

Marketing of works as a source of the new hybrid offerings in widened marketing of goods, works and services

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Abstract

Purpose – The purpose of this paper is the justification of a new conception of the marketing of works. The paper supports this new conception of the marketing of goods, works, and services instead of the existing conception of the marketing of goods and services. The paper also introduces new concepts of hybrid offerings.

Design/methodology/approach – The paper develops hypotheses on the basis of a hypothetical-deductive method, the application of analysis and synthesis for justification of the proposed concepts, and interviews with top marketing managers of shipyards to substantiate the necessity of marketing of works.

Findings – Marketing of works is a new line of marketing activity and a source of new hybrid offerings. A widened marketing of goods, works, and services must replace the existing marketing of goods and services, which does not apply completely in the sale of works. The main difference between works and services is an ability to change the market value of objects. “Goods + works” and “works + services” are the new particular hybrid offerings and “goods + works + services” is the new general hybrid offering.

Practical implications – Marketing of works plays a key role in many branches of industry, including house building, airplane production, the repair of vessels, the reclamation of land, and so on. Works are elements of the new hybrid offerings and the new marketing of goods, works, and services.

Originality/value – Initially, the new marketing of works appeared as a part of the marketing of industrial services. Conceptions of the marketing of works and the marketing of goods, works, and services are new results that develop the existing marketing of goods and services. The particular hybrid offerings “goods + works” and “works + services” and the general hybrid offering “goods + works + services” are also new results.

Keywords Marketing of goods, works and services, Marketing of works, Particular and general hybrid offerings

Paper type Conceptual paper

An executive summary for managers and executive readers can be found at the end of this article.

1. Introduction

Growth in the share of works and services in the gross domestic product of most countries in the world is a present-day trend. Unlike services, the execution of works increases national wealth together with the manufacture of goods. It is necessary to provide adequate scientific and practical support of marketing in the area of the execution of works. Before his academic activity, the author was a marketing director at American and Ukrainian shipyards. Thanks to this background, he is familiar with the problems of shipyards’ marketing departments.

Work is an element of “product” in the marketing mix; a source of revenue for the executor of the work; a line of generalized human activity that creates market value, or changes or liquidates the market value of the customers’ objects as a result of manufacture, repair, remaking,

modernization, re-equipment or liquidation of these objects. The ability to change the market value of processed objects is the main distinction of works from services. Service is an element of “product” in the marketing mix; a source of revenue for the service provider and a line of generalized human activity that carries out maintenance, usage and servicing of clients’ objects without changing the objects’ market value.

The concept of “project” determines a method of works organization and execution. The customer pays money for executed works as a product of labor, but not the project as a manner of works execution. Attainment the goals of a project is the customer’s purpose. The project executor’s goal is the acquisition of revenue. Works, like goods and services, are a source of revenue to the executor. The firm sells these future works the way a manufacturer sells his available goods or a provider sells his future services to the purchaser of goods,

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works, or services. Product as the first “P” of the marketing mix is a concept that consists of three parts (i.e. goods, works and services). Previous understanding of this system considers two elements only (i.e. goods and services).

A well-known concept of industrial services describes services that accomplish sales of industrial goods in B-to-B markets as a part of the hybrid offering “goods and services”, which was mentioned by Ulaga and Reinartz (2011). These services provide, for example, presale or after-sale technical support of lathes, welding sets, spray cabinets, lifting cranes, etc. As an element of hybrid offerings, industrial services increase the effectiveness of the activity of industrial goods sellers but do not change the market value of these industrial goods.

Why do we study works and the marketing of works? Works are not services and, moreover, works are not goods. We sell industrial goods and services using industrial marketing of goods and services. How can we sell works? Only by the particularized marketing of works. There are markets of goods, markets of services and markets of works. We name an activity in these markets “marketing”. Activity in markets of works is a marketing of works, isn't it? The works alone constitute a considerable part of the repair specification of a ship. Thus, marketing of works is a topic of primary importance here. Moreover, marketing of works is necessary in many key branches of industry (e.g. house-building, repair of highways, production of airplanes or the development of new technologies).

2. Conceptual background

In the early 1980s, the American Marketing Association (AMA) introduced the concept of marketing of goods and services, which is the basic topic of our study. The advantage of the concept is an idea of general marketing as a system of two elements (i.e. marketing of goods and marketing of services). Moreover, according to this concept, “product” as the first element of the marketing mix consists of two parts (i.e. goods and services). We develop the concept by adding a new part (i.e. works) to the “product” concept.

The concept of industrial services is the next basic idea of our study. We divided the initial concept of services into two parts – a concept of true services and a concept of works as an activity that changes the market value of processed objects, including the manufacture and liquidation of these objects. The concept of abstract labor gives us the opportunity to consider goods, works and services as equal products of labor that can generate revenue. Moreover, the existing legislation in many developed countries considers goods, works and services as sources of a firm's taxable income.

Also, we take into consideration concepts of industrial marketing, relationship marketing (Komenar, 1997), marketing of interaction, reinventing marketing (Kotler, 2011), etc. Nevertheless, marketing practitioners face the challenge that existing concept of marketing of goods and services is insufficient for firms' practice. Usually, shipyards do not manufacture goods for sale. Therefore, shipyards' marketing departments cannot use goods marketing in full. Shipyards render concomitant services. For their contracts with their customers, shipyards draw up some ship repair specifications. Here, these services are a separate part of the specification (i.e. “services of the shipyard”). This part

reaches, usually, no more than 20 percent of the cost of the contract.

What creates the remaining 80 percent of the cost of the repair contract? This is the main part of the ship repair specification, and we call it “works of the shipyard”. The shipyard installs a lot of materials and components aboard during repair. These items are goods that the shipyard sells to the customer. Nevertheless, works are the main part of the contract. This is why repair works alone bring in the lion's share of the shipyard's revenue. If the production and sale of goods, and the sale and rendering of services are not the main activities for a shipyard's marketing department, the marketing of goods and marketing of services are not the principal marketing lines here.

Nevertheless, the services and works of the shipyard create a new hybrid offering (i.e. the offering of products “services + works”). In addition, shipyards use the new hybrid offering “works + goods” and the well-known hybrid offering “goods + services”. Hereby, repair companies operate three kinds of hybrid offerings. We can use the definition that a hybrid offering is a combination “of one and more goods and one or more services, creating more customer benefits than if the good and service were available separately” (Shankar *et al.*, 2007). On this basis, we propose a widened definition for hybrid offerings: hybrid offerings are combinations of goods and services; goods and works; works and services; and goods, works and services creating more benefits for the customer and the supplier than if the goods, works and services were available separately.

With the exception of the current author's articles, there are no literature sources that refer to such a concept as the “marketing of works”. Some authors use the concept of a “market of works”, but none apply the concept of “marketing of works”. Also, there is no mention of the concept of marketing of goods, works and services in published or electronic information sources. There are no references to the hybrid offerings “goods + works” or “works + services” as concepts that supplement the existing concept of the hybrid offering “goods + services”. The simultaneous combination of the three products “goods + works + services” (i.e. general hybrid offering) is hitherto unknown in the literature.

3. Hypotheses development

For investigation and justification of the subject of this article, we propose three hypotheses. The hypotheses concern:

- 1 the presence of the marketing of works;
- 2 the necessity of widening the marketing of goods and services to the concept of the marketing of goods, works and services; and
- 3 the presupposition that “works” can be elements of the new hybrid offerings in addition to the existing hybrid offering “goods + services”.

The first hypothesis relates to the concept of marketing of works:

- H1.* It is possible to presuppose the existence of some marketing line in the area of the sale and execution of works as a result of the existence of the market of works and activity in such a market that we can name “marketing of works”.

Marketing departments use special marketing of goods for sale of goods, and they apply marketing of services for the sale and rendering of services.

The second hypothesis describes widening the existing marketing of goods and services to the concept of marketing of goods, works and services:

H2. It is necessary to widen the definition of marketing of goods and services to “marketing of goods, works and services”.

The concept of “product” in the marketing mix consists of goods, works and services.

The third hypothesis presupposes that works can be elements of the new hybrid offerings in addition to the existing hybrid offering “goods + services”:

H3. The pairs of products “goods + works” and “works + services” can be a basis for the new particular hybrid offerings and the general hybrid offering “goods + works + services”.

First, we determined sale of works as a matter of marketing activity (i.e. marketing of works). Second, because works are part of the product as an element of the marketing mix, we can widen marketing of goods and services and we can propose the concept of marketing of goods, works and services. Third, “works” are elements of the new particular hybrid offerings “goods + works” and “works + services” in addition to the existing hybrid offering “goods + services”. The new general hybrid offering “goods + works + services” also includes “works”.

4. Research methodology

Previously, researchers have divided entire concept of “product” into two elements only – i.e. goods and services. As a result of the application of analysis, we have divided “product” into three elements (i.e. goods, works and services). Then, we studied parts of the phenomenon separately. Using synthesis, we joined these separate parts together and considered the object as a whole again on a superior level (i.e. as a product of abstract labor).

Using a hypothetical-deductive method, we have formulated the basic hypotheses of the study regarding the marketing of works, the marketing of goods, works and services, and the new hybrid offerings. We applied an analogy method to obtain results regarding the opportunity of the existence of marketing of works. Corporate income includes three sources of income (i.e. sales of goods, works and services). We use the scientific method of induction for generalizing three marketing lines in the marketing of goods, works and services. Using a deduction method, we study the specifics of the marketing of works and the execution of works by shipyards.

The system method is the basis of research into marketing as a system of mutually dependent elements (i.e. marketing of goods, marketing of works and marketing of services). Abstraction is the basis for the transition from an initial understanding of marketing of industrial services to the concept of marketing of works, which is free of the inessential features of shipyards’ activities. Interviewing experts showed that the top marketing managers of shipyards are in need of a new marketing line (i.e. marketing of works).

5. Theoretical framework

There are two lines of marketing – i.e. marketing of goods and marketing of services. Over a long period after the discovery of marketing of services, scholars and practitioners considered works to be a part of services. They did not pay attention to the distinction between the execution of works and the rendering of services. Nevertheless jurists and contractors saw that works are not a part of services.

If we apply the comments “Revenue from Contracts with Customers” of the International Accounting Standards Board (IASB), we can obtain the following allusion. IASB specifies in Step 5 (IN24):

An entity transfers control of a good or service over time and, hence, satisfies a performance obligation and recognizes revenue over time if at least one of the following two criteria is met: (a) the entity’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced.

Here, IASB notes directly that works create or enhance market value.

Some scientists admit the existence of a market of works together with markets of goods and services. If there is a market of works and activity in this market, why cannot we name such activity in such a market as marketing of works (*H1*)? Marketing of works supplements the existing marketing of goods and services. We obtain the widened concept of marketing of goods, works and services (*H2*). Because works are products like goods and services, they form the new particular hybrid offerings “goods + works” and “works + services”. Finally, three products form the new general hybrid offering “goods + works + services” (*H3*).

Some goods-focused companies sell goods mostly, but other services-focused firms provide mainly services. Shipyards execute repair works (Del Campo, 1999). Nevertheless, it is well known that marketing is an activity in the area of the turnover and exchange of labor products between producers and consumers. Below we give multistep evidence of the existence of marketing of works.

5.1 Step 1: sources of revenue from activity

The main sources of revenue of an industrial company are the manufacture and sale of goods, the sale and execution of works, and the sale and rendering of services. In accordance with accounting documentation, the sales of goods, works and services are sources of revenue for the company. It is reasonable to use an analogy method for justification of the opportunity of marketing of works’ existence due to the existence of three sources of revenue from sales of goods, works and services. Marketing practitioners use the marketing of goods to obtain revenue from purchasers. They use the marketing of services to get money from clients. These lines form the marketing of goods and services. For the sale of works, marketing practitioners must use marketing of works. This activity helps in the search for customers, obtaining orders and execution of works. Sale of works is the third basic source of companies’ revenues.

5.2 Step 2: elements of abstract labor

Goods, works and services are products of abstract labor. Marketing practitioners use marketing of goods for the satisfaction of demand for goods. For the satisfaction of clients’ needs for services, marketing managers apply marketing of services. For satisfaction of consumers’ needs

for the execution of works, marketing practitioners must apply some kind of marketing of works. Works are the results of executors' activity, which includes making, repairing, modernization, re-equipping, conversion, remaking or liquidation of the customers' objects. Such results are accordance with the labor theory of value. There is one connecting factor of the manufacturing of goods, the execution of works and the rendering of services (i.e. productive labor that creates products). For this study, we use the concept of labor as an outlay of a person's physical, mental and intellectual energy.

5.3 Step 3: structural elements of the general market

When researchers study and analyze the general market, they divide it into specialized markets (i.e. market of goods, market of works and market of services). As a result of market segmentation, marketing practitioners consider target groups as consumers of goods, consumers of works and consumers of services. According to the commonly accepted definition, marketing is an activity in the markets. Thereby, when researchers admit an existing market of works, they must admit the existence of activity in the market of works. This activity includes research of market, search for customers, sales of works and obtaining payment for these works. We can determine such activity as the marketing of works. Thereby, marketing in the market of works is a variant of activity in the market of goods, works and services.

5.4 Step 4: component of product in the marketing mix

The first element of the marketing mix is "product". This is a market value that marketing managers propose for exchange in the market. In the beginning, the "products" concept coincided with the "goods" concept. In the 1970s, the concept of marketing of services appeared, and "product" came to include "goods" and "services". Ten years later, the concept of marketing of goods and services arose. As a result of the detachment of works from services, the "product" concept in the marketing mix must include three components (i.e. "goods", "works" and "services"). Because marketing practitioners can control goods, works and services, these components can be a basis for lines of marketing.

5.5 Step 5: functional distinctions between services and works

There are considerable distinctions between marketing activity in the rendering of services and the execution of works, due to the essence of services and works. "Works" can change the market value of objects, but services cannot. The provider renders services on the basis of instructions and regulations. Nevertheless, firms execute works on the basis of projects and designs. An executor must agree with the customer the project of works. But a service provider is not obliged to agree with a client the regulations of services. The client pays for services on the basis of tariffs approved by the provider, which usually are not a matter for discussion. In the marketing of works, the parameters of works (e.g. prices, volume and schedule) are a matter of negotiations between the executor and the customer.

5.6 Step 6: framework of legislation in force

According to the first part of item No. 837 of the Civil Code of Ukraine, one party of the contract of work, namely the contractor, engages himself to execute the defined work on

the instructions of the other contract party, namely the customer. The customer engages to accept and pay for the work fulfilled. The second part of the item stipulates that: "Contract of work can be concluded for production, processing, remake and repair of thing or for execution of another work with delivery to customer of its result". A letter from the Pension Fund of Ukraine dated September 1, 2006 demarcated the concepts of works and services. Features of services include the absence of result of property nature, inseparability from the thing or recipient, the synchronism of rendering and obtaining, and the impossibility of storage and consumption of services when the provider renders them. The first part of item No. 3 of The Economic Code of Ukraine determines that economic activity is destined for the manufacture and sale of goods, the execution of works or the rendering of services.

6. Findings

6.1 Results of interviewing marketing experts

We interviewed 24 experts who occupy posts of top marketing managers at shipyards in the region of the Black Sea. They search for customers and engage in the execution of contracts. The group of respondents includes vice-presidents of marketing, marketing directors and heads of marketing departments of shipyards. The objective of the interviews was to reveal the opinions of marketing managers regarding the applicability of the actual marketing of goods and services for ship repairs. Almost unanimously (79.17 percent), they stated that many results of the classic marketing of goods are inapplicable for shipyard activities. Also, many top marketing managers (66.67 percent) consider the marketing of services only a partly applicable concept in the area of ship repairs. In contrast, 91.67 percent of respondents affirm that there is a necessity to develop another marketing concept for contracts of repair works. Because the dominant activity of shipyards is repair works, including renewal, modernization, re-equipment and the conversion of vessels, the new marketing concept must be the marketing of works.

To study the applicability of the theoretical findings in the area of marketing for industrial companies that execute ship repair orders, we conducted the interviews during visits in the region and on-site meetings with marketing managers. Interviews also took place during business and informal meetings at special-purpose exhibitions dedicated to shipbuilding, ship repair and ship management. On the basis of the exchange of opinions with marketing managers, we completed 26 questionnaire forms. However, we ruled out two forms owing to incompleteness and inaccuracy. Therefore, we used 24 forms for further handling. During the interview, the interviewer asked the respondents five questions and offered different answers in the questionnaire. Any pressure on experts, intrusion of the interviewer's opinion or manipulation of the experts' valuations was excluded.

The first question was: "What do you consider the main objective of marketing activity at the shipyard?". Experts were given the opportunity to choose between two different answers. Most respondents (66.67 percent of all answers) noted obtaining beneficial orders for the repair of vessels and searching for customers who are able to pay (16.67 percent). Also, 8.33 percent of experts emphasized the stability of incoming financial flows. As the second variant answer, only

4.17 percent of respondents specified the necessity to grow market share and provide the shipyard's personnel with work.

The second question in the interview was: "What part do the following sources of income constitute in the revenue of your shipyard?". Taking into account a ratio of answers, we found that repair, modernization and re-equipment works make up on average 80.83 percent of the overall revenue of the shipyard. The service of that which are on the shipyard's water area and in its docks and workshops is the second source of income (22.50 percent). Experts expressed an opinion that rendering of services to firms or people is 3.33 percent, manufacture and sale of goods is 1.67 percent and trade and mediatory activity is 0.83 percent of the revenue of the shipyard (coincidental activities). The totals exceed 100 percent as a result of experts using two variants of answers.

The third question in the interview was: "How much can we use marketing of goods to search for repair orders?". Analysis of the question demonstrated that none of the respondents considered marketing of goods as an entirely applicable concept for marketing shipyards' activity. Most marketing managers of shipyards (79.17 percent) are confident that marketing of goods is not acceptable for obtaining orders for ship repair. Some respondents (4.17 percent to 12.50 percent) conceded that marketing of goods is a partially applicable activity in the repair of vessels.

The fourth question was: "How much can marketers use the concept of marketing of services in ship repairs?". In accordance with the question, only 8.33 percent of experts considered marketing of services as a concept that is entirely acceptable in ship repairs. In addition, 12.50 percent of respondents were confident that they could use marketing of services considerably, and 12.50 percent of experts noted its partial adaptability. Moreover, a majority of experts (66.67 percent) consider that shipyards do not widely use marketing of services in the area of ship repair. Nobody supported the marginal viewpoint regarding the complete unsuitability of marketing of services for shipyard activities. An overwhelming majority of experts (91.67 percent) pronounced a common disaffection with the applicability of the actual marketing concept in ship repairs. In such sense, they answered the fifth question of the study: "Is it necessary to develop another marketing concept for ship repairs?". The remaining experts (8.34 percent) considered the development of marketing concepts for obtaining ship repair works orders as an important objective. Nobody supported the view that there is no necessity for further development of a marketing theory for the sale and execution of works.

6.2 Distinctions between goods, works and services

A correct interpretation of "product" as an element of the marketing mix covers such lexical meanings as "production", "manufacture", "fruit", "a result" or "a work". We can interpret the concept of "goods" as "articles of trade", "commodities", "wares" or "merchandise". Thus, "product" as the first element of the marketing mixes for goods (four "P's"; Borden, 1964) and for services (seven "P's"; Booms and Bitner, 1981) is a wide concept that covers "goods" and "services". Also, because executed works are products of labor, we can include "works" in the concept of "product". For subsequent research, we proposed the following short definitions of the concepts:

- a "marketing subject" is a manufacturer of goods, an executor of works or a service provider who carries out marketing activity;
- a "marketing object" is a thing that the "marketing subject" manufactures, repairs, remakes, operates, services, sells or liquidates; and
- a "marketing matter" is the marketing activity of a manufacturer of goods, an executor of works or a service provider.

There is a problem of inconsistency between marketing theory and marketing practice in the area of execution of works. It is more difficult to sell future works than available goods. There are many differences between marketing of goods, marketing of works and marketing of services. We compared their basic parameters. As a result of comparison, marketing of works does not coincide exactly with marketing of goods or marketing of services. According to the parameters considered, marketing of works includes five common features that are inherent to marketing of goods and five common features that are inherent to marketing of services (see Table I).

Consumers familiarize themselves with user instructions for the proper use of goods, but they do not take an interest in the technologies or designs that the producer applied in the manufacture of these goods. Nevertheless, the peculiarity of marketing of works is an influence of the customer on the execution of works. Moreover, the marketing department must submit the project of works execution for the client's approval. A project does not relate to the rendering of services (e.g. cleaning, washing, drying, connection or delivery, which the provider executes according to routines of maintenance and exploitation).

The classification of substantial goods and non-substantial goods is conditional enough because every article of trade includes both parts. Non-substantial goods are in need of a substantial medium (e.g. a computer program on a compact disc) and every substantial commodity includes non-substantial components (i.e. brand and image). When a firm manufactures goods, design is an internal factor that this company does not discuss with the purchaser. In contrast, design is an object of aggressive discussion between the customer and the executor in the marketing of works. According to relationship marketing, a company must aspire to a mutually beneficial customer relationship (LaPlaca, 2004). The executor needs to emphasize consumers' priorities (Homburg *et al.*, 2011).

6.3 Results related to marketing of works

Production and consumption of the "marketing matter" in the area of works is not an indivisible process such as in the marketing of services. We cannot say that works executed in production or liquidation are intangible ones like services. On the other hand, the executor of works is not an owner of the marketing object like a service provider. Practically, marketing departments of companies in any branch of industry apply methods of marketing of works (Pogodayev, 2010b). Theoretically, we can use the different classification criteria of marketing of goods, services and works. Marketing researchers can distinguish substantial goods from non-substantial goods. Services can be divided into contact and non-contact services. The manufacture, change and liquidation of objects are works (see Figure 1).

Table I Comparison of parameters of the marketing matter, object and subject

Parameters of comparison	Marketing of goods	Marketing lines	
		Marketing of services	Marketing of works
Consumer as an author of the marketing matter	No	Yes	Yes
Change of market value of the marketing object	Yes	No	Yes
High level of purchasing risk of a consumer	No	Yes	Yes
Storage ability of the marketing matter	Yes	No	Yes
Tangibility of the marketing matter	Yes	No	Yes
Permanence of quality of the marketing matter	Yes	No	No
Demonstration ability of the marketing matter	Yes	No	Yes
Synchronism of production and consumption	No	Yes	No
Necessity of advertising of the marketing subject	No	Yes	Yes
Necessity of advertising of the marketing object	Yes	No	No

Figure 1 Classification of the marketing according to marketing objects and matter



The structure of a national economy includes industry, agriculture, the building sector, transport, communications, education, health protection, etc. The companies, organizations and institutions in these sectors are target clients for the implementation of various works. Here, the search for and retention of customers are the basic functions of marketing. This is why buyer-seller relationships are the key marketing factor (Cannon and Perreault, 1999). Johnston and Bonoma (1981) suggested that consumers' buying centers act as a communication network between the buyer and the seller. As a rule, marketing of works in industry plays a role in performing individual work orders, unlike the mass

production of identical goods. In the beginning, the executor of works finds a consumer and receives payment or a guarantee of payment from him. The executor of works does not credit a future buyer.

The special line of research is marketing in the area of liquidation of objects. According to determination, we relate such objects to marketing of works because their cost changes. Demolition works or cutting up ships for scrap metal are works for the liquidation of marketing objects. As a result of such works, the market value of objects tends to zero (except the cost of materials). We can use key definitions. Marketing of works is:

- a line of marketing;
- an element of general marketing of goods, works and services; and
- an activity that provides orders for the satisfaction of demand for making, change or liquidation of the market value of the customers' objects without transfer of property rights from the customer to the executor of works.

6.4 Results related to marketing of goods, works and services

Marketing researchers can segment the general market into parts (i.e. market of goods, market of services and market of works). The activity of practitioners in the market of works by analogy with goods and services can be identified as marketing of works. By means of analysis and comparison of activity categories (i.e. manufacture of goods, execution of works and rendering of services), we selected common features and distinctions of these activity categories. This gives the opportunity to identify the new concept of marketing of works (Pogodayev, 2010a).

A manufacturer of goods researches market demand first. At his own expense, he designs and manufactures goods. Then he finds purchasers and, as a result of the sale, he recovers any money expended. If the seller made a mistake in defining the demand structure or volume of goods, he will sell the goods at a loss or will not sell any goods at all. Executors of works and providers of services also research market demand. Then, using mainly database marketing (Nash, 2000) and customer database management (Zahay, 2008), they find customers. Against the contract, executors receive payment or guarantee of payment from customers. Only after this do they begin to execute works or to render services.

The transfer of property rights from the seller to the buyer takes place in the process of the purchase and sale of goods. In the marketing of works and services, the customer remains the owner of the marketing object. After completing a contract, the executor returns the object to the customer. Services include consumer services (contact services) or maintenance of the client's objects (non-contact services). Giving a client a new haircut or washing his car does not change the market value of these objects. Nevertheless, manufacture, repair, remake, renewal, re-equipment or liquidation (i.e. works) can change the market value of object. Renovated houses or repaired vessels have a higher market price than before repair. The customer can sell the house or the vessel at a higher price. In such a way, he can recover money expended on repair works. Using a method of synthesis, we can consider marketing of goods, marketing of works and marketing of services as elements of the general marketing of goods, works and services. Finally, we propose the key definition: marketing of goods, works and services is a marketing system of three elements of products of abstract labor (i.e. goods, works and services).

6.5 Results related to new particular and general hybrid offerings

The well-known hybrid offering: "goods + services" determines marketing efforts, which include rendering of services in the process of presale technical support of goods, after-sale services and maintenance of objects during their exploitation (e.g. fueling, charging, cleaning, washing or delivery). The orientation of the interaction of marketing

efforts is "services" → "goods" (services for goods). In the area of services production, the reverse orientation of efforts – i.e. "goods" → "services" (goods for rendering of services) provides for buildings, equipment, instruments or power mediums that are necessary for the production and rendering to clients of contact or non-contact services. In the area of the industrial market, the hybrid offering "services + goods" signifies the sales of services with concomitant goods (e.g. connecting an electric cable in a workshop with the sale of electric energy meters and safety fuses).

The hybrid offering "goods + works" indicates an interrelation between marketing efforts that signify works for the production, repair, remake or liquidation of goods. The orientation of such an interaction is "works" → "goods" (works for goods). In the area of works sales, such hybrid offerings signify, for example, the sale of a conveyor-type furnace with the concomitant assembling, mounting and engineering set-up as accompanying works. On the other hand, goods (buildings, equipment, production tools, etc.) are necessary for the implementation of works. The orientation of such an interaction in production is "goods" → "works". In the area of industrial marketing, it means, for example, the repair of a milling machine with the replacement and sale (as goods) of an electric motor, a control console and milling cutters.

The hybrid offering "works + services" indicates that the implementation of works is impossible without the rendering of concomitant services, for example transportation, registration of documents, and supply of power mediums for the execution of works (e.g. electrical energy, water, gas, steam and compressed air). Thus, the orientation of industrial marketing efforts has the direction "services" → "works" (services for works). A reverse orientation takes place, for example, during the development of new services or improvement of existing services, i.e. "works" → "services". On the basis of a contract for the development of new services, for example optimization of routes in logistics, a customer (logistic agency) pays for the works of an executor (consulting company).

Thus, the new concept of the widened marketing of goods, works and services has enabled us to conceptualize new hybrid offerings (i.e. "goods + works" and "works + services"). As a result, three pairs of products in these particular hybrid offerings can create more benefits for the customer and the supplier than if the goods, works and services were available separately. Moreover, we can combine all three products (i.e. goods, works and services) into one hybrid offering. Also, we can propose a concept of the general hybrid offering "goods + works + services" for companies that are manufacturers of goods, executors of concomitant works and providers of concomitant services.

Using the "+" sign between products in the designation of hybrid offerings, we emphasize that firms add the second concomitant product to the first product (goods, works or services). Moreover, the sequence of these products in hybrid offerings is an important factor. Even in the general hybrid offering "goods + works + services", the sequences of the firm's products reflect the specialization of this firm in the markets (see Table II).

By means of structural analysis of the particular and general hybrid offerings, we can conclude that there are additional elements of these systems that can add market value to the main element of the hybrid offerings. "Goods" and "works"

Table II Combinations of products in the hybrid offerings

Main products	Additional products			Combinations of the additional products
	+ Goods	+ Works	+ Services	
Goods in the markets	–	“Goods + works” Particular hybrid value-added offerings	“Goods + services” Particular hybrid maintenance offerings	“Goods + works + services” General hybrid value-added offerings
Works in the markets	“Works + goods” Particular hybrid value-added offerings	–	“Works + services” Particular hybrid maintenance offerings	“Works + goods + services” General hybrid value-added offerings
Services in the markets	“Services + goods” Particular hybrid value-added offerings	“Services + works” Particular hybrid value-added offerings	–	“Services + goods + works” General hybrid value-added offerings

are such additional elements (additional products) of “hybrid value-added offerings”. However, being an additional element of the hybrid offering, “services” cannot add market value to this hybrid offering. “Services” is an additional product of “hybrid maintenance offerings”.

7. Discussion

Marketing practitioners apply marketing of works when they search for, obtain and fulfill orders for the execution of works. A concept of industrial services approaches the works concept. Nevertheless, marketing researchers have not distinguished works from proper services being a part of services. Researchers have not paid attention to such services, which can change the market value of objects. Such an approach has not allowed works to be distinguished from true services. In the marketing of goods, the manufacturer (almost) never discusses the design of the future goods with consumers. This is an internal affair for the company. In the marketing of services, the provider usually realizes services in accordance with some rules and instructions. He provides servicing or maintenance of an object, but does not alter the object or its market value.

The concepts of industrial marketing and industrial services gave birth to the concept of marketing of works. We need dozens of articles to justify completely such a comprehensive area as the marketing of work. When academics discovered the marketing of services, it took a few years to introduce it into science, practice and education. In the 1980s, the AMA organized a series of conferences and symposia dedicated to the study of the marketing of services. Scientists had initially divided all marketing of products into two parts (i.e. marketing of goods and marketing of services). Later, scientists originated the concept of the general marketing of goods and services.

The existing concept of a service-based offering (Kindström *et al.*, 2012) “goods + services” is a particular case. Generally, two pairs of products (i.e. “goods + works” and “works + services”) form two new particular hybrid offerings. Finally, all three products form the general hybrid offering “goods + works + services” as a new concept.

We must take into consideration that services within the particular hybrid offerings “goods + services” increase the market value of these offerings as of whole objects, but these services do not change the market value of goods in these hybrid offerings. On the contrary, executed works in the

particular hybrid offerings “goods + works” increase the market value of these goods in the offerings. We can say figuratively that the market value of the services “stands near the goods” within the offerings, but the market value of the works “inflows into goods” within particular hybrid offerings “goods + works”.

For example, we can sell a bookcase as a set of wooden boards and fastening parts. We will wipe dust, draw up sale documentation and deliver this set to the home of our buyer. Nevertheless, such a set of wooden boards and fastening parts will not be more expensive because we receive payment for our supplementary services. In contrast, when we assemble the bookcase using this set, we will have a finished product. The market value of such a bookcase will be higher than the cost of the initial set of wooden boards and fastening parts, and the difference will be almost equal to the market value of these assembling works. Thereby the works market value “inflows into goods” within such a particular hybrid offering.

Certainly, we will wipe dust, draw up sale documentation and deliver this bookcase to the home of our buyer. Such services will be an independent element of the widened hybrid offerings “goods + works + services”. To realize this hybrid offering, we must use the widened marketing of goods, works and services instead of the marketing of goods and services. Therefore we add a new marketing activity (i.e. marketing of works). To avoid extremes, marketing of goods, works and services must include goods-centered dominant logic, services-centered dominant logic (Vargo and Lusch, 2004) and works-centered dominant logic of marketing.

8. Applications

As a key element of “national competitiveness” (Berger, 2008), marketing of works is a key component of the firm’s marketing. In this area, the executor of works proposes to potential consumers a promise of high-quality, timely and economic fulfillment of contracts. It distinguishes marketing in house building, airplane production, repair of vessels, reclamation of land, etc. Marketing of works in agriculture has some distinctions, caused by the features of agricultural land as an object. Implementation of works like melioration and fertilization changes the price of the land. We can find that a firm’s labor resources are also an object that can change its market value, as well as material, financial and information resources. Renewal of a patient’s health raises his price as an employee in the labor market. In the educational system, such

activities as teaching, in-house training and retraining of people as marketing objects gives analogous results. In show business, the commercial department of a film studio (film company) finds a customer on implementation of works for the creation of a film, including writing a scenario and filming.

Because marketing of services and marketing of works exist, we propose to draw up and conclude a General Agreement on Trade in Works (GATW) as one of the legal instruments of the World Trade Organization by analogy with the General Agreement on Trade in Services (GATS). We take into account that execution of works in another country increases the national wealth of this country like the building of an electric power station or a gas pipeline by the foreign company.

A general hybrid offering of shipyards has the structure “works + services + goods”. For example, the shipyard sells to the customer works, services and goods. As the main part of the ship repair specification, “works” include cleaning and painting the vessel’s surfaces, renewal of damaged metal constructions of the hull and superstructure, repair and replacement of pipelines and electric cables, etc. The shipyard also repairs propellers, rudders, anchors, anchor chains and deck machinery of the vessel. The main and auxiliary engines, equipment, pneumatic and hydraulic systems, electric devices, navigation equipment and crew’s life support systems are also objects of repair or setting up.

The shipyard provides concomitant “services” (e.g. towage of a vessel, mooring of the ship to an embankment and movement of the vessel into a dock for repair). Also, the shipyard provides such services for the vessel as garbage removal, ground connection of the vessel in a dock, and supply of shore electric energy, fresh water, steam and compressed air. The shipyard’s specialists install gangways and fire-prevention pipes and draw up documentation for the ship. At the same time, the shipyard solves problems of the vessel and crew with the local authorities.

For ship repair, the shipyard installs and sells “goods” (i.e. various kinds of materials, spare parts and equipment) to the customer. These goods include steel plates and H-steel, pipes and electric cables, bushes and packing boxes, screw bolts and screw nuts, lamps and switches, valves and pumps, enamels and lube oil, diesel generators and electric motors, sonic depth-finders and computers, etc. If the vessel is in the ownership of a foreign customer, the shipyard in the customs cargo declaration draws up the export of installed materials and components. Thus, the general hybrid offerings of a shipyard are much more complex than particular hybrid offerings “goods + services” of a bookstore.

9. Further research

Prospects for further research presuppose the development of the concept of marketing of works as a whole, searching for new elements of the marketing mix for works, and study of the hybrid offerings “goods + works”, “works + services” and “goods + works + services”. Research of cycles of production and circulation for goods, works and services will be useful for marketing practitioners. Investigation of the distinctions between marketing of works and marketing of services is in need of additional efforts.

The process of actualization of virtual products during the manufacture of goods, execution of works and rendering of services must be an object of serious study because the results

of actualization determine the success of a company in the market. It is necessary to study marketing as a system of three elements (i.e. marketing of goods, marketing of works and marketing of services). By means of these elements, we can create some vector conception of marketing of goods, works and services.

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About the author

Sergiy Eugene Pogodayev has worked for more than 20 years in B2B markets as a marketing director, commercial director, and director of business development at American and Ukrainian industrial enterprises, trade firms, and investment companies. As a marketing manager, he obtained a biggest contract of €32.4m (~\$40.5m) in 2004. He successfully completed a program of business training (Los Angeles, USA) in 2001. The program was sponsored by the US Department of State. The author has scientific experience since 1989 and academic experience since 2008 as an Associate Professor of Marketing and Management, Head of the Education Department (at the Sevastopol Branch of the Interregional Academy of Personnel Management) and Head of the Department of Management (at the Institute of Economics and Law, Sevastopol). In 2011, he became a foreign member of American Marketing Association (Chicago, USA). He has experience in teaching in the areas of marketing, marketing and commerce, international marketing, product politics of marketing, price politics of marketing, industrial marketing, principles of advertising activity, brand management, management, management of personnel, and principles of entrepreneurial activity. He reported the concept of marketing of works in 2010 at a symposium at Moscow State University (Russia). He also reported the concept at a scientific conference at the Interregional Academy of Personnel Management in 2010 (Ukraine). In his PhD dissertation, this idea together with the concept of marketing of goods, works, and services is the principal theme. The author's colleagues approved the dissertation at the Sevastopol National Technical University (2010) and Priazovsky State Technical University (2011), where he was a doctoral student. The Ukrainian Ministry of Education awarded the author a gold medal. Sergiy Eugene Pogodayev can be contacted at: pogse@ukr.net

Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.

Amid all that's written and talked about on the subjects of marketing of goods and marketing of services, there's not so much to hear and read about marketing of works. Well, perhaps that's a situation that ought to be rectified. But don't “services” and “goods” just about cover it? Aren't they, together or separately, the sum total of what business sells and

its consumers buy? Perhaps not – and certainly not according to Professor Sergiy Eugene Pogodayev, who makes the case for the inclusion of “works” in a hybrid offering.

With experience as a marketing director at American and Ukrainian shipyards and consequently familiar with the workings of shipyards' marketing departments, Professor Pogodayev puts forward the marketing of works as a new line of marketing activity. In his opinion, existing concepts of marketing goods and services are not totally applicable in the sales of works. The main difference of works from services, he maintains, is an ability to change the market value of objects.

In his paper “Marketing of works as a source of the new hybrid offerings in widened marketing of goods, works and services”, “goods + works” and “works + services” are new hybrid offerings and “goods + works + services” is the new general hybrid offering. Marketing of works plays a key role in many branches of industry, including house building, airplane production, repair of vessels, reclamation of land, etc. Works are elements of the new hybrid offerings and new marketing of goods, works, and services.

The study divides the concept of services into two parts – concept of true services and concept of works as an activity which changes the market value of processed objects, including manufacture and liquidation of these objects. The concept of abstract labor gives the opportunity to consider goods, works and services as equal products of labor which can generate revenue. Moreover, existing legislation in many developed countries considers goods, works and services as sources of the firm's taxable income.

Take, for example, shipyards – a particular area of expertise for the author. A general hybrid offering of shipyards has the structure “works + services + goods”. For example, the shipyard sells the customer the works, services and goods. As the main part of the ship-repair specification, “works” include cleaning and painting the vessel's surfaces, renewal of damaged metal in the hull and superstructure, repair and/or replacement of pipelines and electric cables, etc. The shipyard also repairs propellers, rudders, anchors, anchor chains and deck machinery. The main and auxiliary engines, equipment, pneumatic and hydraulic systems, electric devices, navigation equipment and crew's life support systems are also objects of repair or setting-up.

The shipyard provides concomitant “services” (e.g. towage of a vessel, mooring to an embankment and movement of the vessel into a dock for repair). Also, the shipyard provides such services as garbage removal, ground connection of the vessel in a dock, supply of shore electrical energy, fresh water, steam and compressed air. The shipyard's specialists install gangways and fire-prevention pipes and draw up documentation for the ship. At the same time, the shipyard attends to any problematic issues the vessel or crew might have with the local authorities.

For ship repair, the shipyard installs and sells to the customer the “goods” (i.e. various kinds of materials, spare parts and equipment). These goods include steel plates, pipes and electric cables, bushes and packing boxes, nuts and bolts, lamps and switches, valves and pumps, enamels and lubrication oil, diesel generators and electric motors, sonic depth-finders and computers, etc. If the vessel is owned by a foreign customer, the shipyard – in its customs cargo declaration – attends to matters pertaining to the export of installed materials and components. Thus, the general hybrid offerings of a shipyard are much more complex than the “goods + services” of, for example, a bookstore.

The author points to a problem of inconsistency between marketing theory and marketing practice in the area of execution of works. It is, he says, more difficult to sell future works than available goods, saying: “There are many differences between marketing of goods, marketing of works and marketing of services. We compared their basic parameters. As a result of the comparison, marketing of works does not coincide exactly with marketing of goods or marketing of services”.

Consumers familiarize themselves with user instructions for the proper use of goods but they don’t take an interest in the technologies or designs that the producer applied in the

manufacture of these goods. Nevertheless, the peculiarity of marketing of works is an influence of the customer on the execution of works.

The author emphasizes the necessity of providing adequate scientific and practical support of marketing in the area of execution of works, saying “The ability to change the market value of processed objects is the main distinction of works from services”.

(A précis of the article “Marketing of works as a source of the new hybrid offerings in widened marketing of goods, works and services”. Supplied by Marketing Consultants for Emerald.)



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