

The 7 Ps of Services Marketing



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Nature of Services

1. **Intangibility:** services cannot be seen, felt, tasted, or touched in the same manner that we can sense tangible goods.
2. **Inseparability:** services cannot be separated from the person or firm providing it.
3. **Variability:** Since services are performances, frequently produced by human beings, no two services will be precisely alike. Services are heterogeneous across time, organizations, and people and as a result, it is very difficult to ensure consistent service quality.
4. **Perishability:** services cannot be saved, stored, resold, or returned.

The Service Economy

The world economy is increasingly characterized as a service economy. This is primarily due to the increasing importance and share of the service sector in the economies of most developed and developing countries. In fact, the growth of the service sector has long been considered as an indicator of a country's economic progress. Economic history tells us that all developing nations have invariably experienced a shift from agriculture to industry and then to the service sector as the mainstay of the economy. This shift has also brought about a change in the definition of goods and services themselves.

Service organizations vary widely in size. At one end of the scale are huge international corporations operating in such industries as airlines, banking, insurance, telecommunications, and hotels. At the other end of the scale are a vast array of locally owned and operated small businesses, such as restaurants, laundries, optometrists, beauty parlors, and numerous business-to-business services.

The service sector is going through revolutionary change, which dramatically affects the way in which we live and work. New services are continually being launched to satisfy our existing needs and to meet needs that we did not even know we had. Nearly fifty years ago, when the first electronic file sharing system was created, few people likely anticipated the future demand for online banking, website hosting, or email providers. Today, many of us feel we can't do without them. Similar transformations are occurring in business-to-business markets.

The Role Of the Service Economy In Development

As of 2008, services constituted over 50% of GDP in low-income countries. As their economies continue to develop, the importance of the service sector continues to grow. For instance, services accounted for 47% of economic growth in sub-Saharan Africa over the period 2000–2005, while industry only contributed 37% and agriculture only 16% in that same period. This means that recent economic growth in Africa relied as much on services as on natural resources or textiles, despite many of those countries benefiting from trade preferences in primary and secondary goods.

As a result of these changes, people are leaving the agricultural sector to find work in the service economy. This job creation is particularly useful as often it provides employment for unskilled workers in the tourism and retail sectors, which benefits the poor and represents an overall net increase in employment. The service economy in developing countries is most often made up of the following industries: financial services, tourism, distribution, health, and education.

Services as Solutions

If you want customers to buy your services, you need to offer them a solution that costs less than the problem is costing them. Your solution might:

1. Save your customer money;
2. Save your customer time; or
3. Improve your customer's productivity.

This is different from solution selling because instead of defining the solution and then looking for applicable problems, you are tailoring your services to fit your prospective customer's day-to-day problems. In essence, you are in the problem-solving business and if you can prove that you can solve your customer's present problems, you'll have a long-term customer who will come back for more and more.

In order to accomplish this task you and anyone involved in selling your services need to:

Have an excellent understanding of the services you're offering and what can and can't be tailored to a customer's requirement;

1. Have a solid understanding of the common problems your prospects face and those that your services can solve; and

2. Prepare 20-25 questions to identify possible problems and generate credibility and confidence in your company's abilities.

Selling Services As Solutions

Without genuinely valuable services for your customer, you have no revenue. While “what’s the value proposition?” is an over-used term, below is a more specific definition of value, particularly as it applies to application software (in contrast with infrastructure software).

It’s about selling a meaningful solution bundle

When selling services rather than technology, the focus should be on people and organizations—listening to and understanding their internal projects and being considerate of their timelines and [budgets](#). It is important to listen and provide a fair offer for services that genuinely meet a customer’s need. Budgets are much too constrained these days for anyone to buy services they don’t really need. This model can be a good foundation for a company, leading to a sustainable [revenue stream](#) that can help to further fund the [development](#) of the product.

In other words, create revenue that can sustain and grow the business, to make the product better in the long run, and to enable customers to better deploy the software. This only happens if the software and the services provide real value to an organization.

It’s about customer engagement

Years ago, the Red Hat Network offered a valuable service for those who purchased a software subscription. If you passively wait for the renewal, you can expect that some customers will ask themselves, “Do we use this subscription service or not? Do we really need to continue to pay for it?” A proactive approach in this scenario is to demonstrate ongoing value by regular customer engagement, showing the customer new features they can access via their subscription, reviewing their current use of the product, and offering add-on services to help them be better trained or better able to use more of the product for more of their organization.

The fundamental principle here is value. No customer will renew a subscription service or buy more consulting services if they don’t see genuine value in these services as it relates to fulfilling their business objectives, whether that be better [customer service](#), better IT responsiveness, or better IT management.

Services as Products

The increasing importance of the service [market](#) in the economy has brought about a change in the definition of goods and services. No longer are goods considered separate from services. Rather, services now increasingly represent an integral part of the product. It is this interconnectedness between goods and services that is represented on a goods-services continuum.

Services can be alternatively defined as products, such as a bank loan or a home security, that are to some extent intangible. If totally intangible, they are exchanged directly from the producer to the user, cannot be transported or stored, and are almost instantly [perishable](#).

Service products are often difficult to identify because they come into existence at the same time that they are bought and consumed. They comprise intangible elements that are inseparable; they usually involve customer participation in some important way; they cannot be sold in the sense of ownership transfer, and they have no title. Today, however, most products are partly tangible and partly intangible, so the dominant form is to classify them as either goods or services (all are products).

The dichotomy between physical goods and intangible services should not be given too much credence. These are not discrete categories. Most business theorists see a continuum with pure services on one terminal point and pure commodity goods on the other terminal point. Most products fall between these two extremes. For example, a restaurant provides a physical good (the food), but also provides service in the form of ambiance, the cooking and the serving of the food, and the setting and the clearing of the table. And although some [utilities](#) actually deliver physical goods — like water utilities which actually deliver water — utilities are usually treated as services.

Additional Reading: <http://marketingmix.co.uk/>

Starbucks Experiences

Source: Boundless. "The Importance of Services." *Boundless Marketing*. Boundless, from <https://www.boundless.com/marketing/textbooks/boundless-marketing-textbook/services-marketing-6/the-importance-of-services-48/>



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