Breaking Free from Product Marketing

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Source: *Journal of Marketing*, Apr., 1977, Vol. 41, No. 2 (Apr., 1977), pp. 73-80

Published by: Sage Publications, Inc. on behalf of American Marketing Association

Stable URL: https://www.jstor.org/stable/1250637

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Service marketing, to be effective and successful, requires a mirror-opposite view of conventional "product" practices.

NEW CONCEPTS are necessary if service marketing is to succeed. Service marketing is an uncharted frontier. Despite the increasing dominance of services in the U.S. economy, basic texts still disagree on how services should be treated in a marketing context.[1]

The heart of this dispute is the issue of applicability. The classic marketing "mix," the seminal literature, and the language of marketing all derive from the manufacture of physical goods. Practicing marketers tend to think in terms of products, particularly mass-market consumer goods. Some service companies even call their output "products" and have "product" management functions modeled after those of experts such as Procter and Gamble.

Marketing seems to be overwhelmingly product-oriented. However, many service-based companies are confused about the applicability of product marketing, and more than one attempt to adopt product marketing has failed.

Merely adopting product marketing's labels does not resolve the question of whether product marketing can be overlaid on service businesses. Can corporate banking services really be marketed according to the same basic blueprint that made *Tide* a success? Given marketing's historic tenets, there is simply no alternative.

Could marketing itself be "myopic" in having failed to create relevant paradigms for the service sector? Many marketing professionals who transfer to the services arena find their work fundamentally "different," but have a difficult time articulating how and why their priorities and concepts have changed. Often, they also find to their frustration and bewilderment that "marketing" is treated as a peripheral function or is confused with one of its components, such as research or advertising, and kept within a very narrow scope of influence and authority.[2]

This situation is frequently rationalized as being due to the "ignorance" of senior management in service businesses. "Education" is usually recommended as the solution. However, an equally feasible, though less comforting, explanation is that service industries have been slow to integrate marketing into the mainstream of decision-making and control because marketing offers no guidance, terminology, or practical rules that are clearly *relevant* to services.

Making Room for Intangibility

The American Marketing Association cites both goods *and* services as foci for marketing activities. Squeezing services into the Procrustean phrase, "intangible products,"[3] is not only a distortion of the AMA's definition but also a complete contradiction in terms.

It is wrong to imply that services are just like products "except" for intangibility. By such logic, apples are just like oranges, except for their "appleness." Intangibility is not a modifier; it is a state. Intangibles may come with tangible trappings, but no amount of money can buy physical ownership of such intangibles as "experience" (movies), "time" (consultants), or "process" (dry cleaning). A service is rendered. A service is experienced. A service cannot be stored on a shelf, touched, tasted or tried on for size. "Tangible" means "palpable," and "material." "Intangible" is an antonym, meaning "*im*palpable," and "*not* corporeal.[4]" This distinc-

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tion has profound implications. Yet marketing offers no way to treat intangibility as the core element it is, nor does marketing offer usable tools for managing, altering, or controlling this amorphous core.

Even the most thoughtful attempts to broaden the definition of "that which is marketed" away from product synonymity suffer from an underlying assumption of tangibility. Not long ago, Philip Kotler argued that "values" should be considered the end result of "marketing."[5] However, the text went on to imply that "values" were created by "objects," and drifted irredeemably into the classic product axioms.

To truly expand marketing's conceptual boundaries requires a framework which accommodates intangibility instead of denying it. Such a framework must give equal descriptive weight to the components of "service" as it does to the concept of "product."

The Complexity of Marketed Entities

What kind of framework would provide a new conceptual viewpoint? One unorthodox possibility can be drawn from direct observation of the marketplace and the nature of the market "satisfiers" available to it. Taking a fresh look, it seems that there are really very few, if any, "pure" products or services in the marketplace.

Examine, for instance, the automobile. Without question, one might say, it is a physical object, with a full range of tangible features and options. But another, equally important element is marketed in tandem with the steel and chrome—i.e., the service of transportation. Transportation is an *independent* marketing element; in other words, it is not car-dependent, but can be marketed in its own right. A car is only *one* alternative for satisfying the market's transportation needs.

This presents a semantic dilemma. How should the automobile be defined? Is General Motors marketing a *service*, a service that happens to include a *by*-product called a car? Levitt's classic "Marketing Myopia" exhorts businessmen to think in exactly this generic way about what they market.[6] Are automobiles "tangible services"? It cannot be denied that both elements—tangible and intangible—exist and are vigorously marketed. Yet they are, by definition, different qualities, and to attempt to compress them into a single word or phrase begs the issue.

Conversely, how shall a service such as airline transportation be described? Although the service itself is intangible, there are certain very real things that belong in any description of the total entity, including such important tangibles as interior decor, food & drink, seat design, and overall graphic continuity from tickets to attendants' uniforms. These items can dramatically affect the "reality" of the service in the consumer's mind. However, there is no accurate way to lump them into a one-word description.

If "either-or" terms (product vs. service) do not adequately describe the true nature of marketed entities, it makes sense to explore the usefulness of a new *structural* definition. This broader concept postulates that market entities are, in reality, *combinations of discrete elements* which are linked together in molecule-like wholes. Elements can be either tangible or intangible. The entity may have either a tangible or intangible nucleus. But the whole can only be described as having a certain dominance.

Molecular Model

A "molecular" model offers opportunities for visualization and management of a total market entity. It reflects the fact that a market entity can be partly tangible *and* partly intangible, without diminishing the importance of either characteristic. Not only can the potential be seen for picturing and dealing with multiple *elements*, rather than *a thing*, but the concept of dominance can lead to enriched considerations of the priorities and approach that may be required of a marketer. Moreover, the model suggests the scientific analogy that if market entities have multiple elements, a deliberate or inadvertent change in a *single* element may completely alter the entity, as the simple switching of FE_3O_2 to FE_2O_3 creates a new substance. For this reason, a marketer must carefully manage all the elements, especially those for service-based entities, which may not have been considered previously within his domain.

Diagramming Market Entities

A simplified comparison demonstrates the conceptual usefulness of a molecular modeling system. In Exhibit 1, automobiles and airline travel are broken down into their major elements. As shown, these two entities have different nuclei. They also differ in dominance.

Clearly, airline travel is intangible-dominant; that is, it does not yield physical ownership of a tangible good. Nearly all of the other important elements in the entity are intangible as well. Individual elements and their combinations represent unique satisfiers to different market segments. Thus:

- For some markets—students, for example—pure transport takes precedence over all other considerations. The charter flight business was based on this element. As might be expected during lean economic times, "no frills" flights show renewed emphasis on this nuclear core.

- For business travelers, on the other hand, schedule frequency may be paramount.
- Tourists, a third segment, may respond most strongly to the combination of in-flight and post-flight services.

As the market entity of airline travel has evolved, it has become more and more complex. Ongoing reweighting of elements can be observed, for example, in the marketing of airline food, which was once a battleground of quasi-gourmet offerings. Today, some airlines have stopped marketing food altogether, while others are repositioning it primarily to the luxury markets.

Airlines vs. Automobiles

In comparing airlines to automobiles, one sees obvious similarities. The element of transportation is common to both, as it is to boats, trains, buses, and bicycles. Tangible decor also plays a role in both entities. Yet in spite of their similarities, the two entities are not the same, either in configuration or in marketing implications.

In some ways, airline travel and automobiles are mirror opposites. A car is a physical possession that renders a service. Airline travel, on the other hand, cannot be physically possessed. It can only be experienced. While the inherent "promise" of a car is service, airline transportation often promises a Lewis Carroll version of *"product,"* i.e., *destination,* which is marketed as though it were physically obtainable. If only tropical islands and redwood forests *could* be purchased for the price of an airline ticket!

The model can be completed by adding the remaining major marketing elements in a way that demonstrates their function vis-a-vis the organic core entity. First, the total entity is ringed and defined by a set value or price. Next, the valued entity is circumscribed by its distribution. Finally, the entire entity is encompassed, according to its core configuration, by its public "face," i.e., its positioning to the market.

The molecular concept makes it possible to describe and array market entities along a continuum, according to the weight of the "mix" of elements that comprise them. As Exhibit 2 indicates, teaching services might be at one end of such a scale, *intangible or I-dominant,* while salt might represent the other extreme, *tangible or T-dominant.* Such a scale accords intangible-based entities a place and weight commensurate with their true importance. The framework also provides a mechanism for comparison and market positioning.

In one of the handful of books devoted to services, the author holds that "the more intangible the service, the greater will be the difference in the marketing characteristics of the service."[7] Consistent with an entity scale, this axiom might now be amended to read: **the greater the weight of intangible elements in a market entity, the greater will be the divergence from product marketing in priorities and approach.**

Implications of the Molecular Model

The hypothesis proposed by molecular modeling carries intriguing potential for rethinking and reshaping classic marketing concepts and practices. Recognition that service-dominant entities differ from product-dominant entities allows consideration of other distinctions which have been intuitively understood, but seldom articulated by service marketers.

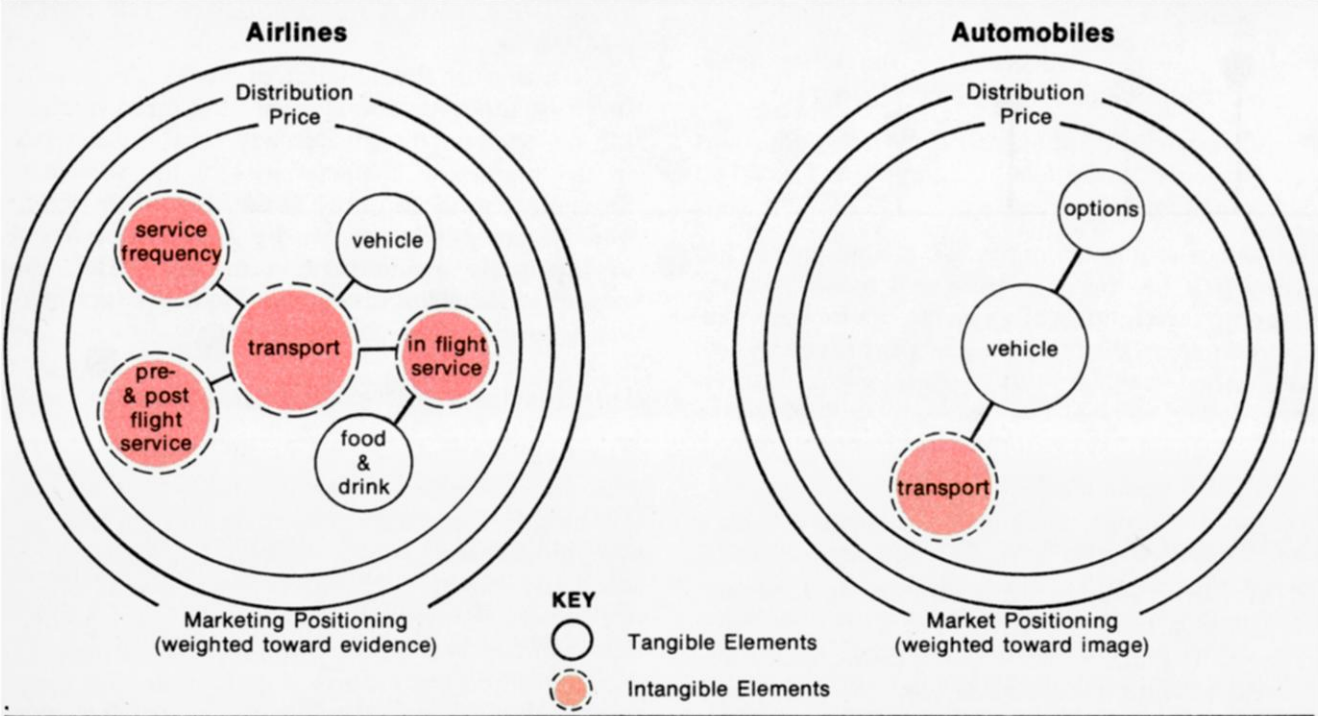
A most important area of difference is immediately apparent—i.e., that service "knowledge" and product "knowledge" cannot be gained in the same way.

A *product* marketer's first task is to "know" his product. For tangible-dominant entities this is relatively straight-forward. A tangible object can be described precisely. It is subject to physical examination or photographic reproduction or quantitative measure. It can not only be exactly replicated, but also modified in precise and duplicate ways.

It is not particularly difficult for the marketer of *Coca-Cola,* for example, to summon all the facts regarding the product itself. He can and does make reasonable assumptions about the product's behavior, e.g., that it is consistent chemically to the taste, visually to the eye, and physically in its packaging. Any changes he might make in these three areas can be deliberately controlled for uniformity since they will be tangibly evident. In other words, the marketer can take the product's "reality" for granted and move on to considerations of price, distribution, and advertising or promotion.

To gain *service* "knowledge," however, or knowledge of a service element, where does one begin? It has been pointed out that intangible elements are dynamic, subjective, and ephemeral. They cannot be touched, tried on for size, or dis-

EXHIBIT 1
Diagram of Market Entities



played on a shelf. They are exceedingly difficult to quantify.

Reverting to airline travel, precisely what *is* the service of air transportation to the potential purchaser? What "percent" of airline travel is comfort? What "percent" is fear or adventure? What *is* this service's "reality" to its market? And how does that reality vary from segment to segment? Since this service exists only during the time in which it is rendered, the entity's true "reality" must be defined experientially, not in engineering terms.

A New Approach to Service Definition

Experiential definition is a little-explored area of marketing practice. A product-based marketer is in danger of assuming he understands an intangible-dominant entity when, in fact, he may only be projecting his *own* subjective version of "reality." And because there is no documented guidance on acquiring service-knowledge, the chances for error are magnified.

Case Example

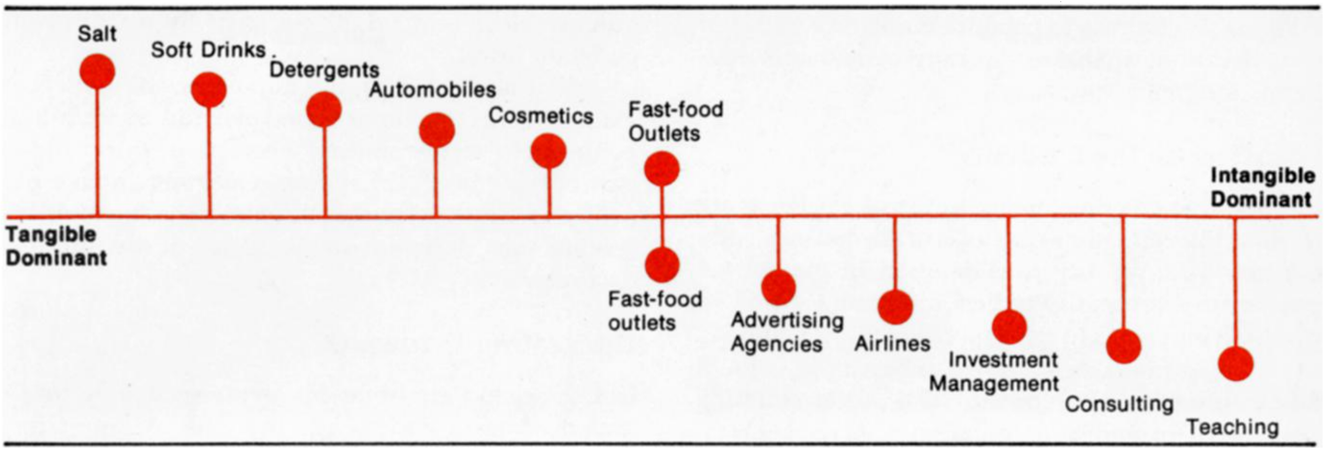
One short-lived mistake (with which the author is familiar) occurred recently in the trust department of a large commercial bank. The department head, being close to daily operations, understood "investment management" as the combined work of hundreds of people, backed by the firm's stature, resources, and long history. With this "reality" in mind, he concluded that the service could be better represented by professional salesmen, than through the traditional, but interruptive use of the portfolio manager as main client contact.

Three salesmen were hired, and given a training course in investments. They failed dismally, both in maintaining current client relationships and in producing new business for the firm. In hindsight, it became clear that the department head misunderstood the service's "reality" as it was being experienced by his clients. To the clients, "investment *management*" was found to mean "investment *manager*"—i.e., a single human being upon whom they depended for decisions and advice. No matter how well prepared, the professional salesman was not seen as an acceptable substitute by the majority of the market.

Visions of Reality

Clearly, more than one version of "reality" may be found in a service market. Therefore, the crux of service-knowledge is the description of the major *consensus realities* that define the service entity to various market segments. The determination of consensus realities should be a high priority for service marketers, and marketing should offer more concrete guidance and emphasis on this subject than it does.

EXHIBIT 2
Scale of Market Entities



To define the market-held "realities" of a service requires a high tolerance for subjective, "soft" data, combined with a rigidly objective attitude toward that data. To understand what a service entity is to a market, the marketer must undertake more initial research than is common in product marketing. More important, it will be research of a different kind than is the case in product marketing. The marketer must rely heavily on the tools and skills of psychology, sociology and other behavioral sciences—tools that in product marketing usually come into play in determining *image*, rather than fundamental "reality."

In developing the blueprint of a service entity's main elements, the marketer might find, for instance, that although tax return preparation is analogous to "accurate mathematical computation" within his firm, it means "freedom from responsibility" to one segment of the consuming public, "opportunity for financial savings" to another segment, and "convenience" to yet a third segment.

Unless these "realities" are documented and ranked by market importance, no sensible plan can be devised to represent a service effectively or deliberately. And in *new* service development, the importance of the service-research function is even more critical, because the successful development of a new service—a molecular collection of intangibles—is so difficult it makes new-product development look like child's play.

Image vs. Evidence—The Key

The definition of consensus realities should not be confused with the determination of "image." Image is a method of *differentiating* and *representing* an entity to its target market. Image is not "product;" nor is it "service." As was suggested in Exhibit 1, there appears to be a critical difference between the way tangible- and intangible-dominant entities are best represented to their markets. Examination of actual cases suggests a common thread among effective representations of services that is another mirror-opposite contrast to product techniques.

In comparing examples, it is clear that consumer product marketing often approaches the market by enhancing a physical object through abstract associations. *Coca-Cola*, for example, is surrounded with visual, verbal and aural associations with authenticity and youth. Although *Dr. Pepper* would also by physically categorized as a beverage, its *image* has been structured to suggest "originality" and "risk-taking;" while *7-up* is "light" and "buoyant." A high priority is placed on linking these abstract images to physical items.

But a service is already abstract. To compound the abstraction dilutes the "reality" that the marketer is trying to enhance. Effective service representations appear to be turned 180° *away* from abstraction. The reason for this is that service images, and even service "realities," appear to be shaped to a large extent by the things that the consumer can comprehend with his five senses—tangible things. But a service itself cannot be tangible, so reliance must be placed on **peripheral** clues.

Tangible clues are what allow the detective in a mystery novel to surmise events at the scene of a crime without having been present. Similarly, when a consumer attempts to judge a service, particularly before using or buying it, that service is "known" by the tangible clues, the tangible evidence, that surround it.

The management of tangible evidence is not articulated in marketing as a primary priority for service marketers. There has been little in-depth exploration of the *range* of authority that emphasis on tangible evidence would create for the service marketer. In product marketing, tangible evidence is primarily the product itself. But for services, tangible evidence would encompass broader considerations in contrast to product marketing, *different* considerations than are typically considered marketing's domain today.

Focusing on the Evidence

In *product* marketing, many kinds of evidence are beyond the marketer's control and are consequently omitted from priority consideration in the market positioning process. Product marketing tends to give first emphasis to creating *abstract* associations.

Service marketers, on the other hand, should be focused on enhancing and differentiating "realities" through manipulation of *tangible* clues. The management of evidence comes first for service marketers, because service "reality" is arrived at by the consumer mostly through a process of deduction, based on the total impression that the evidence creates. Because of product marketing's biases, service marketers often fail to recognize the unique forms of evidence that they *can* normally control and fail to see that they should be part of marketing's responsibilities.

Management of the Environment

Environment is a good example. Since product distribution normally means shipping to outside agents, the marketer has little voice in structuring the environment in which the product is sold. His major controllable impact on the environment is usually product packaging. Services, on the other hand, are often fully integrated with environment; that is, the setting in which the service is "distributed" *is* controllable. To the extent possible, management of the physical environment should be one of a service marketer's highest priorities.

Setting can play an enormous role in influencing the "reality" of a service in the consumer's mind. Marketing does not emphasize this rule for services, yet there are numerous obvious examples of its importance.

Physicians' offices provide an interesting example of intuitive environmental management. Although the quality of medical service may be identical, an office furnished in teak and leather creates a totally different "reality" in the consumer's mind from one with plastic slipcovers and inexpensive prints. Carrying the example further, a marketer could expect to cause change in the service's image simply by painting a physician's office walls neon pink or silver, instead of white.

Similarly, although the services may be identical, the consumer's differentiation between "Bank A Service" and "Bank B Service" is materially affected by whether the environment is dominated by butcher-block and bright colors or by marble and polished brass.

By understanding the importance of evidence management, the service marketer can make it his business to review and take control of this critical part of his "mix." Creation of environment can be deliberate, rather than accidental or as a result of leaving such decisions in the hands of the interior decorators.

Integrating Evidence

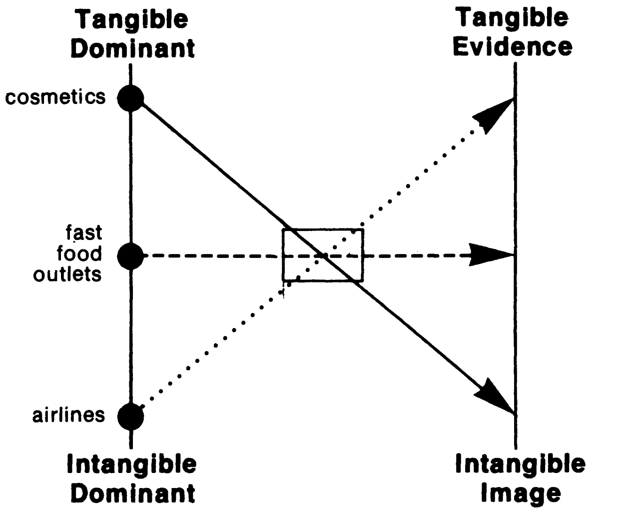
Going beyond environment, evidence can be integrated across a wide range of items. Airlines, for example, manage and coordinate tangible evidence, and do it better than almost any large service industry. Whether by intuition or design, airlines do *not* focus attention on trying to explain or characterize the service itself. One never sees an ad that attempts to convey "the slant of takeoff," "the feel of acceleration," or "the aerodynamics of lift." Airline transport is given shape and form through consistency of a firm's identification, its uniforms, the decor of its planes, its graphics, and its advertising. Differentiation among airlines, though they all provide the same service, is a direct result of differences in "packages" of evidence.

Some businesses in which tangible and intangible elements carry equal weight emphasize abstractions and evidence in about equal proportions. McDonald's is an excellent example. The food *product* is associated with "nutritious" (two all-beef, etc.), "fun" (Ronald McDonald) and "helpful" ("We Do it All for You," "You Deserve a Break Today"). The main *service* element, i.e., fast food preparation, is tangibly distinguished by uniformity of environment, color, and style of graphics and apparel, consistency of delivery (young employees), and the ubiquitous golden arches.

Using the scale developed in Exhibit 2, this concept can be postulated as a principle for service representation. As shown in Exhibit 3, once an entity has been analyzed and positioned on the scale, the degree to which the marketer will focus on either tangible evidence or intangible abstractions for market positioning will be found to be **inversely related to the entity's dominance.**

The more intangible elements there are, the more the marketer must endeavor to stand in the consumer's shoes, thinking through and gaining control of *all* the inputs to the consumer's mind that can be classified as material evidence.

EXHIBIT 3
Principle of Market Positioning Emphasis



Some forms of evidence can seem trivial until one recognizes how great their impact can be on service perception. Correspondence is one example. Letters, statements, and the like are sometimes the main conveyers of the "reality" of a service to its market; yet often these are treated as peripheral to any marketing plan. From the grade of paper to the choice of colors, correspondence is visible evidence that conveys a unique message. A mimeographed, non-personalized, cheaply offset letter contradicts any words about service quality that may appear in the text of that letter. Conversely, engraved parchment from the local dry cleaner might make one wonder about their prices.

Profile as Evidence

As was pointed out in the investment management example, services are often inextricably entwined with their human representatives. In many fields, a person is perceived to *be* the service. The consumer cannot distinguish between them. Product marketing is myopic in dealing with the issue of *people as evidence* in terms of market positioning. Consumer marketing often stops at the production of materials and programs for salesmen to use. Some service industries, on the other hand, have long intuitively managed human evidence to larger ends.

Examples of this principle have been the basis for jokes, plays, and literature. "The Man in the Grey Flannel Suit," for example, was a synonym for the advertising business for many years. Physicians are uniformly "packaged" in smocks. Lawyers and bankers are still today known for pin-stripes and vests. IBM representatives were famous for adhering to a "White Shirt" policy. Going beyond apparel, as mentioned earlier, McDonald's even achieves age uniformity—an extra element reinforcing its total market image.

These examples add up to a serious principle when thoughtfully reviewed. They are particularly instructive for service marketers. None of the above examples were the result of deliberate market planning. McDonald's, for instance, backed into age consistency as a result of trying to keep labor costs low. Airlines are the single outstanding example of consciously-planned standards for uniformity in human representation. The power of the human evidence principle is obvious, and the potential power of more deliberately controlling or structuring this element is clear.

Lest this discussion be interpreted as an advocacy of regimentation, it should be pointed out that management of human evidence can be as basic as providing nametags to service representatives or as complex as the "packaging" of a political candidate, whose very words are often chosen by committee and whose hair style can become a critical policy issue. Or, depending upon what kind of service "reality" the marketer wishes to create, human representation can be encouraged to display *non*-conformity, as is the case with the "creative" departments of advertising agencies. The point is that service marketers should be charged with tactics and strategy in this area, and must consider it a management responsibility.

Services and the Media

As has been previously discussed, service elements are abstract. Because they are abstract, the marketer must work hard at making them "real," by building a case from tangible evidence. In this context, media advertising presents a particularly difficult problem.

The problem revolves around the fact that media (television, radio, print) are one step removed from tangibility. Media, by its McLuhanesque nature, abstracts the physical.

Even though product tangibility provides an anchor for media representation because a product can be *shown*, media still abstract products. A photograph is only a two-dimensional version of a physical object, and may be visually misleading. Fortunately, the consumer makes the mental connection between seeing a product in the media and recognizing it in reality. This is true even when a product is substantially distorted. Sometimes, only part of a product is shown. Occasionally, as in recent commercials for *7-up*, the product is *not* shown. However, the consumer remembers past experience. He has little difficulty recognizing *7-up* by name or remembered appearance when he sees it or wants to buy it.

Thus, media work *with* the creation of product image and *help* in adding abstract qualities to tangible goods. Cosmetics, for example, are often positioned in association with an airbrushed or soft-focus filmed *ideal* of beauty. Were the media truly accurate, the wrinkles and flaws of the flesh, to which even models are heir, might not create such an appealing product association.

Making Services More Concrete

Because of their abstracting capabilities, the media often make service entities more **hazy,** instead of more **concrete,** and the service marketer must work *against* this inherent effect. Unfortunately, many marketers are so familiar with product-oriented thinking that they go down precisely the wrong path and attempt to represent services by dealing with them in abstractions.

The pages of the business press are filled with examples of this type of misconception in services advertising. In advertisements for investment management, for instance, the worst examples attempt to describe the already intangible service with *more* abstractions such as "sound analysis," "careful portfolio monitoring," "strong research capability," etc. Such compounded abstractions do *not* help the consumer form a "reality," do *not* differentiate the service and do *not* achieve any credibility, much less any customer "draw."

The best examples are those which attempt to associate the service with some form of **tangible evidence,** working against the media's abstracting qualities. Merrill Lynch, for instance, has firmly associated itself with a clear visual symbol of bulls and concomitant bullishness. Where Merrill Lynch does not use the visual herd, it uses photographs of **tangible physical booklets,** and invites the consumer to write for them.

Therefore, the final principle offered for service marketers would hold that **effective media representation of intangibles is a function of establishing non-abstract manifestations of them.**

Conclusion

This article has presented several market-inspired thoughts toward the development of new marketing concepts, and the evolution of relevant service marketing principles. The hypotheses presented here do not by any means represent an exhaustive analysis of the subject. No exploration was done, for example, on product vs. service pricing or product vs. service distribution. Both areas offer rich potential for creative new approaches and analysis.

It can be argued that there are many grey areas in the molecular entity concept, and that diagramming and managing according to the multiple-elements schema could present considerable difficulties by virtue of its greater complexity. It might also be argued that some distinctions between tangible and intangible-dominant entities are so subtle as to be unimportant.

The fact remains that service marketers are in urgent need of concepts and priorities that are relevant to their actual experience and needs, and that marketing has failed in evolving to meet that demand. However unorthodox, continuing exploration of this area must be encouraged if marketing is to achieve stature and influence in the new post-Industrial Revolution services economy.

ENDNOTES

1. See, for example, E. Jerome McCarthy, *Basic Marketing: A Managerial Approach*, 4th ed. (Homewood, IL: Richard D. Irwin, 1971) pg. 303 compared to William J. Stanton, *Fundamentals of Marketing*, 3rd ed. (New York: McGraw-Hill, 1971), pg. 567.

2. See William R. George and Hiram C. Barksdale, "Marketing Activities in the Service Industries," **Journal of Marketing,** Vol. 38 No. 4 (October 1974), pp. 65-70.

3. *The Meaning and Sources of Marketing Theory*—Marketing Science Institute Series (New York: McGraw-Hill, 1965), pg. 88.

4. *Webster's New Collegiate Dictionary* (Springfield, MA: G.&C. Merriam Company, 1974).

5. Philip Kotler, "A Generic Concept of Marketing," **Journal of Marketing,** Vol. 36 No. 2 (April 1972), pp. 46-54.

6. Theodore H. Levitt, "Marketing Myopia," *Harvard Business Review*, Vol. 38 (July-August 1960), pp. 45-46.

7. Aubrey Wilson, *The Marketing of Professional Services*, (New York: McGraw-Hill, 1972) pg. 8.