluded and that the list was made all inclusive by using additional directories, such as AC Braby's and Architects Africa Online.

Due to the fact that a census involves the complete enumeration of the elements of a population, its use is favoured over the use of a sample, especially if the population size is relatively small and there is a great variance in characteristics of interest (Malhorta, 2004:315). Given the relatively small number of architects in the Western Cape and the anticipation of a relatively low incidence of response as indicated in the pilot study, a census was the logical choice.

Out of the sample frame one member per architectural practice served as the sample unit, which ensured that any duplication was eliminated. With regards to the sample element it was certified that only leading members (partners or principles) of the firms were interviewed to ensure the validity of the research results.

No strategies for handling non-response were deployed as a census consists of the complete enumeration of the elements of the population. However, non-response was carefully documented as illustrated in Figure 4.2. In order to reduce non-response the interviewers ensured that the architectural practices were called during office hours and if the time of the call was inconvenient for the respondents, an appointment was made to call-back. Furthermore, the pilot study indicated that afternoon shifts as well as Thursdays and Fridays proved to be the most convenient times for the interviewees, which was taken into consideration. The comprehensive training and debriefing of the field force on the research topic as well as the professional introduction of the survey by the interviewers further minimised non-response.

[12] As indicated by the pilot study.

In total 122 principles, out of the 318 registered architectural practices were interviewed and processed, which equates to a response rate of 57.3%[13]. This response rate is within the typical range for telephone surveys of 50% to 60% as per Dillon et. al (1994:155). The outcome of the telephonic survey and the relatively high fall out of interviews are summarised in Figure 4.2 on the following page.

The following comments are to be noted with regards to the survey outcome (as listed in Figure 4.2). Firstly, the membership list as provided by the CIA had no less than 17 sample units excluded because of missing data fields. These missing data fields included amongst other, missing telephone numbers and/or company names. As it was not possible to update these data fields, listed companies had to be ignored. Secondly, 10.1 percent of all companies on the CIA list (N = 32) had an incorrect telephone number. As no alternate number could be sourced, the relevant architectural practises could not be contacted. One of the key reasons for this high percentage is the fact that the 2006/2007 CIA directory was used as a sample frame for the research. Thirdly, 41 architectural practices could also not be surveyed as the respondents claimed to be either (i) busy at the time of the survey and a later survey date had to be found (which then fell outside the intended survey time); or (ii) had telephonic voice mail messages; or (iii) were not available at the time, e.g. out of town. Fourthly, a total of 91 respondents merely refused to be surveyed. This was the biggest hurdle to overcome in the survey. Nonetheless, once architects agreed to be surveyed, all of them completed their questionnaires with no terminations recorded.

Of all contactable respondents (N = 228), seven interviews with respondents were terminated because they did not meet the profile of the prescribed sample element per se. Four of these were government type practices, which were solely responsible for sourcing the correct architectural practices to execute government-related work. The other three were architectural businesses (as listed on the database) but who were no longer functioning as architects.

[13] Using Dillon et. al. (1994:153) formula for calculating the non-response for telephone surveys, namely: [Number of complete interviews with those contacted]/Number of complete interviews + number of refusals + number of terminations].

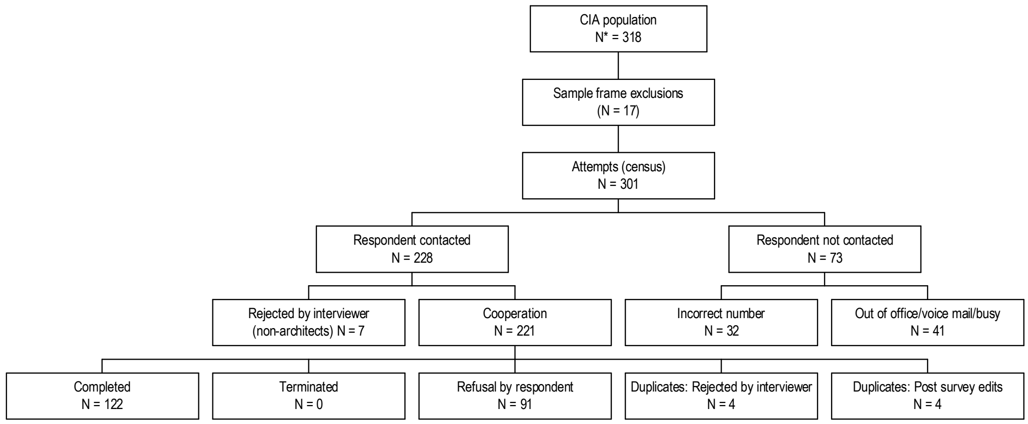


Figure 4.2: Summary of Survey Outcomes

(Adopted from Wiseman & MacDonald, 1980. *Toward the Development of Industry Standards for Response and Non-response Rates*, Marketing Science Institute. Cambridge, Mass.) as cited in Dillon et. al 1994:166.

Finally, although listed on the CIA database under different company names, four respondents were identified by the interviewers as being interviewed before and consequently had to be ignored. Also, a post survey edit revealed that 2 companies merged, resulting in 4 interviews to be omitted. One of these companies merged with no less than 3 other branches/architectural firms into one larger company. In this case, only the current acting principle's views of the new-found merger were included in the survey.

4.6 Research Instruments

Having interrogated the research methodology in detail, the discussion moves on to the research instruments. The following sections depict how the in-depth interviews and the telephone survey have been applied in this research study and makes further reference to the questionnaire design.

4.6.1 In-depth Interviews

The in-depth interviews were used to improve the quality of the quantitative research by providing in-depth motivations and feelings of the respondents. With regards to the architectural services context, it was used to determine the respondent's feelings towards marketing activities and the utilisation of the Internet as a marketing tool in their practices prior to the survey. To a large extent the insight gathered from the qualitative study dictated the compilation of the questions for the quantitative survey. Some of the responses indicated that the respondents were not familiar with even the basic marketing terminology as their answers often did not correspond directly with the questions asked. This has been successfully addressed in the quantitative questionnaire.

The qualitative questionnaire for the in-depth interviews consisted of 24 questions of which only three demographic questions were closed-ended. The number of open-ended and follow-up questions used gave the respondents the chance to comment on or debate about a specific topic. As open-ended questions allowed the respondents to answer in their own words, it encouraged the respondents to express attitudes, emotions, ideas, sentiments, suggestions and opinions (Collins et al., 2000:178).

The questionnaire was divided into six sections, namely (1) General (demographics and practice profile), (2) Industry dynamics (general trends in the architectural industry), (3) Marketing of the architectural practice, (4) The use of the Internet in an architectural practice, (5) Relationship Marketing and lastly (6) General comments.

The section on industry dynamics was removed in the process of developing the quantitative questionnaire as the section proved to be too time-consuming and didn't provide enough relevant insight with regards to the research objectives.

Generally the interviewees didn't have difficulty answering the questions, as the conductor was able to prompt and give direct feedback if a question was not understood correctly. In the marketing and Internet specific sections of the questionnaire, where some basic knowledge on the topics was required, the interviewer was equipped with a list of possible responses in order to assist the respondent in answering the question. Each interview lasted between 40 and 50 Minutes ensuring that all necessary information was gathered without running the risk of encountering interviewee fatigue.

The responses from the qualitative study were successfully utilised to adapt the questionnaire for the quantitative survey. In order to reduce time in the telephone survey, most of the questions were either re-worded into closed-ended questions, or aided rating scales. However, further insights into some of the marketing areas were essential and therefore few open-ended questions were retained. The responses of the following questions were used to compile a list of answers for the quantitative questionnaire:

(Q4) In your opinion, what do clients expect from an architect?

(Q5) Overall, how do you source your work?

(Q6) Overall, how does your firm differentiate itself from other architectural practises?

(Q7) Who is responsible for the marketing of the AS firm?

(Q16) In your opinion, which of the following would be the key reasons for an architectural practise to have a Website?

(Q18) Why do you *not* have a Website presence?

(Q19) In your opinion, which of the following would be potential reasons for an architectural service to set-up a Website for itself?

4.6.2 Telephone Survey

The researcher decided in favour of a telephonically administered questionnaire as the measuring instrument for the quantitative part of the research project. A pilot study was completed with five selected architectural practitioners to ensure the clear understanding and unambiguous use of all questions. After the pilot study the questionnaire was designed in such a way that is understandable and approachable to principles of architectural practices. It was ensured that the layout of the questionnaire appeals to the sample subjects, is internally valid and related to the research questions. The design of the survey as well as follow-up techniques minimised the non-response rate.

The questionnaire contained questions of both a nominal and interval nature, whereby the nominal data was used to determine certain classifications by means of closed-ended questions and the interval questions were used to measure more complex concepts by means of scaled-response questions. This kind of ordinal questions permits the measurement of the intensity of the respondent's answers to multiple choice questions (McDaniel & Gates, 2001:302). They also incorporate numbers which may be used directly as codes. The researcher can employ much more powerful statistical tools by using these kinds of questions. Most significant problems are the fact that the respondents misunderstand the questions. Scaled questions sometimes challenge the respondent's ability to remember and answer. McDaniel and Gates (2001:302) add that therefore the questionnaire needs to explain the category options upfront and then the respondents need to translate them in to their own frames of reference. To overcome this problem the interviewer was provided with a detailed description of the allowed response categories and even instructed to elicit an affirmation that the respondents understand the scale before asking the question.

The questionnaire shows a high incidence of (aided) scaled-response questions. This is due to the fact that the interviewer had to adhere to strict time-constraints. Whereas open-ended questions would have been too time consuming, closed-ended questions would not have been able to provide enough insight. Therefore it was opted for multiple choice scaled-response questions. The average length of the questionnaire completion amounted to 14 minutes.

i. Questionnaire Layout

In total the questionnaire consisted of 23 questions, which were broken up into four sections, namely (a) General (demographics and practice profile), (b) Marketing of the architectural practice, (c) Use of the Internet in an architectural practice and (d) General comments. The questions were split up into six questions of open-ended nature, including *general comments*, five closed-ended questions and 11 scaled-response (multiple answer) questions, whereby six were aided and five unaided.

By the means of closed-ended questions the profile of the architectural practice (age, size, number of employees and number of architects) was established in the first four introductory questions of Section A. Due to the fact that the nature of this survey was not sensitive it was decided to ask the demographic questions upfront. Sill forming part of the introductory section, Question 5 and 6 were unaided multiple choice questions referring to the opinion of client expectations as well as the way of sourcing work.

Section B was concerned with the marketing of architectural firms. Question 7 and 8 are again non-aided multiple answer questions, while question 9 is a scaled-response question, whereby the respondents were required to rate the effectiveness of a number of marketing vehicles, which were called out by the interviewee; followed by an open-ended question asking to state the most effective marketing vehicle. By means of open-ended questions, the respondents were then asked to state the reasons for their answers in question 9 and 10. Word-of-mouth, networking and client relationships were answers that were rated strongly in the qualitative questionnaire. Therefore questions 11, 12 and 13 were asked to probe further into *how* respondents employ those vehicles by means of open-ended questions.

Section C related to the Internet, starting with an open-ended question (Question 15) which required respondents to state how an architectural firm with Web presence compares to an architectural firm without a Website. This was followed by a closed-ended question to establish if the respondent's practice had a Website or not. If the practice in question did have a Website they were asked to complete an aided scaled-response question where they had to rate the key reasons for having a Website, followed by an aided multi-choice question with regards to what they feel are the most important features on an architectural firm's Website. Instead, respondents without a Website were asked the reasons for not having a Web presence by means of an unaided multiple choice answer question, followed by an aided scaled-response question relating to potential reasons for having a Website (Question 20). It was then established if the respondents would consider having a Website in future. If the answers were *maybe*, *definitely* or *most definitely*, they were also asked the aided multi-choice question with regards to what they feel are the most important features on an architectural firm's Website. Lastly, all respondents were requested to state any additional comments in form of an open-ended question.

Due to the questionnaire's length and logical layout, the mix of questions did not create a threat to the internal validity. The interviewees didn't have difficulty answering the questions, as the conductor gave direct feedback if a question was not understood correctly. Furthermore the pilot study had determined that no ambiguities or inconsistencies were found.

In Summary, the pilot study proved that the questionnaire was internally valid as the items are not vague, confusing or irrelevant. The interview lasted for approximately 14 minutes on average, which is moderately long. However at the same time, the survey gave attention to every administrative detail that might affect the response's behaviour. Few restraints were dictated by the financial budget for this research. Objectivity was obtained by avoiding any kind of biased questions and the exclusion of any jargon or technical vocabulary, which reduced semantic noise in the respondent. The phrasing of the questions was deeply considered to ensure that any leading or hypothetical questions were eliminated from the questionnaire prior to the survey. To obtain confidentiality it was agreed that none of the participating parties are mentioned by name in the final publication without written consent.

For a physical example of the qualitative and quantitative questionnaire please refer to Appendix A and B.

4.7 Limitations

Firstly, it must be noted that for the qualitative study, a judgmental sample was used due to the limited number of experts in the field of study. Even though the results were only used as a prelude to the quantitative survey, it might affect the validity of the survey with regards to the representation of the results onto the population of interest. Furthermore, the time effort to answer the questionnaire (about 40-50 minutes) was fairly long, so subject fatigue or distractions could have been occurred.

Secondly, another limitation refers to the research instrument used in the pilot study. This study used the less anonymous research instrument of in-depth face-to-face interviews. This ensured that all key industry groups are well represented and on the other hand, that all respondents understood the questions correctly. Brace (2004:25) however, points out the dangers attached to this approach, such as self-presentation bias. Respondents, in order to impress, give interviewers answers they think they want to hear or avoid potentially embarrassing answers by giving an answer which does not correspond with their true opinions and attitudes. For this study the benefits of face-to-face interview outweighed possible disadvantages.

A further limitation is subject to the fact that in the quantitative survey only architectural practices registered with the Cape Institute of Architects were taken into account which means that a substantial amount of practices will be excluded from the sample frame and no comparisons can be drawn between regions (provinces).

Lastly, due to budgetary and time constraints, this survey is only concerned with the supply side considerations. By the means of a demand side study, valuable information could be drawn and compared to the results of this study.

4.8 Conclusions

Post six qualitative in-depth face-to-face interviews, a quantitative research design was adopted for the main survey. The research instrument used was telephonic interviews and the sample was a census of all architectural practices registered with the Cape Institute of Architects (CIA). The CIA was chosen due to the fact that it presents the largest stratum within the SAIA directory which was used as a sample frame. The survey produced a response rate of 57.3 percent and the results are therefore sought to be generalised onto the population of interest. Limitations are connected to the length of the questionnaire as well as the lack of demand side information available for comparison, due to budgetary constraints.

CHAPTER FIVE

RESEARCH RESULTS AND DATA ANALYSIS

5.1 Introduction

As discussed in Chapter 4, six qualitative face-to-face interviews were conducted with principles and decision makers of architectural services in the Western Cape, who gave input into the quantitative study. A census was completed with all architectural practices registered with the Cape Institute of Architects in this regard and 122 telephonic interviews were completed and will be reported on.

The chapter discusses the qualitative findings followed by the quantitative findings broken down according to the questionnaire sections. For all tables a cross tabulation has been done to show responses from practices with and without a Website. This allows establishing possible differences in approaches and opinions between practices with and without Web presence.

5.2 Qualitative Findings

Prior to the main survey, qualitative data was collected by means of in-depth interviews with six key role players in the architectural industry. The results of the qualitative research provided a generic industry overview and gave insights into the opinions and feelings of the respondents with regards to marketing and using the Internet to promote an architectural practice. To a large extent the insight dictated the compilation of the questions for the quantitative survey.

In order to gain representative data, it was ensured that an equal spread of practices with and without Internet presence was chosen. Furthermore to ensure an equal age and practice size spread, at least one of the above mentioned architectural practices had to be in existence between 1-5 years, 6-10 years and more than 10 years and have between 1-10, 11-20 and more than 20 employees. For reference purposes the following table depicts the profile of the respondent surveyed.

The responses are broken up according to the sections in the questionnaire and discussed in detail below:

Guido Tagge	Senior/Head Architect ({}Thinkspace)	Internet presence, medium sized practice, 10 + years in existence.
David Talbot	Projects Director (DHK)	Internet presence, large practice, 6-10 years in existence.
Kevin Gadd	Principal Member (Gadd Architects)	No internet presence, medium sized practice, 10 + years in existence.
Greg Wright	Principal Member (Greg Wright Architects)	Internet presence, medium sized practice, 10 + years in existence.
Alison Standish	Principal Member (Alison Standish & Associates cc)	No Internet presence, small sized practice, 10 + years in existence.
Sean J. Mackay	Principal Member (Sean J. Mackay Architects cc)	No Internet presence, small sized practice, 1 - 5 years in existence.

5.2.1 Functions of architects

In order to gain a better understanding with regards to the roles and responsibilities of architects, respondents were asked to elaborate on their main functions as an architect. All of the respondents stated a variety of key functions an architect generally performs. Their responses suggested that they take on an holistic approach to the project, which they call a "*turnkey solution*". This requires them to engage with a multitude of stakeholders throughout the process, which spans from the conceptual drawings to illustrate the understanding of the client's brief to the physical site supervision and management all administrative processes. Often this also includes:

- Providing Council drawings and reports to gain council approval
- Liasing with governmental bodies, i.e. with regards to land regulations
- Evaluating quotes and negotiating contracts with a variety of subcontractors, such as: builders, quantity surveyors, interior designers, landscapers, electricians, light and acoustic technicians, etc.)
- Providing electrical layouts
- Specifying materials for interior design
- Contract administration
- Payment facilitation
- Time and budget management

Beyond the above mentioned project management functions, strong people skills are required to successfully manage a variety of clients on a daily basis. The above illustrates that the requirements of an architect go beyond producing actual design drawings, which is reflected in one of the general comments: *"You need business knowledge as well as designing skills and an office administrator"* (Standish). This supports Hoffman and Bateson's (2001:213) view, as cited in Chapter 2, which states that most professional service providers, including architects, are only trained to effectively perform their technical duties; although after their education, they are required to execute a variety of business functions as outlined above. Yet, business education, and marketing education in particular, is usually only touched on as part of the architects' education. This means that simultaneous business education or training could provide architects with a possible competitive advantage. It also indicates that there may be a business opportunity for marketers to offer either specialised business training or outsourced business support to architectural service providers.

In this context the intangibility of architectural services is highlighted. Even though architectural services have a prominent tangible component, the actual building, the quality of the above mentioned functions can only be assessed once the project has been physically realised. Consequently many consumers lack the ability to objectively evaluate the service offering and associated fees. As discussed in Chapter 2, it is therefore imperative that the architectural practices provide tangible cues of their service offering by actively communicating every step of the services process, deliverables and benefits. Tangible clues that indicate services quality and value result from personal interaction, clear communications, equipment used and processes followed (Coldren, 2006).

After having interrogated the different functions an architect is required to fulfil, respondents were requested to state what they believe the client expectations are which represents a demand side perspective of services offered.

5.2.2. Client Expectations

A multitude of attributes were mentioned with regards to client expectations. Most of the respondent referred to the ability of delivering a turnkey solution as outlined above. Furthermore they are expected to be competent in their key function (design), stay within the budget and sometimes even rejuvenate the client's brand through their design and attention to detail. Professionalism, flexibility, honesty and integrity were mentioned as character traits expected from an architect. It was also added that clients expect *"their design to be superior to someone else's"* (Mackay).

With regards to the differentiation of clients, all respondents work across a number of sectors, including residential, commercial and industrial properties, with a few also starting to specialise in the hospitality industry and the public (governmental) sector. It was suggested that one should rather categorise according to the nature of the projects instead of clients.

The information gathered from this question was used to compile the various options for the quantitative survey (discussed later).

5.2.3 Overview of the Architectural Industry

In this section, respondents were requested to comment on the architectural industry dynamics over the past five years as well as their expectation for the next five years, thereby making reference to competition, governance, industry and client relationships. The question was asked to establish possible links between the deployment of marketing activities and certain industry dynamics, i.e. increase in competition. This section was removed in the process of developing the quantitative questionnaire as the questions proved to be too time-consuming and didn't provide enough relevant insight with regards to the research objectives.

While half of the respondents did not experience much change over the past 5 years, others stated that "*the industry has become faster"* (Tagge, Standish) and more competitive, with more architects competing on all dimensions, namely design, service and fees. They also felt that architects are now required to fulfil a much bigger role, which includes a variety of administrative and people management functions as outlined in 5.2.2.

It was mentioned in this regard that the South African Council of Architects has recently started regulating the industry stricter. Nonetheless, the architects felt that this is a positive movement in order to ensure only qualified architects are allowed to compete, which results in higher industry standards overall.

With regards to relationships to other industry players, it was stated that *"builders do not have a consistent performance anymore"* (Tagge) which was seen as a grave concern amongst respondents. Other respondents indicated that similar to their relationship with clients, *"the contractors try to keep the architects happy"* (Standish) in order to ensure repeat business in future.

All respondents agreed that fostering the relationship with the client is imperative for their business. They understand that a close relationship results in a satisfied client which in turn will generate repeat business and increase referrals. It was added that in order to improve client relationships *"they socialise more than before"* (Tagge).

With regards to expected changes in the environment for the next 5 years, most respondents were uncertain; however one of the respondents predicted increased competition due to more competitors and less work available. It was also mentioned that *"clients are becoming more educated and architects need to be more aware of liabilities"* (Mackay*)* with regards to legal responsibilities.

After establishing a general understanding of the architectural service industry the questionnaire led into the marketing section of the survey.

5.2.4 Marketing of an Architectural Practice

Before moving on to marketing specific questions, the respondents were asked to state how they source their business. Nearly all respondents stated that most of their business is acquired through word-of-mouth (WOM), whereby networking was also referred to. Respondents added that entering competitions, clients contacting them as a result of viewing their Website or seeing magazine articles and working closely with developers and builders afforded them additional contracts.

Leading on from the above-mentioned, respondents were probed as to how they market themselves. Again WOM and networking was mentioned. Half of the respondents stated that they do not advertise at all, while the remainder cited their Website, on-site signage, signage on cars and the image of the firm. It was emphasised that regardless of any marketing activities, their design work needs to be of the highest standard as *"they are ultimately being judged on their last project"* (Wright).

When asked how architectural practices differentiate themselves from another practice with the same service offering, the respondents mentioned attributes like professionalism, relationship with clients and their unique design style as differentiating characteristics. Some of the respondents felt that there is no difference amongst practices. This could be due to the fact that most architects view their differentiation from a supply point of view by means of the type of projects they do, i.e. residential, commercial, etc. rather than from a demand or marketing perspective. This indicates that the respondents are not aware of the benefits strategic differentiation could have on their practice.

After gaining an overall understanding on the views on marketing by architectural service providers, the respondents were asked to state the different marketing vehicles utilised in their practice, with some even elaborating on the effectiveness of the individual marketing tools. The discussion is structured according to the questionnaire layout which refers to all communication mix elements, starting with above-the-line advertising.

5.2.4.1 Above-the-line Advertising

With regards to advertising in specific, respondents took on a much more passive approach. It was stated that publishing articles in industry related magazines has been beneficial; however it was indicated that most of them generally are approached by the publications themselves to place the articles for them. One could therefore also classify their answers as public relations as it is a form of non-paid advertising.

This leads the discussion to the below-the-line elements of the communications mix.

5.2.4.2 Below-the-line Advertising

Direct Marketing was only mentioned by one respondent. This was done in the form of handing out office brochures and digital CD's containing their portfolio to potential clients.

Public Relations was then probed as the third element of the communications mix.

5.2.4.3 Public Relations

Under Public Relations only one opinion expressed placing articles in magazines while others referred to networking and the remainder did not employ public relations at all. They however acknowledge the fact that the public exposure has a positive effect on their image and reputation amongst clients and other industry participants. Under general comments several respondents indicated that they do not rate industry related publications as effective as they are exclusively read by industry participants, i.e. architects and not potential clients.

While all formal communication elements, such as Advertising, Direct Marketing and Public Relations have been mentioned by the respondents, the informal or non-traditional advertising approaches, such as word-of-mouth (WOM) communication has been rated much higher by architectural service providers as indicated below.

5.2.4.4 Non-traditional Advertising

All respondents regarded WOM as a very effective communications medium as it frequently awards them with referrals and repeat business. It was added that the effectiveness of WOM is directly linked to the quality of the work, i.e. the better the work, the more referrals one will receive, which is also reflected under the general comments. However, none of the respondents incentivise referrals.

All respondents agreed that the measurement of success of the individual marketing vehicles is the amount of business generated through the deployment of the individual tools.

The focus then shitted to the use of the Internet as a marketing tool for architectural practices.

5.2.5 The Internet

As an introduction to the Internet section of the questionnaire, the respondents were asked how the Internet could be beneficial to their architectural practice overall. The responses to the questions indicated that nearly all respondents approached the benefits of a Website from a supply side perspective, thereby ignoring the demand side benefits. While one respondent believed that the Internet was a beneficial research tool, another comment was that it can be successfully used for recruitment in order to reach a wider range of qualified and experienced people. However the most commonly described benefit mentioned was that the firm can showcase their portfolio to new and existing clients. It was added that *"by showcasing one's portfolio and specific areas of expertise one makes the selection and identifying of an architectural service quicker and easier for clients"* (Wright).

With regards to the role and function of a Website the respondents (including some without Web presence) agreed that the Website is a "*quick and easy"* (Mackay) way to showcase their portfolio to prospective clients, nationally and internationally. It was added that this could possibly also lead to procurement of work. However one opinion expressed that publications are more efficient than a Website. All respondents agreed that showcasing their portfolio would be the main reason for an architectural practice to have a Website.

5.2.5.1 The Internet as a Marketing Tool

Some respondents believed WOM to be more effective and that an architectural practice would not make use of the Internet as a marketing tool. Other respondents indicated that offline support is required to direct clients to the Website which means that initial contact would have been established in person beforehand. Further comments were related to the fact that one has the ability reach a broader audience and therefore has the possibility of sourcing further clients, nationally and internationally.

Even though all respondents agreed that a Website can be a beneficial marketing tool, especially to showcase their portfolio, some still felt that WOM is effective enough on its own and one opinion expressed that "*a Website is too expensive*" (GADD).

When asked what a Website reveals about an architectural practice compared to the other practice without a Website, some respondents noted that there is no difference *"as WOM is more important"* (Standish). Others listed advantages, such as demonstrating your expertise and giving clients the opportunity to anonymously and at their leisure browse the site. One opinion was that the more recognised practices are less likely to have a Website as their image is already well established. The latter comment indicates that a Website is perceived as a branding tool to improve the firm's overall image. Lastly it was stated that a Website shows that practices take themselves more seriously and that they gain

"a competitive advantage if work is being broadcasted to a bigger audience and easily accessible to all – as it is a reference point for both prospective clients and those who may just be curious, not to mention one's peers" (Wright).

Most of the respondents indicated that some prospective clients would or have already approached them as a result of viewing their Website; however they were not able to quantify the responses.

Lastly the respondents were asked to comment on how they maintain and improve relationships with their clients. Most respondents mentioned networking, i.e. entertaining clients. With regards to the Internet as a relationship management tool the responses indicated that one could establish continuous flow of communication by providing clients with all necessary information regardless of time and place. This would also assist in fostering international client relationships. It was suggested that an interactive Website could improve client relationships; however this would require a dedicated resource to set up and maintain this feature successfully.

In conclusion, the overall responses in this survey provided valuable inputs into the compilation of the quantitative questionnaire. Some of the responses indicated that the respondents were not familiar even with the basic marketing terminology as their answers often did not correspond directly with the questions asked. This has been successfully addressed in the quantitative questionnaire.

In order to reduce time in the telephone survey, most of the questions were either re-worded into closed-ended questions or aided rating scales. However, due to the fact that WOM, networking and client relationships were stressed in the qualitative survey, further open-ended questions probing into how these tools can be improved were added to the quantitative questionnaire.

5.3 Quantitative Findings

5.3.1 Demographics

In order to identify possible patterns with regards to Internet usage the demographic questions establish the firm's age and size and employee distribution as illustrated in Tables 5.1, 5.2, and 5.3.

Table 5.1: Age of the Firm

		WEBSITE	
Category	**Total**	**Yes**	**No**
1 to 2 years	0.8%	1.9%	0.0%
3 to 5 years	8.2%	3.8%	11.4%
6 to 10 years	23.0%	30.8%	17.1%
11 to 20 years	32.0%	25.0%	37.1%
20 years +	36.1%	38.5%	34.3%
Base (n)	**122**	**52**	**70**
Median value	**15.6 years**	**15.5 years**	**15.8 years**

The above mentioned (Table 5.1) shows that amongst all the respondents more than a third have been in existence for over 20 years, followed by firms in existence for 11-20 years (32%) and 6-10years (23%). With 38.5 percent the 20+ year practices also have the highest incidence of Web presence, followed by the 6-10 years olds (30.8%) and the firms in existence for 11-20 years (25%). Further cross tabulations revealed that younger firms (under 5 years of age) are less likely to have a Website for the following reasons (i) no relevance in having a Website (37.5%); (ii) not enough time to maintain the Website (37.5%), and (iii) the fact that they have enough work, hence there was no need to advertise any further (25.0%).

The average age of architectural practices surveyed in the Western Cape was established at 15.6 years, which suggests that the industry is well established. This also corresponds with Karam's findings (2003:403) where the average age of practices surveyed is almost 17 years. From a different perspective, it has to be considered that over 68 percent of practices are older than 10 years, which means that the average firm was established before the Internet became a dominant tool in the local architectural industry. Whether the age, size or stability of practices will be affected by the increasing adoption of the Internet will remain to be seen in the future, possibly presenting itself as another point of research.

Table 5.2: Size of the Firm (Number of Employees)

		WEBSITE	
Category	**Total**	**Yes**	**No**
One staff member	22.1%	5.8%	34.3%
2 to 3 staff members	21.3%	21.2%	21.4%
4 to 5 staff members	16.4%	7.7%	22.9%
6 to 10 staff members	22.1%	30.8%	15.7%
11 to 25 staff members	9.8%	17.3%	4.3%
26 to 50 staff members	5.7%	11.5%	1.4%
51 + staff members	2.5%	5.8%	0.0%
Base	**122**	**52**	**70**
Mean number of employees	**9.0**	**15.2**	**4.4**

Table 5.2 above indicates an equal spilt between firms with 1 and 6 to 10 staff members. The latter also presents the highest incidence of Web presence with 30.8 percent, followed by the company size of 2 to 3 and 11 to 25 staff members. Looking at the mean values, it is evident that the practices with a Website are generally larger with an average of 15 employees compared to the total mean of 9 staff members and an average of only 4 employees for practices without a Website. This could be due to the fact that there is a greater need for a dedicated resource that is responsible for updating the Website, which is more likely to be possible in larger firms.

Table 5.3: Number of Architects Employed

		WEBSITE	
Category	**Total**	**Yes**	**No**
1 architect	50.0%	32.7%	62.9%
2 architects	17.2%	19.2%	15.7%
3 architects	9.8%	11.5%	8.6%
4 architects	8.2%	7.7%	8.6%
5 to 10 architects	9.0%	15.4%	4.3%
11 to 20 architects	4.1%	9.6%	0.0%
20 + architects	1.6%	3.8%	0.0%
Base	**122**	**52**	**70**
Mean number of architects	**3.2**	**5.1**	**1.8**

Interestingly the number of actual architects in a practice is relatively low with the highest occurrence for 1 architect (50%) and a mean of only 3 architects per practice. This illustrates that besides architects, a large number of staff is required to carry out all the functions expected from an architectural practice, as discussed in the qualitative findings (5.2.2). Similarly to the findings in Table 5.2 the average number of architects in firms with a Website is significantly higher than in firms without a Website as well as the total mean value.

5.3.2 Expectations of Clients

Before moving on to the investigation with regards to how architectural practices employ marketing activities, the respondents were asked to give their opinion on what they believe a client expects from an architectural firm. With 37.9 percent the core product/service of an architectural service, namely the competence in the key function (the design), was rated the highest. The remaining answers relate to the augmented service functions of architects, i.e. delivering good service (24.1%), staying within the budget (20.7%), providing a turnkey solution (22.4%), professionalism (15.5%) and listening to client's needs (14.7%) were all rated highly by respondents. These findings are a very accurate reflection of the responses in the qualitative survey. One respondent summed up client expectations as follows: *"Clients want three things form an architect, namely a good product, made in good time with little money!"* Nonetheless, it was also noted that different industry or client sectors also have different expectations, as one respondent puts it:

"*The expectations of clients vary a lot: With domestic housing, you need to fulfil the client's need, with commercial projects, the financial needs are more important and with industrial buildings, they must be functional".*

Overall the ratings between companies with and without a Website are fairly similar. However the frequency of firm's rating the design as the primary expectation is higher amongst firms with a Web presence (42.6% to 34.8%), whereas more firms without a Website believe that listening to the client's need is a primary expectation (21.7% to 4.3%). Refer to table 5.4.

Table 5.4: Expectations of Clients (*)

Category	Total	WEBSITE	
		Yes	No
To be competent in the key functions (designs)	37.9%	42.6%	34.8%
To give good service	24.1%	23.4%	24.6%
To arrange all related functions from start to finish (to provide a turnkey solution)	22.4%	25.5%	20.3%
To stay within budget / minimise costs	20.7%	21.3%	20.3%
To be professional in his/ her conduct	15.5%	14.9%	15.9%
To listen to the specific needs of the client	14.7%	4.3%	21.7%
To give a good end result/ quality	12.9%	12.8%	13.0%
Originality / innovative designs / functional buildings	11.2%	10.6%	11.6%
Requirements are project based	10.3%	10.6%	10.1%
To complete work within time/within the given time framework	8.6%	12.8%	5.8%
To be honest	6.9%	8.5%	5.8%
To be practical and hands on -	6.9%	8.5%	5.8%
To liaise with the client throughout the project	6.9%	10.6%	4.3%
To create a good investment for the client / give good value	6.9%	8.5%	5.8%
To supervise/work closely with the builder(s)/ contractors	6.0%	6.4%	5.8%
To have management skills	6.0%	6.4%	5.8%
To know and understand the various regulations	4.3%	4.3%	4.3%
To solve problems / be the person to phone when things go wrong	2.6%	4.3%	1.4%
Consistency	2.6%	4.3%	1.4%
All other (**)	11.2%	19.1%	5.8%
Base	**116**	**47**	**69**

(*) Multiple answers. (**) Includes: To be flexible, act for the client / make the clients the first priority, to pay attention to detail, reliability, to carry responsibility for the project, to have communication skills, social awareness, must have finger on the pulse of the market, quick turnaround time, work from a clean sheet of paper.

In the marketing literature context of product or service levels, the core service offering has been identified as the most important variable in terms of client expectations. In the case of architectural practices, it is the actual design or building. Providing good service (being the second highest rating), shows that architects are aware of the importance of the secondary service levels supporting their core product offering. In this framework, client expectations with regards to perceived service quality plays an important role in the evaluation of the overall service quality, as consumers are likely to compare the expected service with the perceived service (Lovelock & Wirtz, 2004: 411). This is also closely related to the fact that an architectural service provider has to attempt to minimise the difficulties associated with the intangibility and inseparability of a professional service offering. Also, due to the inseparable nature of architectural services, clients often judge the overall service quality on the performance of the service provider rather than on the actual service offer. This indicates that the architectural service provider has to constantly be aware of the way the service is delivered, with regards to consumer engagement as well as the tangible cues; such as office communication (stationery) or the physical facilities. This was in particular true (see Chapter 2) where representatives of architectural and engineering firms expressed frustration in dealing with first time buyers because their expectations often seemed to be unrealistic to the provider (Day & Barksdale, 1994:49).

In concluding, it is important to note that the above mentioned expectations of clients are the opinions of the architectural service providers and not of the clients requiring the specific service.

5.3.3 Sourcing of Work

In order to analyse and judge how architectural firms employ marketing activities it is vital to understand how they source their work. The findings are depicted in Table 5.5 on the following page.

Table 5.5: Ways of Sourcing Work (*)

		WEBSITE	
Category	**Total**	**Yes**	**No**
Word-of-mouth	94.3%	94.2%	94.3%
Referrals from industry e.g. developers, structural engineers	10.7%	15.4%	7.1%
Networking	8.2%	7.7%	8.6%
Repeat clients	7.4%	9.6%	5.7%
Tenders	4.9%	9.6%	1.4%
Name on government roster / Public Works lists	4.9%	0.0%	8.6%
Enter competitions	4.1%	7.7%	1.4%
Via a Website	3.3%	7.7%	0.0%
From the SAIA directory	3.3%	1.9%	4.3%
Cold calls from clients ('walk in' or phone)	1.6%	1.9%	1.4%
Advertising	1.6%	1.9%	1.4%
From estate agents	1.6%	1.9%	1.4%
Other (**)	9.0%	5.8%	11.4%
Base	**122**	**52**	**70**

(*) Multiple answers. (**) Includes: SACAP, gives work as Public Works Department, involvement in the community, mainly sourced from another branch of the company, Cape Institute of Architects, Council for the Architectural Profession, other architects, visit new and existing clients with portfolio, previous work done, attorneys, and Registration Council

With 94.3 percent, word-of-mouth (WOM) was rated the primary work source. This corresponds with the findings from the qualitative study, where all respondents indicated that WOM was their primary source for acquiring business. No difference can be depicted between firms with and without Websites. The second highest mention is referrals from the industry (10.7%), with a higher frequency from practices with a Website. This is followed by networking with 8.2 percent. This seems fairly low compared to the qualitative research where networking was frequently mentioned as a key tool to sourcing of work. Further investigations into networking in section 5.3.4 indicate that the respondents are not able to clearly differentiate between networking and WOM, which means that there could possibly be some duplication. Sourcing work via a Website was only mentioned in 8th place with 3.3 percent. However the rating by practices with a Website is more than double, with 7.7 percent. This again corresponds with the qualitative findings.

Several respondents further elaborated on competitions as a source of work for architects. Most respondents agreed that competitions are not an efficient source of work as *"there can only be one winner",* which means that a significant amount of time and resource could be invested with no return. However, they do acknowledge the fact that if a competition is won, it can lead to "*huge prestige and publicity"* for the practice or the respective architect.

With regards to using a Website to source work, many respondents believe that it *"does not generate work"*; but can be successfully used from a re-assurance point for prospective clients, as they can visit the Website to view the projects that the architectural practice has completed in the past. Others pointed out that the development of a Website was seen as a viable option and could be part of a marketing plan *only* if the economy shows a downturn and their workload would decline as a result thereof. On the other extreme, some respondents even mentioned that they would consider actively marketing their firm (including engaging the Internet) to source work. One respondent in favour of this latter approach was very cautious: "*You need a marketing department to actively look for new business, but it may not be economically viable."*. These controversial views with regards to the marketing of architectural practices could be due to two reasons: (1) the diversity of respondents which results in a strong ambivalence between people in favour of and against the use of a Website; and (2) the fact that respondents are not educated enough with regards to how a Website is best employed as part of a comprehensive marketing approach rather than in isolation (as an exclusive source of work).

5.3.4 Marketing of the Firm

Before any marketing, including the communication mix, can be applied to any service business, an effective positioning strategy has to be established. To engage in this positioning strategy, architectural practices, have to differentiate their offerings and businesses distinctly (Hoffmann and Bateson, 2002:194). Hence, in the survey, architectural practices were asked how they differentiate themselves from their competitors. The results are depicted in table 5.6.

5.3.4.1 Differentiation of Architectural Practices

The highest rating with 24.8 percent related to the firm's overall specialisation with regards to the type of work. These fields of specialisation were obtained in the qualitative survey and included residential, commercial and industrial properties as key areas of specialisation as well as the hospitality industry and public (governmental) sectors (being the other minor specialisation fields). However it must be noted that all of the respondents in the qualitative study stated that they worked across a number of sectors.

Similarly to their mentioning of client expectations, the actual design was rated second highest with 21.5 percent, with a fairly high difference between firms with and without a Web presence (13% difference). Interesting to note is that nearly 20%

(being the third highest mentioning) of respondents mentioned that they have *'no differentiation at all'* with more than double of the number of mentions coming from practices without a Website (24.6% vs. 11.5%). Similarly, client relationships came up quite high with 18.2 percent, which corresponds with the findings in the qualitative study.

Differentiation through marketing was only mentioned by 5.8 percent of practices with a Website, resulting in 2.5 percent overall. Although small in incidence, one could argue that firms with a Website are generally more marketing literate.

Table 5.6: Differentiation from other Architectural Practices (*)

		WEBSITE	
Category	**Total**	**Yes**	**No**
Type of work e.g. residential, commercial, government	24.8%	21.2%	27.5%
Design i.e. unique design solutions	21.5%	28.8%	15.9%
Good client relationships	18.2%	23.1%	14.5%
Good service	14.9%	15.4%	14.5%
Quality of work	10.7%	11.5%	10.1%
Being hands on / personalised service	10.7%	11.5%	10.1%
Pay attention to detail	6.6%	5.8%	7.2%
Having a good reputation	6.6%	3.8%	8.7%
Size of firm / projects	5.8%	9.6%	2.9%
Efficiency i.e., work completed within budgetary and time constraints	4.1%	7.7%	1.4%
Listening to the clients needs and actively involving them in the process	4.1%	3.8%	4.3%
Offer a wide range of related services as well	3.3%	7.7%	0.0%
Build buildings that clients love	3.3%	3.8%	2.9%
Marketing of the firm i.e. the firm's image via internet etc.	2.5%	5.8%	0.0%
Works in association with many other firms	2.5%	1.9%	2.9%
BEE compliant	1.7%	1.9%	1.4%
General so can take on any type of work	1.7%	3.8%	0.0%
Being professional	1.7%	1.9%	1.4%
Good documentation	1.7%	3.8%	0.0%
Location of offices	1.7%	0.0%	2.9%
Does not differentiate at all	19.0%	11.5%	24.6%
Other (**)	5.0%	5.8%	4.3%
Base	**121**	**52**	**69**

(*) Multiple answers. (**) Includes: Individual ability is important, being passionate, timeous delivery, building good investments, awards won and uncertain/cannot tell.

Even though there is a common understanding that the amount of variation in the way a professional service can be provided may be quite limited, respondents in both surveys (qualitative and quantitative) have approached this aspect entirely from a reactive perspective. In other words, they ignored the fact that differentiation can be attained either by actually producing an offering with unique characteristics and/or by persuading buyers through marketing techniques that the offering possesses unique and/or superior characteristics (as per McDonald, de Chernatony & Harris, 2001: 341). The results illustrate that many architectural practices are still reluctant to engage in marketing activities, as they do not see the relevance to their business. At the same time however, one could pose the question whether architectural services surveyed realise that consumer's experience an overload of information and therefore are dependant on cues which differentiate a certain service provider from its competitor.

In concluding, although McDonald, de Chernatony and Harris (2001: 341) argue that a strong corporate image or brand is the most effective form of differentiation in professional services, the results revealed that architects use only secondary marketing tactics[14] for differentiation purposes.

5.3.4.2 Deployment of Marketing Staff

In order to understand how the marketing of the firm is deployed, the respondents were asked who is responsible for the marketing of the firm in general. Principals and partners showed the highest rating with regards to the marketing of the firm, with almost 50 percent and 12.4 percent of responses respectively. This indicates that if there is any marketing intelligence within the practice, it is restricted to the top end i.e. leaders of the firm. On the other end of the scale, only 6.6 percent of respondents stated that *'everyone in the practice is empowered or equipped to market the company'.*

Architectural practices are generally reluctant to employ marketing activities within their businesses. In this regard, it can be seen that a third of all respondents surveyed indicated that *'nobody'*, was responsible for the marketing of the architectural services. Only 1.7 percent of the respondents actually have dedicated marketing personnel (all of which had a Web presence). The last four responses (totalling 6.6% of all responses) indicate that respondents confused marketing vehicles with marketing personnel.

[14] These include amongst other the type of work, design, the attention to detail, client relationships, service delivery, etc.

Table 5.7: Who is responsible for the marketing of the firm? (*)

Category	Total	WEBSITE	
		Yes	**No**
Principals	49.6%	55.8%	44.9%
Partners	12.4%	17.3%	8.7%
Everybody in the business actually markets the business in one way or another	6.6%	11.5%	2.9%
Public relations officer	2.5%	3.8%	1.4%
Dedicated marketing department or staff	1.7%	3.8%	0.0%
Website	1.7%	3.8%	0.0%
Gauteng branch of company	1.7%	3.8%	0.0%
Other (**)	3.3%	5.8%	1.4%
Nobody	33.9%	19.2%	44.9%
Base	**121**	**52**	**69**

(*) Multiple answers. (**) Includes: own soccer team in a league, exposure in magazines, Yellow Pages, and magazine ads.

5.3.4.3 Rating the Effectiveness of Marketing Vehicles

Respondents were then asked to rate the effectiveness of marketing vehicles employed in their practice on a 10-point scale, where 1 indicates not effective at all and 10 indicates extremely effective. Interestingly the effectiveness rating between practices with and without Websites was almost identical for most vehicles. The layout of the results is determined by the respective classification of the vehicles within the communications mix as illustrated in Table 5.8 on the following page.

Table 5.8: The Effectiveness of Marketing Vehicles

			WEBSITE	
Category	**n**	**Total**	**Yes**	**No**
	Above the line advertising			
Signage: on-site notice boards	120	6.50	6.15	6.76
Presence of a Website	111	5.39	6.17	4.69
Advertise on the Internet	109	4.29	4.65	4.02
Advertise in architectural publications	114	3.90	4.06	3.78
Advertise in general consumer magazines	114	3.66	4.08	3.33
Listing in the Yellow Pages	113	3.25	2.60	3.72
Advertise in general consumer newspapers	113	2.46	2.43	2.48
Mean: above the line advertising	**120**	**4.22**	**4.34**	**4.13**
	Below the line advertising			
Sales people/architects actively looking for new business	112	4.44	4.63	4.27
Direct marketing: brochures, CD's etc.	112	4.21	4.63	3.87
Newsletters (post/email)	106	2.77	2.87	2.69
Signage on cars	104	2.02	2.36	1.77
Mean: below the line advertising	**120**	**3.39**	**3.68**	**3.16**
	Public relations			
Have an article published in an architectural specific publication	118	5.80	5.94	5.69
Have an article published in an non-architectural publication e.g. builder's magazine	118	5.45	5.43	5.46
Press releases	118	4.87	4.77	4.95
Enter competitions	114	4.35	4.53	4.21
Public speeches upon formal public opening of a project	116	4.41	4.29	4.50
Mean: public relations	**118**	**4.98**	**4.99**	**4.98**
	Non traditional advertising			
Word-of-mouth/referrals from clients	122	8.98	8.90	9.04
Word-of-mouth/referrals from industry e.g. developers, structural engineers, etc	121	7.84	7.94	7.77
Networking	118	7.08	7.25	6.94
Indirect industry referrals, i.e. builder mentions architect in an article	121	6.53	6.73	6.38
Have a presence at conferences and exhibitions	112	4.55	4.34	4.73
Have a presence at year end functions e.g. year end suppliers' function	114	3.96	3.60	4.25
Mean: Non traditional advertising	**121**	**6.54**	**6.49**	**6.58**
Overall mean (all factors)	**121**	**4.91**	**4.98**	**4.85**

i. Above-the-line communications

Overall above-the-line communications were rated the second lowest effective category with a total mean of only 4.22 out of 10. Within the category on-site signage boards present the most effective above-the-line marketing vehicle with a rating of 6.5 out of 10, which makes it the 5th highest marketing vehicle overall. This corresponds with the findings from Karam's study (2006:407) where signage boards are featured as one of the most frequently used marketing tools, with 47.2 percent of respondents using a notice board on every project. The presence of a Website, as well as advertising on the Internet, was rated fairly high in this segment and overall with 5.39 and 4.29 respectively. Interestingly these ratings were only insignificantly lower amongst practices without a Website, which could indicate that architectural practices in general see a Website/the Internet as an important marketing tool. Advertising in a variety of publications received the lowest ratings, spanning from 3.90 to 2.46.

Besides the prevailing misconceptions regarding advertising (as expressed in the general comments of the survey), i.e. *"architects cannot advertise as they are professionals"*, this medium also requires a fair amount of upfront investment. The latter, in combination with the fact that practices judge the effectiveness of the vehicles in direct correlation to short-term return on investments rather than long-term benefits, such as image building, explains their perception that advertising is ineffective.

From a more long-term perspective it should however be remembered that the intangible nature of an architectural service means that advertising could be successfully utilised to promote the tangible elements within the product surround and thereby tangibalising the overall service offering. Due to the fact that only a limited number of the South African population is in need of an architectural service offering, the strategic placement of advertisements should be considered carefully. The fact that prospective clients often make reference to past projects to illustrate their own requirements, explains why on-site notice boards, which could be classified as 'billboards', are deemed to be very effective, with the additional advantage that there is no cost attached to its placement. It should also be considered that advertising can be an effective tool for image building which allows the architectural practice to differentiate themselves from competitors. Therefore using strategically placed advertising in order to build brand awareness could present itself as a competitive advantage in positively influencing the decision making process of prospective clients. It could dictate how consumers have positioned the firm in their minds which becomes important as and when they establish the need of an architectural service. It has to be added that in order to gain a competitive advantage advertising alone is not enough, and the image of the company has to be purposefully developed (through branding) to attract a specific market segment. This is expressed by one of the respondents as follows: *"Architects are trained in design, not marketing. You cannot underestimate the value of branding. Architects keep on changing their logos instead of getting professional people to do their branding in the first place".*

ii. Below-the-line communications

Below-the-line activities present the lowest category overall with a total mean of only 3.36 out of 10. The vehicles rated within the category can all be classified as direct marketing approaches, which received fairly low ratings, between 2.02 and 4.44. Within the category, dedicated sales people present the highest component with a rating of 4.44. These findings correspond with the qualitative survey, where only one of the respondents mentions office CDs, containing their portfolio, being handed out to potential clients.

All below-the-line activities, such as direct marketing materials and personal selling, were rated very low. This could be due to the fact that relationship building forms a large component of the architectural service delivery. Also, the fact that respondents indicated that the marketing of the firm is to a large extent conducted exclusively by principles and partners shows the importance of personal interaction with the actual service provider in order to start building a long-term relationship. Nevertheless, due to the nature of the business, the temporal gaps between projects or repeat business, tend to weaken the bond between architects and clients, which offers an opportunity for direct marketing activities to reinforce client relationships and showcase their creativity. Although architects may engage in personal selling they are more likely to classify it as networking, which will be discussed in further detail later on.

iii. Public Relations

This category received the second highest overall rating with 4.98 out of 10. Having articles published in architectural and non-architectural related magazines as well as press releases (5.8, 5.45 and 4.87 respectively) were deemed to be an effective marketing medium. The responses in the qualitative study confirm these ratings, where the respondents rated publication as a successful marketing vehicle, especially in the regard of image (brand) building. Despite the fact that architectural magazines received the highest rating within the category, various respondents mentioned under general comments that *"Advertising in architectural publications would not generate business as they are only read by architects".*

When comparing the responses for Public Relations to the literature, respondents seem to understand that PR activities can assist their firm in building their reputation and corporate image. It can also assist in the promotional objective of imparting information about the organisation or its services. While the literature states that PR is rarely the main component of the promotional mix, the responses point to the importance of this element to architectural services with regards to developing or maintaining a positive corporate image. In turn this not only presents them with credibility amongst industry participants, but also provides reassurance to potential clients in the process of selecting an architectural practice. Therefore PR should play a significant role when developing a communications mix for architectural service firms.

vi. Non-traditional Advertising

As expected from the qualitative research, this category received the highest rating with an overall mean of 6.49 out of 10. With a rating of almost 9 out of 10, WOM referrals from clients, followed by WOM referrals from industry players (7.84) were rated first and second highest within in the category and overall. With just over 7 out of 10, networking becomes the third frequently mentioned marketing vehicle. The lowest ratings were received by presence at conferences and end of year functions, with 4.55 and 3.69 respectively. However these mentions could be summarised under the networking function and this illustrates that some respondents may be uncertain as to what the term ‘networking’ entails.

With regards to non-traditional advertising, the responses from both surveys indicate a close alignment to the literature review. The findings confirm that personal recommendation is a powerful communication vehicle in the service sector. For high involvement purchases, such as architectural services, consumers generally consult unbiased and credible sources, such as friends and family, who have previous experience with the same service offering in order to reduce the perceived risk. The importance customers attach to the WOM endorsement by their peers arises from their need to reduce risk from the intangible and variable nature of services (Mudie & Purrie, 2006:187). Coupled with the fact that a few decades ago, WOM presented the focal marketing tool due to advertising restrictions, the industry has been almost exclusively reliant on this source of business. This could be the reason for WOM being the most effective source of work for 94.3 percent of all respondents. Even though the findings in this study illustrate the importance of non-traditional communication to the marketing mix, it is being ignored that several other marketing vehicles could be included to enhance the effectiveness of non-traditional, and therefore the overall marketing mix for architectural service firms.

5.3.4.4 Most Effective Marketing Vehicle

In order to gain a clear understanding of the effectiveness of marketing vehicles, the respondents were asked to state the most effective marketing tool (single mention) as well as give reasons for their mention by means of an open-ended question.

Table 5.9: Most Effective Marketing Vehicle

		WEBSITE	
Category	**Total**	**Yes**	**No**
Word-of-mouth/referrals from clients	54.4%	54.8%	54.0%
Word-of-mouth/referrals from industry e.g. developers, structural engineers, etc	20.0%	20.5%	19.5%
Networking	8.7%	9.6%	8.0%
The building itself	5.6%	6.8%	4.6%
Have an article published in an architectural specific publication	1.9%	1.4%	2.3%
Indirect industry referrals i.e. builders mentions architect in article	1.9%	2.7%	1.1%
Advertise in general consumer magazines	1.3%	0.0%	2.3%
Presence of a Website	1.3%	2.7%	0.0%
Signage: on-site notice boards	1.3%	1.4%	1.1%
Have an article published in an non-architectural publication e.g. builder's magazine	1.3%	0.0%	2.3%
Other (**)	2.4%	0.0%	4.4%
Base	**160**	**73**	**87**

(**) Includes: Advertise on the Internet, listing in the Yellow Pages, have a presence at conferences and exhibitions and on government register.

Aligned to the responses in the previous question, WOM referrals were rated the highest with 54.4 percent. This was followed by WOM referrals from industry players with 20 percent. An interrogation into the reasons for these ratings corresponds with Table 5.5. The fact that most of the work comes from either client or industry referrals gives architectural practices enough reason to believe that this is the most effective marketing vehicle as reflected in many of the verbatim responses. In addition, many practices have either not seen any results from other marketing activities or have never invested in any other tools, as WOM has proven to provide them with enough work. They also indicated that *'referrals reflect the quality of their work'* as well as the importance of *'long-term relationships'*, which suggests that only if the quality of the work is of a high standard and there is an established relationship between the parties, clients and industry participants. Hence, they will be referred to other prospects, which also corresponds with the findings from the qualitative survey. This shows that WOM cannot be seen in isolation as summed up by one of the respondents: *"It is a combination of WOM, networking, meeting the right people and delivering on the project*". The verbatim responses related to networking, which was rated the third most effective marketing vehicle, exemplifies that most of the respondents actually do not differentiate between networking and WOM as they use both terms synonymously. This also explains why the term was mentioned frequently in the qualitative study.

Interestingly, 5.6 percent rate the building itself (the core product) their most effective marketing vehicle with comments, such as:

"The building is what you are all about",
"Marketing gives you an entry to clients, but unless you perform, you are out"
"Marketing must be backed up by good work, you must have skills and knowledge".

This also corresponds with the verbatim responses, which indicate that WOM referrals are a result of the quality of the buildings. It is also supported by the fact that clients use current buildings as a reference to better illustrate their own requirements. The latter is also interlinked to signage boards as prospective clients will pick up the architects name from an on-site board of a building they like, as depicted under general comments as follows: *"Architecture is a visual thing. People identify the work you've done, and approach you if they like it".* However, with 1.3 percent, the frequency is very low compared to efficiency rating of 6.5 out of 10 in Table 5.8.

As discussed in Chapter 2, Cheppell and Willis (2000:391) state that even though architects may advertise their services (since the late 80's), there is still a general feeling that advertising is not a very professional thing to do. This trend is reflected in the low ratings of the various forms of advertising in Table 5.9 (between 0.6% and 1.3%). Furthermore some of the verbatim comments, such as *"Advertising is unethical"* or *"Architects are not allowed to advertise",* illustrate that besides a general negative sentiment, for some the misconception prevails that advertising is still prohibited.

The presence of a Website is also rated very low with regards to its effectiveness as a marketing vehicle, especially in comparison to its fairly high rating in Table 5.8. The positive verbatim responses on the other hand indicate that the practice "*receives many enquiries through their Website"* or *"it is becoming a standard to having a Website".*

All verbatim responses clearly indicate that all respondents rate the effectiveness of marketing vehicles based on the return on investment. In other words, WOM gives them a large amount of work without any investment, while advertising in general requires a substantial investment upfront and has proven to provide only small returns, which corresponds to the qualitative findings.

When referring to the literature cited in Chapter 2 it becomes evident that respondents of this survey see the different communication elements in isolation rather than a strategic combination of elements to achieve the most effective marketing mix.

5.3.4.5 Word-of-mouth, Networking and Client Relationships

Due to the emphasis on WOM, networking and client relationships in the qualitative survey, it was decided to add open-ended questions to establish the efforts by architectural practices to increase the efficiency of those marketing tools.

Even though Chapter 2 stipulates that networking is one way to increase WOM, many respondents seem to have difficulty in differentiating between the two approaches as mentioned previously. In order to improve WOM, about one third of all respondents stated that they do not do anything or that "*it happens naturally"*. Others mentioned that good quality and good service increases WOM. Some mention networking and a few stated advertising in magazines. The feedback to this question seems as if the architectural practices do not try to investigate the reasons behind WOM or have certain techniques to improve it, but rather take it as a given fact that it is their most successful business source.

While some of the respondents gave similar answers as above when they were asked to comment on networking, it seemed as if the respondents were more actively trying to improve networking by attending national and international conferences, seminars and workshops. They also stated that they try to attend functions hosted by the South African Property Owners Association and other industry related functions. Registering with reputable institutions, such as the South African Institute of Architects, was also mentioned several times. Furthermore many respondents indicated that they network by sponsoring or participating in sport and community events or simply "*in the normal course of socialising"*.

With regards to improving client relationships, most respondents stated that they *"give excellent service*" and *"constantly communicate with clients".* After-sales follow-ups, such as phone calls or postcards after the job has been completed, were also mentioned frequently. Furthermore some entertain clients by the means of lunches or dinners. Interestingly many respondents also referred to delivering a good product, even though all three approaches are concerned with the service component of the total offering.

The findings in this section overall confirm Hoffman and Bateson's view (2001:213), as cited in Chapter 2, in that most architectural service providers are lacking the expertise in marketing, as they are solely trained to effectively perform their technical duties. Even with regards to the non-traditional advertising activities, architectural practices take the efficiency for granted without trying to investigate reasons behind it or possible ways of improving them for times were demand is decreasing.

Another problem is related to the time pressures associated to the architectural industry, where the professionals are constantly trying to keep their clients satisfied by delivering under severe time constraints. Therefore decisions must be made carefully on how to divide their time amongst marketing, cultivating new clients and maintaining relationships with existing ones. Furthermore an architect can only bill clients for time they spend providing professional services, but cannot bill anyone for the time spent marketing their services. Even though this presents a very short-sighted point of view, these could present some of the reasons why many firms are reluctant to allocate very much of the professionals' time to marketing. However, although reluctant to undertake marketing activities themselves, several comments by the architects exemplify the marketing success of other firms, as illustrated by the following statement:

"DHK [a well established architectural practice in Cape Town] is an example of someone who has expanded very rapidly because of marketing. He went from being one man to employing 90 people in 15 years. His firm gets lots of exposure as they enter competitions. They won a competition in Venice, and used their success in their marketing." Another respondent adds: *"Big firms must market all the time, especially to cover their huge overheads. If you are out of sight, you are out of mind. DHK [a well established architectural practice in Cape Town] is so busy, but if he stopped networking and advertising, they might fall behind. You must keep telling people you are good and can deliver."*

At the same time it is unlikely that those involved with marketing their services will share their approaches with other industry participants out of fear of losing their competitive advantage, as confirmed by one of the verbatim responses: *"There is a small pool [of architects] in South Africa and everyone copies everyone else".* Therefore architects seeking to improve their marketing are unlikely to find advice within the architectural industry. One opinion under general comments states that *"Marketing agents are needed in big practices when the work dries up".* This illustrates that there could potentially be a need for either training architects in marketing or offering a consulting service, where all necessary marketing functions are outsourced to a marketing professional.

5.3.5 The Internet / The use of a Website

Overall, 52 out of the 122 respondents have a Website, which equates to 42.6 percent. This is a surprisingly high figure in comparison to the results from Arif and

Karam's study in 2000 and 2006 where respectively only 17.5 (N=120) and 9.4 (N=340) percent of respondents in the Western Cape indicated a Web presence.

Before asking the respondents more detailed questions on their views of having a Website to market their services, an open-ended question was asked to cross-examine how architectural practices compare a firm with a Website to a firm without a Website.

Interestingly, the replies were quite similar between practices with and without their own Website. None of the participants described firms with or without Websites as superior or inferior, but rather tried encapsulating advantages and disadvantages. Overall the comments were in favour of firms with a Website and corresponded closely with the qualitative findings. Both parties viewed practices with a Website to be more established, more professional and technologically advanced. Both parties also mentioned the acquiring of prospects and maintaining of relationships with an international client base. Respondents with a Website listed advantages, such as being able to communicate with clients, showcasing their portfolio to international prospects and using the site for recruitment. The focus of responses was concerned with technological advancement and the positive influence that this may have on the client's perception of the practice. Respondents without Web presence stated that a Website indicates a "*big and modern*" firm. They continued their description with words, such as "*credible*", "*prestigious*", "*serious*", and "*cutting edge*". Another respondent without a Website even noted that *"You are not in the 21st century, if you don't have a Website".* On the other hand they acknowledged that setting up and maintaining a good Website is time-consuming and resource-intensive, which seemed discouraging, especially for smaller firms. A number of respondents also stated that a Website is not indicative of the quality of the architectural work, with one respondent describing it as follows: *"A Website only improves your marketing, but does not change the way you work".*

In conclusion, respondents made favourable comments with regards to architectural practices with Websites (compared to those without), which contradicts their overall attitude with regards to marketing (in general) and the Internet, as discussed earlier. However, at this point in the research it is noteworthy that the comments are still kept fairly generic while further probing through aided questions. Table 5.10 and 5.11 show that respondents require some assistance into a more substantiated reasoning for whether deploying a Website is an effective marketing vehicle or not.

Practices with a Website were then required to rate key reasons[15] for having a Web presence on an aided 10-point scale, where 0 indicates not important at all and 10 indicates extremely important.

Table 5.10: Key Reasons why an Architectural Practice would have a Website (aided)

Category	n	Total	WEBSITE Yes	WEBSITE No
To showcase the portfolio	118	7.87	8.14	7.68
To create an image (brand) for the architectural practice	114	7.61	7.90	7.40
To create a favourable first impression	115	7.51	7.96	7.18
To advertise the architectural practice	118	7.41	7.54	7.31
To acquire new clients (nationally and internationally)	112	6.94	7.35	6.62
To increase the credibility/ professionalism of the firm	115	6.77	7.24	6.41
To slot in with the overall marketing plan/strategy of the architectural practice	114	6.31	6.77	5.97
To update current and prospective clients on work completed	114	6.31	6.27	6.33
To broaden the client base internationally	111	6.31	6.63	6.05
To make the initial contact (with prospective clients) less confrontational	112	6.16	6.75	5.72
To recruit appropriate staff for the architectural practice (job applications)	114	5.75	6.36	5.31
To save time on the initial contact	113	5.48	5.92	5.15
To communicate news and happenings at the architectural practice	112	5.09	4.91	5.22
Because other competitors (architectural practices) have one	112	4.81	5.47	4.34

The responses were very similar to the verbatim statements in the opening question of this section. Again, the answers from both parties were surprisingly closely aligned. With 7.78 out of 10, ‘showcasing the portfolio’ presented the highest rating, which was also reflected by the responses in the qualitative survey. This was followed by ‘creating an image (brand)’ for the architectural practice as well as ‘creating a favourable first impression’ with a rating of 7.61 and 7.51 respectively.

The above findings shows clear parallels to a study on Web-based communication of professional service firms (including architectural services) in New Zealand undertaken by Ramsey and McCole (2005:535), as cited in Chapter 3. They found that the main benefit perceived by the firms surveyed, is that having a Web presence provides effective brand building, which corresponds with the second and third highest rating in Table 5.11.

[15] Reasons were obtained from the qualitative study.

Under general comments, many architects made reference to a well established architectural practice in Cape Town. They all acknowledge its success in the industry and the way marketing activities were employed by the principal. This shows that most practices understand that a clear differentiation through marketing is necessary to establish a successful and recognised brand. However, there are still very few companies which have a powerful brand in this industry sector, which clearly illustrates the overall challenges associated with service branding and the need for a new mindset when developing service brands as previously epitomized by McDonald, de Chernatony & Harris (2001: 341) in Chapter 2.

Interestingly, advertising on the Internet as well as sourcing new clients, nationally and internationally, were rated fairly high with 7.41 and 6.94 out of 10 respectively. Both of these reasons were rated very low in previous questions where a Website slotted into the overall marketing of the firm (See Table 5.5, 5.8 and 5.9). This could be indicative of the fact that the perception of respondents towards the effectiveness of a Website may have changed over the course of the survey (as they have been made aware of the functions available).

In line with the responses in the opening question, 'credibility and professionalism' was rated the next highest reason with 6.77 out of 10. This was followed by 'making (less confrontational) initial client contact' and keeping clients informed as well as the benefit of external recruitment. In terms of the former rating, one respondent puts it as follows: *"A Website is easier to show prospective clients and they can look at it in their own time".* By acknowledging the benefit of being able to make the initial client contact less confrontational, the respondents recognise that a Website is a non-intrusive medium to which potential customers come voluntarily to choose the information they want to consult (Bandyopadhyay, 2001:23) as cited in Chapter 3. Under general comments various respondents also acknowledge the disadvantage of this characteristic by stating that they do not believe that potential clients will search the Web to find an architect, but rather use the Web for reassurance once they have become aware of the architectural practice's existence as illustrated in the following statement:

> *"People will look at buildings, then read up on the architect. They can then go to the Website to reassure themselves that they have chosen the right one. A Website can't be used to find an architect in the first place".*

This shows the need to provide offline support by communicating the Website address in traditional promotional materials in order to direct potential clients to the Website as proposed by Ainscough and Luckett (1996:45) in Chapter 3.

Lastly, but still rating fairly high with 4.81 is the fact that 'competitors have a site', which is also reflected in Ramsey and McCole's study (2005:535), as cited in Chapter 3. As mentioned in various sections of the literature review, this highlights the competitive nature of the architectural service landscape and the importance of practices not to fall behind the competition.

Given the key reason for having a Website, architectural practices without Web presence were then asked for the key reasons for not having a Website.

Table 5.11: Reasons for not having a Website (*)

		WEBSITE	
Category	**Total**	**Yes**	**No**
Just not set up yet e.g. due to time constraints	28.6%	0.0%	28.6%
Have enough work - no need to advertise any further	21.4%	0.0%	21.4%
See no relevance in having a Website	18.6%	0.0%	18.6%
Not enough time to maintain the site	18.6%	0.0%	18.6%
Have started setting one up but not finished yet	14.3%	0.0%	14.3%
Architectural practice is too small to justify a Website	8.6%	0.0%	8.6%
Retiring soon	7.1%	0.0%	7.1%
Never thought about it	2.9%	0.0%	2.9%
Not enough knowledge about the Internet	1.4%	0.0%	1.4%
Give work, not looking for it	1.4%	0.0%	1.4%
Would be pretentious to	1.4%	0.0%	1.4%
No-one taking control of it	1.4%	0.0%	1.4%
Base	**70**	**0**	**70**

(*) Multiple answers.

As already indicated in the qualitative interviews, the opening question 'time constraint' was mentioned as the first and fourth reason with 28.6 and 18.6 percent related to set-up and maintenance time respectively. Also, 14.3 percent had actually started setting up a site, but have not been able to complete it as reflected in several general comments, such as *"We want to develop a Website, but no one has taken control of it and no one has time to do it.* Moreover, the above rating is also reflected in the literature cited in Chapter 3, which refers to the concern that the lack of time, technical expertise and Internet marketing skills of architectural service providers presents difficulties with regards to establishing and maintaining a professional looking Website on their own.

With 21.4 percent, the fact that the firm has 'already got enough work' was ranked second highest before firms 'seeing no relevance in a Website' with 18.6 percent. This could be due to two reasons, namely (1) ignorance or a lack of knowledge about Internet technologies or (2) the fact that there is no requisite to move their business processes online to capture the final sale, particularly if they narrowly and locally define markets, as proposed by McCole and Ramsey (2004:779) as cited in Chapter 3.

In total, 8.3 percent feel that their firm is too small to justify a Website which is supported by general comments, such as “*Our practice is too small for a Website to be important”.* This could in fact also be related to the cost of setting up and maintaining a Website, which interestingly was not specifically stated as a reason, but was however mentioned in the qualitative survey.

In the literature review, Lawson et al. (2003:266) suggest further reasons with regards to the slow uptake of Internet communications by professional service providers. They propose not trusting information technology, the lack of IT skilled staff and the lack of awareness about possible uses of the Internet as further motivations. Although these have not been specifically mentioned in this study this could however be due to the fact that respondents might feel uncomfortable admitting that they lack the relevant skills to employ Internet marketing.

Given the reasons mentioned for having a Website, the respondents without a Website were then asked about the likelihood of them developing a Website in future.

Table 5.12: The Likelihood of you having a Website in the Future

		WEBSITE	
Category	**Total**	**Yes**	**No**
Most definitely	37.1%	0.0%	37.1%
Definitely	14.3%	0.0%	14.3%
Maybe	24.3%	0.0%	24.3%
Definitely not	14.3%	0.0%	14.3%
Most definitely not	8.6%	0.0%	8.6%
Uncertain	1.4%	0.0%	1.4%
Base	**70**	**0**	**70**

Despite strong ratings for reasons of not having a Website initially, a surprisingly high amount of 75 percent of respondents is likely to set up a Website in future. This is supported by several verbatim comments, such as:

“*Architects were not allowed to advertise in the past, but a Website is extremely important now. You must keep up with the times. People are using a Website more than publications these days.”*

Over 50 percent responded with *most definitely* and *definitely*, and only 23 percent responded with *definitely not* and most *definitely not.* These figures could be an indication of the fact that architectural practices have experienced very little exposure to the benefits of a Website, and after being exposed to some of the benefits, started changing their perception.

Moreover, several of the general comments expressed that practices would consider setting up a Website, if it was set up and maintained by an outsourced professional as reflected in one of the responses:

"It is lots of work to have a Website. You must photograph projects, put together reports to get the Website content and update it all the time. The Web designer moves on, and does not do the updates. I would not consider having a Website unless someone did it all for me".

Another respondent adds:

"T*here needs to be a firm specialising in setting up Websites for architects, take photos of their projects, and keep it updated. This company would need a track record, so it would have to set up one architect, say how much it cost to set up on the Website, and show this example of the Website to prospective new architect clients".*

This could present a vast opportunity for marketers and IT professionals to educate architectural practices on the benefits of Websites and find time- and cost-efficient solutions to address the firms' biggest concerns.

Lastly all respondents were asked what information they feel is essential to be hosted on a Website as depicted in Table 5.13 on the following page.

Table 5.13: Information/Aspects hosted on a Website (*) (aided)

		WEBSITE	
Category	**Total**	**Yes**	**No**
Projects/portfolios i.e. showcasing works	99.0%	100.0%	98.0%
Contact details of architectural practice	98.0%	100.0%	96.1%
Vision and mission statements	83.2%	88.0%	78.4%
Map of location of business/ branch	65.3%	72.0%	58.8%
Staffing and their contact details	58.4%	64.0%	52.9%
News, events and happenings	52.5%	56.0%	49.0%
Job opportunities/vacancies/ internships	41.6%	44.0%	39.2%
Rules of engagement	32.7%	32.0%	33.3%
Have links to other related businesses e.g. structural engineers, QS, etc	30.7%	30.0%	31.4%
Client base**(**)**	29.7%	38.0%	21.6%
Rates and fees	22.8%	18.0%	27.5%
Awards **(**)**	1.0%	2.0%	0.0%
Other services offered e.g. urban design, landscaping **(**)**	1.0%	2.0%	0.0%
Links to materials used **(**)**	1.0%	0.0%	2.0%
Referrals **(**)**	1.0%	2.0%	0.0%
Links to other fields of interest e. g. certain ways of design **(**)**	1.0%	2.0%	0.0%
Base	**101**	**50**	**51**

(*) Multiple answers (**) Unaided

With close to a 100 percent almost all respondents agree that showcasing the firm's portfolio presents the most vital information, which is a direct correlation to the qualitative findings. It is also reflected in several of the general comments, even by practices that do not currently have Web presence, i.e.

"The main reason for having a Website would be to showcase the portfolio. It is becoming very important to have a Website as clients always want to see your work"; "He is already doing well so does not need a Website, but he would be proud to have one to show people what he has done" or *"A Website also reflects on your work, and you will only showcase it if you are proud of it. You are only one click away from a potential client".*

Rated second highest are the firm's contact details. Also, 83.2 percent of all respondents feel that the firm's vision and mission statement should be communicated. One of the verbatim responses elaborates by stating that *"a mission statement distinguishes what you do, compared to your competitors".* The location is rated higher by businesses with a Website (72 percent) resulting in an overall rating of 65.3 percent. This can be attributed to the fact that clients who initiate contact through the Website need to find out the firm's location, while for practices without Websites, the location is likely to be known before or at the first point of contact.

58.4 percent of respondents would want to introduce their staff and their respective contact details on the site. Besides advertising job opportunities and vacancies on the site (41.6 percent), which has been described as *"It is hard to find good staff; a Website would give you broader reach"* by various general comments, the remainder of responses were concerned with providing industry related references, such as client details, awards, rates and fees, etc. Within that, making reference of their client base on the Website presented the highest unaided response with 29.7 percent. Featuring the clients' names and completed projects was also extensively discussed under general comments, resulting in two different perceptions. While one point of view was that the referencing of clients' names and projects would assist in supporting the firm's image and providing prospective clients with a reference point for their own projects, others stated that *"many clients don't want their houses being copied, so don't want their homes on a Website".* Even though the client base therefore presents a beneficial feature on an architectural practice's Website, clients' permission would have to be gained before placing a picture or name on their site.

Again the above findings correlate closely with the cited literature which states that most professional firm's use a Website to promote the firm's name and intent (Ramsey & McCole, 2005:535) as well to convey information about the organisation, such as their portfolio and contact details (Fitzsimmons & Fitzsimmons, 2006:113).

Overall most respondents seem to lack the understanding that a Website's relative contribution to the service product and overall marketing success is determined by its role in the overall strategic direction of the organisation.

5.4 Conclusion

The close alignment between the responses of the qualitative and quantitative research confirm that the respondents chosen for the qualitative survey formed a representative sample of the population surveyed in the quantitative study. Furthermore this shows that valuable inputs were taken from the qualitative research and applied to the compilation of the quantitative questionnaire. The aligned and conclusive findings from both surveys, as well as the close correlation to the literature reviewed, suggest that the survey provides a representative sample of the entire population.

Even though marketing terminology was reduced to a minimum in the quantitative survey, several responses indicated that some of the architectural practices do not even have the most basic understanding of marketing activities, and Internet marketing in specific. Also, many of them see the individual marketing activities, and specifically the deployment of a Website, as an isolated approach rather than an integrated strategy to the most efficient marketing mix. This is largely due to the fact that business training and more specifically marketing training, do not present an integral part of the formal education of architects. While this poses a major challenge as most architects are required to run a business post their graduation from architectural schools, it also presents an opportunity for marketing and IT professionals to outsource their services to the architectural industry.

Interestingly responses from firms with and without Websites were surprisingly closely aligned across all sections of the study and even though many practices are still reluctant to engage in marketing activities, they acknowledge the marketing success of well established firms in the industry. However, increased marketing education could possibly have a positive effect on the deployment of marketing in the architectural industry going forward.

Further research into the consumer decision making process as well as an investigation into the client's expectations of an architectural practice could provide valuable insights to compliment this research study and assist in the development of the most effective marketing mix for the architectural industry.

CHAPTER SIX
CONCLUSIONS AND RECOMMENDATONS

6.1 Introduction

This thesis provides an overview of the deployment of marketing by architectural practices in the Western Cape. It more specifically concentrates on how the Internet is being utilised within the marketing mix, with the purpose of establishing the reasons for the low Internet presence amongst architectural practices in the Western Cape as indicated in previous research studies. The literature suggests that the reluctance of architectural practices to develop a Website could be due to two reasons: (1) lack of time and skill in the particular field or (2) rather the unique characteristics of architectural services, which would make the Internet a less required facet within their marketing approach. The research confirmed a higher validity in the former hypothesis as discussed in further detail later on.

Due to the fact that architectural services have been a very much neglected research area in the past with most literature being of a prescriptive nature and often grounded in anecdotal evidence and expertise, this research is sought to add an academic contribution to the marketing of architectural services (in isolation rather than as part of a generic view combined with other professional services). Furthermore this research presents an update to the academic literature from a marketing point of view to compliment research that has previously approached this topic from an architectural background.

6.2 Summation of Findings

The outcome of the qualitative and quantitative research allowed the conclusion that despite a significant amount of respondents still being reluctant to engage in marketing activities, there is generally a positive sentiment towards marketing in general and the adoption of a Website in specific. Especially as the survey progressed, the opinions started becoming more positive which is an indication that the respondents enjoyed some education on the topic, which led them to change their overall perceptions. Interestingly, responses from firms with and without Websites were surprisingly closely aligned across all sections of the survey.

Several verbatim statements made it evident that the marketing of well-established industry players is acknowledged despite the fact that marketing may not be employed extensively by the respondents themselves. As expected from the literature review, the main barriers to successfully employing marketing and Internet tools can be attributed to ignorance, lack of time, resource and knowledge. All of these poses a significant opportunity for marketing and IT professionals to assist in ensuring that the marketing of the firm, including the Internet, becomes an holistic approach to attain the most effective marketing mix for architectural practices.

Contrarily to the indications from the literature review and previous studies, a large amount of the practices surveyed (almost half of all respondents) currently have Websites. Unfortunately it was out of scope for this research to evaluate the content of the sites to draw a conclusion as to whether the sites are being employed effectively in the marketing context, possibly presenting another point of research. Of those who do not currently have Websites, approximately 75 percent were in favour of developing a Website in future, which could be the result of the exposure to the benefits of a Website through the research, as mentioned previously.

6.3 Implications and Recommendations

After having outlined the main findings of the survey, the following section further interrogates the data and discusses the main implications of the findings. Each section is followed by the provision of recommendations on how architectural practices can address some of the unique challenges associated with the architectural service industry.

6.3.1 Marketing of Architectural Practices

The responses from the marketing section of the survey yielded a broad range of results and have therefore been broken up into three main areas. It starts with discussion around the overall perception on marketing, followed by the architect's approach to marketing strategy and lastly looking at the architect's business model or approach to market, as discussed below.

6.3.1.1 Changing Perception on Marketing

With regards to the architect's overall perception on marketing, the responses showed some interesting, but diverse results. One point of view suggests that there are practitioners who still believe that marketing is prohibited even though the ban in the architectural service industry was lifted about 20 years ago. This indicates that a large number of architects do not even engage in the theory of marketing, thereby ignoring all interrelated functions and benefits on their business. On the other hand there are a number of architectural practices that, although reluctant to engage in marketing activities themselves, acknowledge the marketing success of other industry participants. Some even explicitly mention the need for a marketing consultant to assist them with marketing, in times when demand is decreasing, which indicates that they generally understand the potential value of marketing to the industry and to their business. The diverse, almost contradictory responses seem to be an accurate reflection of the diversity within the architectural service industry.

These findings led to the conclusion that marketing activities in general might not be extensively discussed in industry related and institutional media. Furthermore, due to the competitive environment it is unlikely that successful industry participants will share their marketing approach. When further investigating the code of conduct published by the architectural regulatory body (SACAP), the marketing section is very loosely defined. It only stipulating that the architectural practice is required to '*be responsible and not misleading'* in their marketing approach, which means that practices are not restricted to any specific marketing activities.

Consequently the implication thereof is that the industry might be lacking a proactive guideline which explains which marketing vehicles are available and how they can be applied to the architectural services context.

Recommendations

It is therefore recommended that the professional architectural governing bodies, such as the SACAP and SAIA, use this opportunity to further educate architects on marketing, but also make suggestions on what they feel is aligned to the overall 'professional standard' of the industry. This can be achieved by the bodies working closely with marketing professionals who can address particular marketing trends and activities and apply them to the architectural services environment. The work could be presented at relevant conferences, through newsletters or other industry related publications.

This would not only provide architectural practices with a clear guideline, but possibly also advocate a shift in perception towards marketing as a result of the endorsement by the reputable governing bodies. From the regulatory institution's point of view, it provides them with a certain degree of control to ensure that the overall standard and image of the industry remains consistent and professional.

6.3.1.2 Marketing Strategy

Rather than taking a long-term approach to marketing strategy, the majority of the responses indicate that architectural service providers tend to use a 'situational' approach to strategy development, whereby only immediate strategic imperatives are identified and applied. The responses also showed that in most cases the marketing intelligence within the practice is restricted to the top tier, i.e. leaders of the firm, and only very seldom are all members of the firm empowered or equipped to market the practice. Furthermore, specifically in smaller practices, the practice leaders are so busy acquiring, delivering and managing the business that the strategic direction is created in their mind but rarely committed to a strategic document. Young (2005:26) explains that hereby *“insight, decision and action follow each other quickly and the direction can be determined only by a retrospective view of past decisions”.* The result is that employees in such firms can feel that they have no strategy to follow due to the lack of comprehensive written documents or clear planning. This emphasises that although principals of architectural practices may have developed a business strategy in their mind, they often do not have a clear way of communicating it to the entire organisation.

The implication of this finding is that a bottleneck is being created within the organisation due to the fact that there are only a small number of executives within each firm, whose primary concern is the overall running of the business. Hence, marketing was most likely becoming a secondary requirement or being ignored all together.

This is supported by further results, illustrating that architects are required to provide a service that includes tasks and responsibilities that go far beyond their key architectural function. In combination with the fact that business and marketing studies are only touched on as part of the architects’ education, architects are not well equipped to employ a marketing function in every day running of the business.

In addition to a negative sentiment against marketing as well as the lack of education on it, one of the main reasons for architects not undertaking marketing activities is related to the time pressures prevalent within the architectural industry. While architects can bill for the time spent on projects, they cannot bill for the time spent on marketing their practice. Even though this presents a very short-sighted view, thereby ignoring the long-term benefits that marketing could afford, it seems to be the reality in the architectural service industry. The implication is therefore a general reluctance to engage in marketing related activities.

The lack of strategic communication/input by business leaders coupled with the general lack of marketing education at architectural schools as well as the time pressures inherent in the architectural industry lead to the following recommendations.

Recommendations

The above mentioned concerns can be approached from three different perspectives, namely from a marketing, architectural and educational point of view.

From a marketing perspective the business opportunity exists for marketers to offer either specialised business training or outsourced business support to architectural service providers. Due to the unique environment associated with the architectural industry it is recommended that the marketing professional emerges himself into the industry through general research and interaction with various industry participants as well as industry related media. The marketer would then be equipped to provide valuable support with regards to the establishment of an overall marketing function within the business. It is recommended to start with the compilation of a clear strategic direction, which should be created in close collaboration with the business leaders. The extraction of the leader's main thoughts resulting in the compilation of a strategic document, which is shared and explained to all staff members, would result in a clear direction for all employees and in turn, a unified approach to market. This could provide existing architectural practices with the opportunity to differentiate themselves from competitors and provide an easier entry into the industry for newly established firms.

From an industry perspective, the employment of permanent marketing staff within the practice provides another opportunity; however the nature of the industry implies that marketers would rarely be given substantial accountability unless they are partners. This is the reason why the majority of people who carry out a marketing function in professional service firms are not career marketers. This means that from the administrator to the partner, there are a number of people trying to interpret marketing jargon and practice for the benefit of their firm without the depth of knowledge and experience found in other businesses. When considering the full-time employment of marketing staff, it is therefore recommended to employ qualified marketing consultants and up-skill them on the architectural industry rather than appointing current industry participants with limited knowledge in the marketing realm.

From an educational perspective, the recommendation is to consider the possibility of extending the curriculum of architectural education to include basic business and marketing principles. This would afford two distinct advantages: (1) It does not require the up-skilling of a marketing professional in the field of the architectural service environment and (2) it means that a graduate has got a greater potential to add value to the firm from the day of inception; and from an entrepreneurial perspective, it will allow the architect an easier entry into the market. Furthermore, if the curriculum was adapted, over time, every architect in the entire practice will have a basic marketing understanding and will thus be equipped to apply the marketing principles on a daily basis. This also affords the opportunity for the firm leaders to delegate some of the marketing work to other employees in order to create resource efficiencies without sacrificing on the quality of the work.

6.3.1.3 Moving to a Market-Oriented Business Model

The responses on industry dynamics in the qualitative study suggest that the intimate relationship that many professionals have with one client or one level of management can give them a distorted picture of trends, such as changes in the relationship of demand and supply or changes in the competitive environment. This means that they do not take an objective view and as a result, they could make decisions based on a mistaken perception of the market.

This is further supported by the fact that most architectural practices believe that marketing starts with the actual work, which is illustrated by their perception that their technical excellence and superior client service become the two main drivers of revenue growth in the industry. The reason for this is that for various reasons, clients talk about a professional service after it has been completed. Inherently a strong reputation is created, which may eventually turn into a brand, and as a result naturally generate more work. Young (2005:26) suggests that this 'demand-pull' situation is the total opposite of 'product-push' which has two very powerful benefits. Firstly, the cost of sales are maintained at a low and constant level because the firm does not actively look for work and secondly prices are kept high because *"practitioners can focus on diagnosing a need, where pricing becomes a consequence, not a focus, of discussion".*

However this presents a very narrow-minded point of view that is based on the theory of a product-oriented business model. In the 1960's Levitt started to revolutionise the marketing industry by proposing to focus on marketing strategy rather than production capabilities and thereby adopt a broader view of the market by recognising the lifetime value of consumer[16]. Since then, most industries have reacted to the fact that consumers have become more sophisticated and consequently have gained the power to demand goods and service that satisfy their needs and wants.

Recommendations

Although the architectural industry is still defined by a 'demand-pull' market condition, it is recommended that architectural practices adopt a proactive approach to ensure that they are equipped for the period when market dynamics and consumer perceptions start to change.

It is proposed that architectural practices start establishing their corporate image as it can provide them with a competitive differentiation, thus ensuring that this market feature remains consistent and the practice remains in demand, regardless of the market condition. This is especially true in times where supply (the number of architectural practices) exceeds demand (the number of clients in need of an architectural service).

Following the discussion on client expectations, the role of branding will be further elaborated upon in 6.3.3.

6.3.2 Client Expectations

With regards to client expectations the research results indicated that, from the architects' point of view, the design and quality of the actual building presents the primary client expectation, followed by providing a good service, which is seen as almost equally important.

The resulting implications of these findings are that architectural service providers have to constantly re-evaluate their service offer to ensure that difficulties associated with the intangibility and inseparability of a professional service offering are kept at a minimum. This is directly related to the way the service is delivered, as well as the tangible cues surrounding the service, i.e. the office communication and physical facilities. This is particularly important in the case of novice buyers who are not always aware of all the key functions included in the provision of an architectural service due to its intangibility characteristics.

[16] With reference to Levitt, T. 1960. Marketing Myopia. *Harvard Business Review*, July/August.

Recommendations

It is therefore recommended that architects actively communicate every step of the services process, deliverables and benefits in order to indicate service quality and value, but also to manage client expectations with regards to budgetary and time implications. A consistent corporate image can assist in the adding of tangible cues to the service offering and thereby create a distinct differentiation of the practice, which could lead to a competitive advantage in the case of client acquisition and specifically assist first time buyers in their selection process. Branding is discussed in detail below.

6.3.3 Branding

The marketing literature suggests that a strong corporate image or brand is the most effective form of differentiation in professional services. The results revealed that, despite the dramatic affect on demand of the leading architectural brands, as acknowledged by a large number of respondents, the architectural industry is generally very poor at investing in brand strategies. Most professional service brands evolved from years of quality work reinforced by repeat purchase. Even though the brand has often emerged naturally from reputation, in many cases the opportunity to create distinction and differentiation through focused brand work is underestimated. This is concerning as a corporate brand can possibly present one of the only tools that has the ability to overcome the intangibility characteristics associated with the architectural service offering. By dictating how consumers positioned the firm in their minds, it becomes important as and when the need of an architectural service arises.

The implication therefore is that in the architectural industry as a whole, there is a vast opportunity for a more managed approach in this area.

Recommendations

It is therefore recommended that the aspect of image building, which allows the architectural practice to differentiate themselves from competitors, should form one of the main considerations in the formulation of the marketing mix. Not only does the value of branding have to be recognised, but it also has to be understood that it requires the strategic assistance of a marketing professional to develop an appropriate corporate identity. It is therefore not recommended that architectural practices attempt to develop the corporate brand identity exclusively themselves.

On the other hand, however, it also needs to be raised that marketing professionals developing the corporate identity need to clearly understand the architectural service environment and, within that, the distinct relationship that the architect has with its clients. In other words, the fact that clients of architectural service providers are required to surrender themselves to the service provider often creates anxiety due to the high involvement and high risk associated with the service offer. As a result of this, service buyers look out for brand cues to seek emotional reassurance from the entity in charge, often without being aware they are doing so. This has implications for many aspects of brand development and naming strategy.

From a naming strategy perspective it should be considered that the name includes simple and functional descriptors in order to communicate the core service. Furthermore it is important to recognise the symbiotic link between the brand of a professional service firm and the reputation of key practitioners. Young (2005:27) advocates that in many firms, one of the main characteristics of a partner is the ability to grow the portfolio and to win work, so their external profile grows with experience. As a result they will gain an external reputation for a specialist skill. In fact, part of the strength of the firm's brand becomes the leading partners in its offer. Young (2005:27) adds that therefore the brand of the firm and the reputation of key partners *"become inextricably linked with neither of them outweighing the other".* It is therefore recommended that employees, including partners and staff, need to become the focus of brand work by deriving the brand position and brand values from attitudes of employees in addition to clients' perceptions. It is advised that the brand development work must start with an external audit of what is experienced by clients through employees, which then becomes the foundation of the brand strategy (Young, 2005:27).

Due to the low differentiation levels in the industry, it is strongly advised that architectural service providers acquaint themselves with the concept of brand building as it presents a competitive advantage in positively influencing the decision making process of prospective clients. Although the architectural practice itself offers a design service it is recommended to consult a branding specialist when developing the corporate brand strategy. From a marketing perspective the opportunity exists for a consultancy to start specialising in the architectural service industry, and proactively approaching architectural practices as well as regulatory bodies to educate architects on the value of branding and offer their services.

Once the corporate brand has been developed it has to be ensured that it is purposefully built by strategically utilising elements of the promotional mix as discussed below.

6.3.4 Promotional Mix

Moving on to the communication mix it becomes evident that respondents of this survey view the different marketing vehicles in isolation rather than as a strategic combination of elements to achieve the most effective promotional mix. This is coupled with the fact that respondents judge the effectiveness of marketing vehicles in direct correlation to short-term return on investments rather than long-term benefits, such as image building. This is one of the reasons why non-traditional advertising was rated so highly in comparison to other marketing vehicles and will therefore be discussed in further detail below.

6.3.4.1 Word-of-mouth

WOM (including referrals from industry participants), was rated as the primary source of work for architectural practices. The high response rate relating to the success of WOM and networking within the architectural industry suggests that most of the firms take a behavioural view of marketing. In other words, it is the behaviour of the suppliers and their interaction with clients that create business opportunities. However it seems that most respondents do not further investigate the reasons for it being such a lucrative business source. Moreover, there have been limited responses with regards to architectural practices trying to apply techniques to improve the effectiveness of WOM. This could be due to the fact that even though successful practices have been engaging in relationship marketing for many decades it may be done in the normal course of business or socialising. From this perspective the market or the practice itself is seen as a set of personal networks within which mutually profitable business relationships occur. While economics is not irrelevant, the architectural practice could further stimulate interactions to create demand.

Recommendations

Firstly it is suggested that the architectural practice approaches a marketing professional to carefully examine their external and internal environment to establish the firm's target market and positioning, and based on that, develops the most appropriate marketing mix within the firm's budgetary constraints. In the absence of an in-depth case study, the following promotional mix for architectural services is proposed based on the effectiveness ratings in the survey.

i. Word-of-Mouth & Networking

Due to its effectiveness, the focus of the mix should remain on non-traditional advertising, such as WOM and networking. Regardless of the high ratings, architects seem to ignore the reasons behind the effectiveness of client relationships through WOM and networking, thereby also missing the opportunity to analyse the tools to strategically increase their effectiveness in the future. Respondents are aware of the fact that WOM cannot be seen in isolation and have to be backed by quality work as well as positive client relationships. However they do not consciously employ any techniques to communicate their completed projects, or improve their client relationships in order to potentially enhance the effectiveness of WOM.

In order to increase the effectiveness of their relationships it is proposed that the architectural practice examines their markets by profiling client relationships in order to identify methods to stimulate more work from them. Cross-selling other services to existing contacts or deliberately encouraging referrals present some examples. Similarly, when it comes to networking, most respondents believed it to be sufficient to foster client relationships through the natural course of the project process with very little being done additionally. Only few respondents mentioned industry related functions, such as real estate conferences. Hence their networking capabilities could be significantly improved if they selected networking events from a more strategic perspective, by getting involved with other networks where a natural consumer association between industries already exists, i.e. real estate or construction.

ii. Advertising & Public Relations

With regards to advertising, it is not recommended to advertise in industry related magazines, i.e. architectural publications, as they are more likely to be read by industry participants and not potential clients. However, having articles or press releases published in consumer magazines can significantly contribute to building the firm's reputation and in turn the corporate image (brand), as acknowledged by many respondents. Even though many practices indicate that their work has been previously published, this has been mainly due to the fact they have been approached by the magazines. By adopting a more proactive approach, architectural practices could submit completed projects and press releases to industry related consumer magazines to encourage the publication to print their work before they might select competitors for the feature. If no internal resources and relationships with the media exist to actively approach publications, it is recommended to consult a PR specialist to ensure placement in relevant media on the firm's behalf. The latter might generally be more beneficial as PR specialists have existing relationships with certain media houses, which may not be accessible to the architects themselves.

Architectural practices should continue to use on-site signage boards wherever possible as they still present a valuable marketing vehicle due to the fact that many prospective clients tend to consider architects from an on-site board of a building they like. Additionally, they have the advantage that they do not involve any placement costs.

iii. Website

Although the presence of a Website was rated very low with regards to its effectiveness as a marketing vehicle, there is generally a positive sentiment towards its deployment, especially as the survey progressed and respondents became exposed to the benefits that the presence of a Website can hold. By encapsulating the responses of the survey, the following section will discuss in further detail how a Website is best deployed in the architectural services context.

6.3.5 The Relevance of a Website to Architectural Practices

The overall sentiment towards employing a Website is surprisingly positive. Despite strong ratings for not having a Website initially, approximately three quarters of respondents are likely to set up a Website in future, which could be an indication that architectural practices have experienced exposure to the benefits of a Website, thereby changing their perception. The following sections discuss the different considerations that should be taken into account when evaluating the relevance of a Website to the architectural service industry.

6.3.5.1 Lack of Education and Time

The responses suggested two major factors for not developing a Website. Firstly, architects have never been educated on the benefits of a Website, which means that many do not understand the advantages it can hold for their business. Secondly, the architectural industry is characterised by high time pressures which means that architectural practices are in need of an outsourced service that develops and maintains the site on their behalf. Several respondents actually expressed a positive sentiment towards deploying a Website under the condition that it was set up and maintained exclusively by an outsourced company.

The fact that a large number of respondents attributed the lack of time to maintain a Website, especially dominant amongst responses from smaller and younger firms, illustrates that architectural practices require a dedicated resource to develop and maintain their site. It also indicates that the respondents understand the importance of updating the site on a regular basis to ensure that a high level of credibility and professionalism is maintained. However, due to the high workload, especially in smaller firms, it is difficult to allocate resources to the Website management.

Recommendations

It is therefore recommended that marketing consultants and Web development firms start to proactively educate architectural practices on the potential benefits of Websites and create a customised offering for architectural practices, which illustrates the different uses and functionality of the Website, including a customised maintenance plan. Architectural practices could be approached directly, through architectural publications or at industry related conferences.

Due to the fact that the architectural practices are not only concerned about the time required to develop the site, but also the continuous portfolio updates, it is essential that they are offered a maintenance plan, which includes on-going updates of the site. The maintenance plan should include different levels of service and should be customisable to the firm's specific requirements. It could go as far as including the service of a professional photographer taking pictures of the completed buildings in order to alleviate nearly all the time and effort required from the architects for the regular updates. This again offers an opportunity for a Web development firm to set up a strategic partnership with photographers to ensure that the involvement from the architectural practice on the Website maintenance is kept at a minimum. It could also ensure that the appearance of the site sustains a consistent and professional standard.

This leads to the discussion of the main uses of a Website for an architectural practice.

6.3.5.2 Using a Website to Showcase the Portfolio & Internal Recruitment

One of the main uses that can be concluded from the survey is the ability to showcase the portfolio and in turn assist with the image or brand building of the firm. Additionally broadening the client base and building relationships with overseas clients presents a vital opportunity for Website deployment. Besides communicating the firm's intent and providing general information, such as contact details and office location, respondents felt it was beneficial to utilise the site for external recruitment purposes.

Recommendations

When developing a Website for an architectural practice it is therefore important that focus is placed on showcasing the portfolio, also due to the fact that the architectural practice's work presents the biggest differentiator between competitors in the market. Image building, which was rated second highest, provides another important factor to be considered when developing a Website. It is thus imperative that once the corporate identity has been established, it is consistently reflected in all communication elements including the firm's Website.

Due to the fact that the responses were all very closely aligned with regards to the Website content, an opportunity exists for a Web development firm to create a standard template for an architectural Website structure, with the major focus on showcasing the portfolio. The look and feel of the site could then be customised for a number of different firms by simply adapting the overall design of the site in alignment to the corporate identity of the architectural practice in question. This would not only provide the Web development firm with speed to market and efficiencies in terms of economies of scale, but would also allow the retail price to drop due to reduced development time. This would address the concern of several respondents who expressed (as general comments) that a Website may not be economically viable for smaller practices. As a result those practices might be more inclined to adopt a Website for their business, in turn again increasing the revenue for the Web development firm.

Based on the responses, including a recruitment page into the sitemap is a further imperative, and only requires a simple application from a Web development perspective. Furthermore, there is an opportunity to develop a recruitment platform for the architectural service industry. Similar to online forums in the marketing industry, such as *bizcommunity.com*, a platform could be developed to give architectural practices the opportunity to advertise their vacancies and provide job-seeking architects with a place to search for job opportunities. It also presents an opportunity for recruitment agencies, specialised in the architectural service industry, to approach architectural practices, advertise their services and offer vacancies to job seekers, resulting in a mutually beneficial networking platform for all three parties involved. The endorsement and/or involvement of the regulatory bodies (SACAP/SAIA) in such a concept would significantly increase the credibility for both seeking architects and practices.

6.3.5.3 The Internet as a Research Tool and Source of Work

The responses with regards to using a Website as a source of work proved to be strongly diverse. This could be due to the fact that architectural service providers do not understand the role of a Website employed as part of a comprehensive marketing approach rather than in isolation (as an exclusive source of work). This could explain the low response rate, which again emphasises the need for education in this field. However, the statistics cited in Chapter 1 show that the profile of a typical South African Internet user is likely to correspond with the profile of a consumer in need of an architectural service. This means that these consumers could potentially use the Internet as a primary source of information when searching for an architectural practice; especially for the reason that the initial contact with the service is made much less confrontational, as also acknowledged in the survey.

While most of the respondents indicated that even though a Website may not be feasible as a primary source of work, they understand its importance as a reassurance point for prospective clients who can visit the Website to view the projects that the architectural practice has completed in the past. As more potential consumers start using the Internet, the importance increases to develop a Website to ensure that the firm's presence online can take a place in the minds of potential consumers in need for an architectural service provider.

It can therefore be concluded that the Website will serve two main purposes, namely (1) to provide a research tool to locate the practice for potential consumers on the WWW and (2) to present a place of reassurance for consumers that the firm has engaged with, prior to the Website visit.

Recommendations

Regardless of the reason for the visit it has to be ensured that the site provides a favourable first impression to ensure that the practice is considered further in the decision making process of the potential client. As a result it is vital that from a reassurance point of view offline support is provided, i.e. publishing the firm's URL in traditional communication materials. From a primary research perspective, that the firm invests in techniques such as search engine optimisation and creating links to other related sites in order to ensure that the architect's site can be easily located on the World Wide Web.

Further research in this area illustrates that there is no comprehensive online database available to source an architectural practice. Even though a specific architectural practice can be found via the directories of the SAIA & SACAP, which have relevance to potential consumers as well as add credibility, these directories have two major shortcomings. Firstly, these bodies are generally not communicated in consumer-facing media or online search engines. This implies that the average consumer in the need of an architectural service is unlikely to be in the know of the existence of these institutions and will most probably not encounter their presence through consumer-facing media. Secondly, even if a consumer consults the directories, he will receive a list of names of architects in his region. However, no further information about the practice, such as their specialisation, is available, which means that the potential client has no point of comparison to select a practice suitable for his architectural requirements.

Considering the above, similarly to the proposal of the industry specific recruitment site, the concept can easily be developed further into an all-encompassing networking platform for the architectural service industry or even extended to other related industries, such as construction, landscaping and interior design. It would not only give architects the opportunity to exchange industry related information and/or services but could also develop into an objective knowledge base for private and commercial consumers to search for a suitable practice to fulfil their architectural requirements. The site should classify architectural practices according to their location and market specialisation (i.e. residential, commercial, etc.) to make the search for clients as easy as possible. It should further showcase the architectural practice's portfolio or contain a link to the practice's Website in order for the consumer to better evaluate and compare the architects work.

The endorsement of a third party through the governing industry bodies (SACAP/SAIA) would not only add credibility to the site for both architects as well as consumers, but also ensure that a certain performance standard is maintained. This could have the additional advantage of rejuvenating the image of the architectural industry as a whole, especially amongst the younger, more technologically advanced consumer base, which is likely to correspond with the consumer profile targeted by architectural practices.

From a sustainability perspective it is not recommended to charge the architects a subscription fee as they are generally reluctant to engage in activities without having a clear, upfront indication or measurement on the return of their investment. Instead it is recommended to sell advertising space on the site to ensure a consistent revenue stream and in turn, a sustainable business model. Again it is important that search engine optimisation and offline communication publicises the URL of the site in order to create initial awareness for both potential consumers as well as architectural practices. Furthermore, links to other industry related sites can further increase the awareness and in turn, traffic to the site.

If executed successfully, such a platform could become the primary research base for many potential clients in the need of an architectural service. As an independent and objective database this platform affords consumers the opportunity to research and evaluate architectural practices themselves, before seeking further endorsement or reassurance through WOM; in turn giving architectural practices more control over the communication reaching potential consumers (in comparison to WOM).

6.3.5.4 Summary

Overall it is important that architectural service providers understand that the Website only presents a single touch point within the overall marketing mix. Therefore expectations have to be managed carefully when implementing a Website for architectural practices, i.e. only if the entire marketing mix is adapted to meet the needs and wants of their target market, may the firm see a significant increase in their work load.

However at the same time the research illustrates that there are numerous opportunities for marketing consultants and Web development firms to leverage their skill set onto the architectural industry. Due to the fact that professional service providers still tend to be reluctant to engage in marketing activities, it is recommended that marketing and Internet professionals start developing industry related offerings, taking into account above mentioned considerations, to proactively approach architectural practices.

Further education on marketing and the benefits of the Internet to the architectural service industry, endorsed by the regulatory bodies, could further shift negative perceptions and bring the marketing and architectural industry closer together, thereby encouraging them to enter into mutually beneficial relationships.

6.4 Research Recommendations

With regard to the demarcations and limitations of this study outlined in Chapter 4 further research is recommended.

6.4.1 Supply Side Research

From a supply side perspective, further research in other parts of South Africa would provide a point for comparison to the findings of this study in order to establish similarities and/or differences between regions. It would also provide a more comprehensive view on the national industry trends.

The research results indicated that younger as well as smaller firms are less likely to employ a Website as a marketing vehicle. Future research presents an opportunity to establish whether the Internet adoption is directly linked to the age, size or stability of the practices. This would establish a more precise idea of the company profile and allow marketers and Web developers to better target firms with their offering.

6.4.2 Demand Side Research

By the means of a demand side study, valuable information could be drawn and compared to the results of this study as proposed below:

While this study has provided client expectations, it is important to note that the results represent the opinions of the architectural service providers and not of the clients in need of an architectural service. Presenting itself as another point of research, it is recommended to determine whether the opinions of architects congregate with actual client expectations to establish an even more accurate view of the industry dynamics.

Presenting such a valuable source of business, further research into the WOM behaviour of clients could present an opportunity to investigate what drives clients to refer an architectural practice. Hence, the insight could present practitioners with valuable insight to adapt their client relationship management approach and increase their non-traditional marketing efficiencies.

Furthermore, demand side research would be able to establish if the client's preferred means of sourcing an architectural practice corresponds with the source of work mentioned by the respondents in this study. An investigation into the consumer decision making process for professional services, including an interrogation into the use of a Website within the process, could add valuable learnings to complement the findings of this study. It is also recommended to further interrogate the role of branding with regards to the consumer perception of the architectural practice as well as its influence on the consumer decision making process.

6.5 Conclusion

The fact that several respondents are under the impression that marketing is still prohibited combined with the results that the industry is largely driven by client relationships, explains why many practices are still reluctant to engage in marketing activities. At the same time however, a large number of respondents acknowledge the marketing success of well established firms in the industry which leads to the conclusion that increased marketing education could possibly have a positive effect on the deployment of marketing in the architectural industry going forward. A more focused marketing approach could result in a greater competitive advantage in an industry that is characterised by very low levels of differentiation.

The Internet specifically, can have a significant impact on the interaction with the professional service by being able to showcase their portfolio and thereby provide potential clients with a differentiation, as well as a reassurance point that they have chosen the right practice to suit their architectural needs. Overall, however, most respondents seem to lack the understanding that a Website's relative contribution to the service product and overall marketing success is determined by its role in the overall strategic direction of the organisation. Again, this can be addressed through industry specific education by regulatory bodies, marketing and IT professionals who can provide recommendations on how a Website is best employed, relative to the architectural service industry and the specific target market.

In summary, the employment of marketing in the architectural industry is a neglected research area and the information gathered from this study provides a basic understanding of the industry dynamics and therefore presents a sound information base. Further research into the consumer decision making process, as well as an investigation into the client's expectations of an architectural service could provide further valuable insights to compliment this research study and assist in the development of the most effective marketing mix for the architectural industry.

Even though the study refers to the use of marketing of selected architectural practices, it is believed that the results can be projected onto the population of interest and also provide basic learnings to other professional services.

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APPENDICIES

APPENDIX A: QUALITATIVE QUESTIONNAIRE

Pre-assessment

Date	....
Time	....
Company Name	....
Interviewee's Name	....
Position in the company	....

Qualitative questionnaire final.doc released 8 April 2008

SECTION A: GENERAL

1. **Describe the business: Number of employees, years in operation, position and responsibilities of the person interviewed, type of architectural work done by the business, other.**

Number of full time employees

	➔**FILL IN THE NUMBER**

Number of qualifies architects

	➔**FILL IN THE NUMBER**

Years in existence

	➔**FILL IN THE NUMBER**

2. **What do architects do? ➔PROBE BY MEANS OF A RECENT CONTRACT AND ASK FOR THE PERSON TO DESCRIBE EXACTLY WHAT HAS HAPPENED WITH REGARD TO THE WHOLE PROCESS (FROM INCEPTION – 1ST CONTACT TO COMPLETION). WITH WHOM DOES THE ARCHITECT INTERACTS/LIAISES WITH? THE FLOW OF DOCUMENTATION? ETC. ALSO PROBE WITH REGARDS TO IF THERE ARE ANY TASKS WHICH ARE DIFFERENT TO THE ARCHITECT'S KEY SERVICES.**

3. **What do clients expect from an architect?**

4. **Who are industry role players who engage directly and/or indirectly with an architect (e.g. builders, engineers, suppliers of raw materials)? Define the role and function and the relationship these parties have with AS (in the context of the AS business).**

5. **In order to differentiate clients, how would an AS practice categorise (segment) its clients? ➔PROBE FOR MORE THAN ONE POSSIBILITY. For example, if classified by industry, then probe the industries (Commercial, household, government).**

SECTION B: INDUSTRY DYNAMICS

6. **In what way has the architectural service (AS) industry changed over the past 5 years? Have these changes also occurred world-wide? ➔OPEN QUESTION**

7. ➔PROBE IN TERMS OF (if note already discussed in above-mentioned question - Q.6):

(i) Competition?

(ii) Governance i.e. the way work is conducted by AS, as well as Government legislation (and the effect thereof)?

(iii) The type of work conducted – do architects become involved in more 'non-architectural' functions? Which?

(iv) Relationships with other parties in the industry (i.e. builders)?

(v) Relationships with clients (with regards to managing and engaging with clients)?

8. In general, what is his/her perception with regard to the changes over the next 5 years?

SECTION C: MARKETING OF THE FIRM

9. How is your work sourced? ➔DESCRIBE FULLY

10. How do you market yourself? ➔PROBE FULLY

IF THE FOLLOWING IS NOT PROBED, THEN ASK:

a. **Advertising ➔PROBE**
   i. **In which media and why, i.e. what do you want to achieve by advertising is those media? Media options: (a) newspapers, (b) magazines: ➔PROBE ALSO FOR AS SPECIFIC MAGAZINES, (c) academic journals, (d) Yellow Pages (e) Notice boards on construction sites (f) other.**
   ii. **Internet: ➔DISCUSSED IN FULL IN SECTION D**

b. Direct Marketing & Personal Selling ➔PROBE
   i. Describe how it is used in the AS context (i.e. newsletters, office brochures, salespeople).

c. Public Relations ➔PROBE
   i. Describe how it is used in the AS context, i.e. public speeches, conferences or lectures, articles, press releases.

d. Word of mouth (WOM)? ➔PROBE
   i. What does it entail? How effective is it? How does one measure its effectiveness?
   ii. How would a new AS practice market itself through WOM?
   iii. Are referrals Incentivised e.g. retainer / commission paid?

11. How do you measure the effectiveness of these marketing activities? Which one do you believe brings the most amount of value (work) to your firm? Why?

12. In your mind, in what way is the marketing of AS different compared to other service industries such as civil engineers? quantity surveyors?

13. Given the fact that there are a number of AS businesses, how do you differentiate yourself from other architectural practices (with the same service offering)?

SECTION D: THE INTERNET

14. AS has a website Yes ☐ No ☐

15. How can the Internet be beneficial to AS overall?

16. What would be the role and function of a Website be with regards to AS businesses?

17. For what reasons would an AS practise have a Website? ➔PROBE FULLY

18. How would an AS use the internet as a marketing tool? ➔ASK ONLY IF NOT ANSWERED IN Q.17

19. **For what reasons would an AS practise *not* have a Website? What would make an AS practise decide to have a Website?➔PROBE FULLY**

20. **Assume one has two identical AS practices with the same staff, facilities and location, etc. However, the one AS practice has a Website and the other one not. What does it tell you about this AS practice compared to the other practice without a Website? Where do the differences lie? Can one talk about a competitive advantage here? If yes describe**

21. **Do (would) customers approach you as a result of viewing your (a) Website? ➔ (BRACKETS INDICATE AS WITH NO WEB PRESENCE)**

SECTION E: RELATIONSHIP MARKETING

22. **How are relationships with your customers established, maintained and improved? ➔PROBE WITH REGARDS TO ANY STRATEGIES BEING DEPLOYED TO IMPROVE CUSTOMER RELATIONSHIPS.**

23. In what way can the Internet be used as a relationship management tool in the AS context?

24. General comments

APPENDIX B: QUANTITATIVE QUESTIONNAIRE

Pre-assessment

Date	....
Time	....
Company Name	....
Interviewee's Name	....
Position in the company	....
(*) INDICATES MULTIPLE ANSWERS (UNAIDED)	

SECTION A: INTRODUCTION

1. **How many years has your firm been in existence?**

less than 1 year	2-1
1 – 2 years	2
2 – 5 years	3
6 – 10 years	4
11 – 20 years	5
20+ years	6
Cannot tell	7

2. **How many people does the company employ?**

➔**FILL IN THE NUMBER**

3. **How many qualified architects does the company employ?**

➔**FILL IN THE NUMBER**

4. **In your opinion, what do clients expect from an architect?(*)**

To be professional in his/her conduct	5-1
To be competent in the key function (designs)	2
To listen to the specific needs of the client	3
To know and understand the various regulations	4
To supervise / work closely with the builder(s) / contractor	5
To facilitate the services of the engineers (electrical, structural) and other related services e.g. interior design, QS,	6
To stay within budget	7
To complete work on time/within the given time framework	8
To be honest	9
To be practical and hands-on	10
To be flexible	11
To arrange all related functions from start to finish (to provide a turnkey solution)	12
To liaise with client throughout the project	13
Uncertain / cannot tell	14
Other **PLEASE SPECIFY**	15

5. **Overall, how do you source your work? (*)**

Word of mouth	6-1

Via a Website	2
Networking	3
Enter competitions	4
Cold calls from clients (‘walk-in’ or phone)	5
Referrals from industry, e.g. developers, structural engineers, etc.	6
Advertising	7
From the SAIA directory	8
Uncertain/cannot tell	9
Other **PLEASE SPECIFY**	10

SECTION B: MARKETING OF THE FIRM

6. **Overall, how does your firm differentiate itself from other architectural practises?(*)**

Do not differentiate at all	7-1
Design i.e. unique design solutions	2
Quality of work	3
Pay attention to detail	4
Good client relationships	5
Efficiency, i.e. work completed within budgetary and time requirements	6
Marketing of the firm i.e. the firm’s image	7
Website	8
Listening to clients needs and actively involving them in the process	9
Uncertain / cannot tell	10
Other **PLEASE SPECIFY**	11

7. **Who is responsible for the marketing of the AS firm?(*)**

Nobody	8-1
Principals	2
Partners	3
Senior architects	4
Project architects	5
Dedicated Marketing department or staff	6
Administration staff	7
Everybody in the business actually markets the business in one way or another	8
Uncertain / cannot tell	9
Other, **PLEASE SPECIFY**	10

8. **How do you rate the effectiveness of the following vehicles when it comes to the marketing of architectural practises? Rate these vehicles on a 10 point scale where 0 = not effective at all and 10 = extremely effective. CALL OUT THE OPTIONS AND RECORD THE APPROPRIATE NUMBER.**

i. Above the line advertising

Advertise in general consumer newspapers	9-1

Advertise in general consumer magazines	2
Advertise in architectural publications	3
Advertise on the Internet	4
Listing in the Yellow Pages	5
Presence of a Website	6

ii. *Below the line advertising (Direct Marketing & Personal Selling)*

Newsletters (post / e-mail)	9-7
Signage on cars	8
Signage: on-site notice boards	9
Have a presence at conferences and exhibitions	10
Salespeople / architects actively looking for new business	11
Enter competitions	12
Have a presence at year-end functions, e.g. year-end suppliers' function	13
Direct marketing: brochures, CD's, etc.	14

iii. *Public relations*

Have an article published in an architectural specific publication	9-15
Have an article published in a non-architectural publication, e.g. builder's magazine	16
Public speeches upon formal public opening of a project	17
Press releases	18

iv. *Non traditional advertising*

Word of mouth / referrals from clients	9-19
Word of mouth / referrals from industry, e.g. developers, structural engineers, etc.	20
Indirect industry referrals, i.e. builder mentions architect in an article	21
Networking	22

9. Which <u>one</u> of the mentioned marketing activities do you regard as the most effective approach (brings the most amount of work) for your firm? AID THE RESPONDENT BY MENTIONING ALL MEDIA WHICH SCORED 10 OUT OF 10 FOR EFFECTIVENESS

________ RECORD THE NUMBER (1 to 22)

10. Why do you say so?

11. What do you do to increase WOM for your firm? e.g. do you publish comments of satisfied customers; do you incentivise referrals, other.

12. How do you do Networking?

13. **How do you improve relationships with current clients?**

SECTION C: THE INTERNET

14. **If an Architectural Service (AS) practise has a Website, what does it tell you about the business compared to other AS practices without a Website?**

15. **Does your firm have a Website?**

Yes	16-1		No **GO TO QUESTION 19**	2

16. **In your opinion, which of the following would be the key reasons for an architectural practise to have a Website?(*) Rate the following reasons on a 10 point scale where 0 = not important at all and 10 = extremely important reason for having a Website. CALL OUT THE OPTIONS AND RECORD THE NUMBER.**

To advertise the architectural practice	17-1
To slot in with the overall marketing plan / strategy of the architectural practice	2
To create an image (brand) for the architectural practise	3
To create a favourable first impression	4
To increase the credibility/professionalism of the firm	5
To make the initial contact (with prospective clients) less confrontational	6
To save time on the initial contact	7
To showcase completed portfolios to new and existing clients	8
To acquire new clients (nationally and internationally)	9
To update current and prospective clients on work completed	10
To broaden the client base internationally	11
To showcase the portfolio	12
To recruit appropriate staff for the architectural practise (job applications)	13
To communicate news and happenings at the architectural practise	14
Because my competitors have one	15
Other **PLEASE SPECIFY**	16

17. What aspects / information do you think should be on a Website of an architectural practise? AIDED: CALL OUT THE OPTIONS:

Contact details of architectural practise	18-1
Map of location of business/branches	2
Staffing and contact details	3
Past projects/portfolios i.e. showcasing of completed works	4
Rates and fees	5
Rules of engagement	6
Vision and mission statements	7
Job opportunities/vacancies/internships	8
News, events and happenings	9
Have links to other related businesses/sites e.g. structural engineers, QS (quantity surveyors).	10
Other **PLEASE SPECIFY**	11

GO TO QUESTION 23

18. Why don't you not have a Website presence? (*)

Architectural practise is too small to justify a Website	19-1
See no relevance in having a Website	2
Have enough work – no need to advertise any further	3
Too expensive	4
High cost of maintenance of the site	5
Not enough time to maintain the site	6
Not enough knowledge about the Internet	7
Other **PLEASE SPECIFY**	8

19. In your opinion, which of the following would be potential reasons for an architectural service to set-up a Website for itself?(*) Rate the following reasons on a 10 point scale where 0 = not important at all and 10 = extremely important for having a Website. CALL OUT THE OPTIONS AND RATE.

To advertise the architectural practice	20-1
To slot in with the overall marketing plan / strategy of the architectural practice	2
To create an image (brand) for the architectural practise	3
To create a favourable first impression	4
To increase the credibility/professionalism of the firm	5
To make the initial contact (with prospective clients) less confrontational	6
To save time on the initial contact	7
To showcase completed portfolios to new and existing clients	8
To acquire new clients (nationally and internationally)	9
To update current and prospective clients on work completed	10
To broaden the client base internationally	11
To showcase the portfolio	12

To recruit appropriate staff for the architectural practise (job applications)	13
To communicate news and happenings at the architectural practise	14
Because my competitors have one	15
Other **PLEASE SPECIFY**	16

20. Given the above mentioned reasons for having a Website, would you consider having a Website in the near future? CALL OUT OPTIONS

Most definitely	21-1
Definitely	2
Maybe	3
Definitely not **GO TO QUESTION 22**	4
Most definitely not **GO TO QUESTION 22**	5
Uncertain **GO TO QUESTION 22**	6

21. IF RECORDED "most definitely, definitely or maybe", ASK: What aspects / information do you think should be on a Website of an architectural practise? CALL OUT THE OPTIONS:

Contact details of architectural practise	22-1
Map of location of business/branches	2
Staffing and contact details	3
Past projects/portfolios i.e. showcasing of completed works	4
Rates and fees	5
Rules of engagement	6
Vision and mission statements	7
Job opportunities/vacancies/internships	8
News, events and happenings	9
Have links to other related businesses/sites e.g. structural engineers, QS (quantity surveyors).	10
Other **PLEASE SPECIFY**	11
Architectural Services should not have a Website.	12

22. Any other comments to make

Thank you!