

RETHINKING THE ROLE OF SERVICES

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ABSTRACT

The purpose of this paper is to question the goods-centered orientation from which we presently derive both our understanding of the role of services in economic exchange as well as our notions concerning the marketing of services, and to suggest a significantly revised paradigm, with an expanded view of the role of services. We propose that services are neither a special case of goods nor "immaterial things." To the contrary, we argue that services represent the essence of economic activity and that goods are a subset and intermediary form of service exchange. That is, services are exchanged for services and goods serve as channels of distribution for these service exchanges. Goods are tangibilized services.

The development of and orientation based on the product-centered paradigm was an artifact of the philosophical, political, economic, and scientific agenda of eighteenth and nineteenth century scholars, particularly in the West. At the time economic science was being formulated, the Newtonian paradigm of mechanical equilibrium, based on deterministic relationships between physical objects, defined what was considered to be "science." Natural Law and rationalism formed the foundation for scholarly advancement; and economic thought was grounded in moral philosophy, with as much of a normative concern for what was good for society (export of tangible commodities) as a positive concern for how economic activity functioned. In this intellectual milieu, the goods-centered paradigm became the received view. With the emphasis on industrialization that was present during that period, perhaps the product-centered paradigm was adequate, but with increased specialization resulting in increasing amounts of economic activity having little to do with industrial activity, we suggest that the product-centered paradigm is hindering our understanding and leading us to intractable questions.

At the most fundamental level humans have two sets of resources which s/he uses to enhance his or her state of well being. These two resources are physical and mental abilities. Humans have different types and levels of these resources and therefore, for efficiency, they specialize. That is, people "go to market" (i.e., exchange with

others) because they are better off specializing and doing what they do best and exchanging these abilities (services) for the services they do not do as well for themselves. It is this mutual service exchange that is at the heart of economic activity.

Services scholars have noted that services differ from goods in terms of several characteristics—intangibility, heterogeneity, inseparability, and perishability. These service-versus-goods qualities are stated in terms of things goods presumably have that services do not. As normally employed, they are hurdles, or negative qualities of services, to be overcome by marketing. We argue that the qualities of intangibility, heterogeneity, inseparability, and perishability not only do not provide a clear delineation between service output and goods but that, from the viewpoint of the consumer, they are characteristics of all market offerings.

A services-centered model of economic activity is the logical extension of the shift from a product orientation to a consumer orientation and more compatible with the current movement toward the understanding of marketing in terms of relationships. Arguably, the recent emphasis on relationship marketing is a product of the partial realization of the necessity of mutual service provision. The delineation of "services marketing" may be a result of the realization that marketing models do not adequately account for what marketers do. We argue that neither "product" marketing nor "services" marketing will reach its full potential until it is understood that both are concerned with the same underlying process—the mutual exchange of specialized services—the process of (often complex) mutual exchange.

Twenty years ago, Shostack (1977) issued a challenge that services marketing needed to "break free" from product marketing. We argue that not only has this challenge not been fully met, but that the challenge itself may not be strong enough. Not only has the product-centered paradigm hindered our understanding of services marketing, it has and continues to constrain our understanding of marketing in general. A services-centered model provides a superior foundation.

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