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Business-to-business Service Marketing

HOW DOES IT DIFFER FROM BUSINESS-TO-BUSINESS PRODUCT MARKETING?

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The service sector has emerged as a driving force in the American economy. Many see it as a means to regain competitive advantage over foreign rivals. This now accounts for over 71 percent of the nation's gross national product (GNP) and 75 percent of its employment (Quinn, 1988), and its explosive growth has stimulated interest in the research community. Researchers for the most part have focused on the essential role service quality plays in satisfying the customer, and they have concluded that service organizations must develop and offer services that meet or exceed customer expectations (Shostack, 1984; Zeithaml, 1988; Zeithaml *et al.*, 1985).

There has also been increasing interest in studying industrial companies, especially product innovation. Much concern has been voiced that, in smokestack industries as well as high-tech industries, American companies are losing their lead over their trading partners (Monger, 1981). A recent report shows the magnitude of this loss, attributable to new product failings. Of the 12 emerging technologies studied, US companies were found to be losing ground to Japanese companies in nine, to be holding their own in three, and to be gaining in none (Carey, 1990). Comparisons with European companies reveal similar results. This and other studies lead one to conclude that domestic companies are not providing new products that satisfy customers' needs and wants better than do the products of foreign competitors.

However, despite the extent of research on service organizations and on innovation in the business-to-business sector, there has been little attempt to integrate the two fields. Service innovation research has examined primarily consumer services (Bowers, 1989; Peterson *et al.*, 1972; Scheuing and Johnson, 1989; Shostack, 1984; Zeithaml *et al.*, 1985). Similarly, studies on

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industrial innovation have concentrated almost solely on products, ignoring the accompanying business-to-business service innovations. It is clear from viewing the *Fortune* Service 500, however, that the dominant service providers in the USA gain a substantial portion of their revenues from business-to-business services. These include diversified services companies (AT&T), commercial banking companies (Citicorp), diversified financial companies (American Express), life insurance companies (Prudential of America), transportation companies (UPS), and utilities (GTE).

This study begins with a discussion of three common myths associated with services marketing in the business-to-business sector. Later sections examine the use of customer value creation in the development of business-to-business service offerings and the way these services are evaluated by customers. Results of a survey of telecommunications industry managers are presented that compare service evaluation criteria to product evaluation criteria. Finally, managerial implications and recommendations for business-to-business service providers are provided.

THREE MYTHS ABOUT BUSINESS-TO-BUSINESS SERVICES MARKETING

Common misconceptions exist regarding the role and importance of business-to-business services. First, services are often considered "low-value added, small-scale, low capital intensive, and technologically unsophisticated industries" (Quinn, 1988). Second, the importance of the interactions between service providers and other business firms is sometimes overlooked. Finally, the differences between services and products, while certainly present, can be overstated; the marketing strategies developed for business-to-business services need not always be different from those developed for products.

Misconception 1. Service Firms Are Small and Low-Tech

The services literature might suggest that service firms are highly labor-intensive, focusing on meeting individual customer needs, but evidence is mounting that the opposite is true. Current spending by service firms on technology capital investments far exceeds the amount being spent by manufacturing organizations. Service providers now account for approximately 84 percent of the total US stock of information technology items (Roach, 1988). As a result, new economies of scale are causing many smaller service providers to merge with larger firms; these firms can handle more data and cover larger customer bases, and can develop customized service applications for business customers through improved technology (Quinn, 1988). Such changes have occurred, for example, in airlines, utilities, banking and financial institutions, communications companies, and hospitals. Many large service institutions currently support large research programs, creating and guiding new technological developments.

Misconception 2. Purchased Services Are Inconsequential to Business Success

Researchers have not always recognized the importance of the interactions between service providers and other business firms. Purchases of services by industrial and other business firms involve large investments of time, money, and personnel (Stock and Zinszer, 1987). Manufacturers have come to recognize that efficiencies gained from service suppliers markedly affect direct costs and that the use of service technologies improves their responsiveness to fluctuating demand patterns. "Technologies developed by service providers are enabling manufacturers to gain more rapid feedback from the marketplace, develop more customized products, and allow for more accurate delivery" (Quinn and Doorley, 1988). Such companies as Apple, Honda, Land's End, and Merck have developed manufacturing or marketing strategies that greatly benefit from acknowledgement of the importance of service or product bundling (Quinn *et al.*, 1990).

In many industries (large appliance, automotive, telecommunications, computers, office equipment, and industrial machinery, for example), leading firms are turning to service support as a way to achieve sustainable competitive advantage. In recent years, the financial services portion of General Motors accounted for about 41 percent of the company's earnings, while at IBM, service-based operations generated one-third of its $51 billion in revenues (Canton, 1988).

Misconception 3. Services Are Inherently Different from Products, So Marketing Strategies Must Be Different

Business-to-business marketing is more complex than consumer marketing because of several characteristics of the former:

(1) a more rationalized buying process;

(2) longer-term relationships;

(3) more technically complex services/products;

(4) more people and procedures involved in the process;

(5) more joint efforts between buyer and seller; and

(6) more custom designed services/products (Cooper and Jackson, 1988).

Although many consumer and business-to-business services/products are similar, e.g. telephone service, financial accounts, tax preparation, usually the extent and nature of underlying need and use differ.

There is also general agreement on a set of traits distinguishing services from products. These include intangibility, inseparability of production and consumption, heterogeneity (non-standardization), and perishability (cannot be inventoried) (Cooper and Jackson, 1988).

Little empirical evidence exists to support or to refute the claim that requirements for success in marketing business-to-business services differ from those required for products. A recent study found only one significant difference in strategies pursued by product and service firms: the service firm's tendency to offer a wider variety and assortment (Parasuraman and Varadarajan, 1988). In perhaps the most comprehensive survey completed, none of the above service characteristics was viewed as being among the most pressing problems facing service marketers (Zeithaml *et al.*, 1985). Indeed, it was concluded that service firms should conduct their business on the basis of customer need satisfaction. This approach is in keeping with the primary tenet of the marketing concept — the need for marketers to fulfill customer needs and wants.

The marketing of services is similar in many ways to the marketing of goods. Both types of marketers must make decision on pricing, promotion, distribution, and new service/product development. In many cases, the customer purchases a package consisting of both products and services. The degree of emphasis placed on various strategy components may depend on situation-specific variables, but nevertheless the same variables are used. Companies competing in the business-to-business sector, whether they be classified as primarily service or product providers, have in common one overriding need: the ability to provide customers with what they want to buy. Service managers, just like product managers, must understand why services succeed, how customers evaluate services, and when to invest in service initiatives (Coyne, 1989).

With these three myths refuted, it becomes clear that both business-to-business *service* and *product* providers are business-to-business *marketers* first and foremost. They seek answers to the question of how customers' needs and wants can best be satisfied. We contend that the answer to this question is the same for both services and products.

CUSTOMER VALUE CREATION AS A DRIVING FORCE IN SERVICE DEVELOPMENT

The underlying goal of all marketing efforts to individual customer is to consummate the exchange process. Marketers must satisfy customer needs and wants better than the competition does; they must therefore begin by examining these needs and wants.

The overriding goal of both service and product organizations is to make profits (or enhance organizational effectiveness or other indicators) (Narver and Stanley, 1989). Profit making is one of the three tenets of the marketing concept. The intermediate customer's goal is also profitability (or enhancing some other organizational indicator) (Scheuing and Johnson, 1989). Therefore, to satisfy an intermediate customer's needs and wants, companies must provide *value* to the customer's organization, that is, improve the customer's short-term or long-term operating results through, for example, increasing efficiency or effectiveness of product or service delivery. "Value" here can be defined as gains to the customer in excess of the dollar amount paid (Fallon, 1971; Forbis and Mehta, 1981; Narver and Stanley, 1989; Porter, 1985). The customer's decision to adopt a new service or product will be based on the perception that the benefits derived are worth more than the cost (Day and Wensley, 1988).

Business-to-business marketers face several problems in attempting to market new products or services. First is buyer uncertainty. Will the technology embodied in the service or product render current technology obsolete? Will delivery and installation timetables be met? Will the new service/product function as promised? Will there be side effects from its adoption? Will the provider be able to give high quality service (Moriarty and Kosnik, 1989)? The provider must be aware of these uncertainties and find creative ways to reduce them (through, for example, guarantees or reputable and timely service).

Second, the new service or product is often marketed as a replacement for an existing one used by the customer. A decision to adopt may require dropping a current service or product, and there may be reluctance to replace a trusted supplier.

Third, customers may change their evaluative criteria because of changes in usage patterns, competitive influences, or buying behavior. For example, the personnel comprising the decision-making unit may change (Takeuchi and Quelch, 1983). Companies must therefore not only monitor their markets but do so continually.

The successful business-to-business marketer will thus be the firm which can develop and market services or products which provide maximum long-term value to their customers. It is critical, then, that the firm be able to determine what traits of the service or product are valued most highly by the individual customer. The firm must also realize that the evaluation of value may differ substantially among customers, and that it must obtain knowledge about how customer value is created (Barnes and Ayars, 1977; Campbell and Cunningham, 1983; Cina, 1989; Coyne, 1989). The value of a service is based solely on the customer's perspective, and the firm must seek to understand its customers' particular way of attaching value to the product or service (Forbis and Mehta, 1981). That is, the attributes considered by customers to be key determinants of value must be specified from a customer's perspective (Day and Wensley, 1988). Though it may be impossible to determine the exact value of a firm's offerings to all customers, the firm can strive to ascertain the approximate value for a majority of the customers. It must first gain a thorough understanding of the components of the customer evaluation process. The greater the managerial knowledge of this process, the greater the chances for successful service development and marketing of these services.

It is critical, then, that marketers undertake the efforts necessary to determine how specific customers evaluate new services; doing this means venturing out into the field and obtain input from customers.

METHODOLOGY OF EMPIRICAL STUDY

A study was made of customer organizations involved in evaluating and purchasing new telecommunications services and products. On the basis of: a literature review, of a series of interviews with telecommunications vendors, managers in customer organizations, and industry analysts and consultation with other researchers, a survey instrument was developed and pretested by a national market research company. After some minor adjustments suggested in the pretest, the survey instrument was used to collect data from managers in the customer sample.

The survey questions related to four components of the service/product evaluation process: evaluation of the vendor, the novelty of the service or product, financial aspects of the service or product, and the uniqueness of the service or product. The instrument consisted of 20 items, shown in Table I. Respondents indicated the importance of each of the criteria in influencing the adoption decision both for a new service and for a new product. A six-point Likert-type scale was used, with anchors of 1 = extremely unimportant; 6 = extremely important.

Prospective respondents were contacted by telephone. Questionnaires were then delivered to and picked up from those managers who agreed to participate, by representatives of a national market research company. Of 680 telephone calls placed, 379 managers agreed to participate in the study and 345 usable

Vendor criteria
Image, experience, and reputation
Personnel competence (experience, education, training)
Financial stability
Reliability
Access
Selection offered; ability to serve as a single source
Responsiveness to customer demands, needs, and wants
Service/product novelty criteria
Compatibility with existing customer skills and capabilities
Compatibility with existing customer technologies
Ease of integration into customer's organization and existing systems
Service/product financial criteria
Savings from service/product use
Price advantages and alternatives
Trial on a small scale
Availability of financing, warranties, and guarantees
Service/product uniqueness criteria
Long service/product life
Superiority to competing and existing products/services
Ease of operation and maintenance
Custom design
Use enables customer to perform new or unique tasks
Use improves some or all of customer's operations

TABLE I.
Scale Items by Category

surveys were returned, for a total response rate of 51 percent. Respondents were encouraged to comment on any material contained in the survey; the quotes in this article were obtained in this manner.

Companies of all sizes were represented (self-reported comparison of number of employees compared with the industry average). About 60 percent of the respondents reported their scope of responsibility as being company-wide; almost all of the remainder had division-wide or departmental-wide responsibility. A wide variety of firms were represented; 34.2 percent were involved in manufacturing, 31.6 percent were consumer service firms, 13.0 percent were industrial service firms, and the remainder were government agencies or other types of firms.

RESULTS AND DISCUSSION

How Services Are Evaluated

Respondents were asked to name one specific service and one specific product their firm had recently decided to adopt. For both product and service, they rated the importance of each of the 20 items (criteria) to the firm's adoption decision. Table II presents these results as mean scores and importance rankings. For services, respondents placed the greatest weight on vendor criteria (average score = 5.29), followed by novelty criteria (average score = 5.02), uniqueness criteria (average score = 4.92), and financial criteria (average score = 4.76). As would be expected from previous research on services and high technology products (Scheuing and Johnson, 1989; Takeuchi and Quelch, 1983; Zeithaml, 1988), "reliability" and "responsiveness to customer demands" received the highest individual scores by significant margin (mean importances of 5.61 and 5.52, respectively). More than 90 percent of the respondents rated these two criteria as either generally or extremely important. Their comments indicated that "vendor's ability to perform as promised" was of primary importance. However, of equal importance was "vendor's willingness to help customers and provide prompt service". As one manager stated: "When we have a problem, we want it solved *now*. Service disruptions mean business disruptions. Responsiveness is critical."

	Service Mean	Service (Rank)	Product Mean	Product (Rank)
Vendor criteria				
Image, experience, and reputation	5.25	(5)	5.11**	(8)
Personnel competence (experience, education, training)	5.35	(4)	5.19**	(6)
Financial stability	5.02	(13)	4.96	(13)
Reliability	5.61	(1)	5.53*	(1)
Access	5.38	(3)	5.26**	(3)
Selection offered; ability to serve as single source	4.88	(15)	4.79*	(16)
Responsiveness to customer demands, needs, wants	5.52	(2)	5.41**	(2)
Average for vendor criteria	5.29		5.18	
Service/product novelty criteria				
Compatibility with existing customer skills, capabilities	4.86	(16)	4.88	(15)
Compatibility with existing customer technologies	5.09	(10)	5.11	(8)
Ease of integration into customer's organization and existing systems	5.12	(8)	5.10	(10)
Average for novelty criteria	5.02		5.03	
Service/product financial criteria				
Savings from service/product use	5.06	(11)	4.95**	(14)
Price advantages and alternatives	5.05	(12)	5.04	(11)
Trial on a small scale	4.28	(20)	4.41**	(19)
Availability of financing, warranties, guarantees	4.65	(18)	4.70**	(17)
Average for financial criteria	4.76		4.78	
Service/product uniqueness criteria				
Long service/product life	5.19	(6)	5.24	(4)
Superiority to competing and existing products/services	5.10	(9)	5.13	(7)
Ease of operation and maintenance	5.17	(7)	5.24	(4)
Custom design	4.39	(19)	4.36	(20)
Use enables customer to perform new or unique tasks	4.70	(17)	4.70	(17)
Use improves some or all of customer's operations	5.01	(14)	5.01	(12)
Average for uniqueness criteria	4.93		4.95	

Significant at the level: * 0.05; ** 0.01

TABLE II.
Respondent Rankings of Service/Product Evaluation Criteria and Value of Service Adopted (Mean Scores and Rankings)

Respondents rated ''vendor access'', ''image'', and ''personnel competence'' as also being key criteria in the decision process. These findings too are consistent with previous research. Surprising, however, were the relatively low scores assigned to ''vendor's financial stability'' and ''ability'' to serve as a single source'' (offering a wide selection of services). These results seem to contradict earlier findings indicating that it is important for the vendor to offer a wide array of service offerings (Parasuraman and Varadarajan, 1988). Several respondents, in fact, viewed reliance on a single vendor as a severe negative. As one respondent reported: ''We spent decades having to deal with only one vendor (AT&T), prior to deregulation. We are certainly enjoying our new-found freedom of choice." Perhaps this finding is particular to the telecommunications industry because of the recent deregulation.

"Compatibility of the service with existing systems", "ease of integration into the customer's organization", and "ease of operation" were all also seen as important criteria by the majority of respondents. Considering the service being evaluated, these high ratings make intuitive sense. Unlike such specialized services as consulting or tax services, telecommunications affects the customer's entire operation. Because of its rapidly evolving marketplace, a high degree of variablity exists in both technologies used and user sophistication. Therefore, it is important for the adopter to choose services that are compatible with the skill and expertise of their personnel.

It is interesting to examine the criteria rated relatively less important by respondents. The lowest ratings were assigned to "custom design", "trial", and "availability of guarantees". Several respondents suggested that vendors do not possess enough customer knowledge to customize services effectively and so custom design was not an issue. Adoption of most telecommunications services is usually an "all or nothing" proposition at a given site, and trial is not a feasible option. Also, there was a general feeling that once a service is adopted, no amount of guarantees could compensate for a service failure. Therefore, it was essential that careful evaluation be made prior to service adoption.

In summarizing the above, several observations can be made. First, risk minimization was the key purchase criterion. Companies wishing to market business-to-business services must emphasize the lessening of customer risk. Telecommunications managers view any adoption decision as one fraught with uncertainty. Since service failure can affect their entire operations, reliability is critical. However, mere promises of reliability are not enough. What these managers look for are signs that promises will be backed up by actions. Specifically, does the potential provider have a proven track record? Are requests for pre-purchase information funneled to the right sources and met promptly? Are potential problems anticipated upfront and contingency plans developed? Do vendor personnel truly understand how their service fits into the customer's operations? As one respondent stated: "Choice of a service provider does not hinge on whether the service will operate as promised 100 percent of the time. That's not reality. Rather, choice depends on what actions the provider promises to take (as evidenced by experience or other credible proof) after the service fails to perform as promised. That's reality."

Second, customers are not interested in radical change. Ease of integration and operation, and compatibility, are likely to be of greater importance than technological sophistication. For example, most business telephone systems today are equipped with a wide variety of features: call transfer, three-way conferencing, call park or pick-up and group intercom. Yet to a large degree, not only are these services not being used, but also most potential users do not know how to use them. While all vendors are capable of citing the means by which their service can help their customer, the most successful will be adept at showing how to apply its service's capabilities to the customer's needs in a way that makes clear business sense. In short, the service provider must go beyond marketing the service solely on a performance basis, merely detailing technical specifications and productivity measures, and instead should stress how the service allows members of the customer's firm to work "smarter" instead of "harder". One of the most valuable acts a service provider can perform, as a prelude to marketing new services, is to help customers gain an understanding of how better to use existing services.

Third, pricing issues and promises of cost savings did not rank among the top ten evaluation criteria. If one were to view value as being a function of both quality and price, it appears that customers are willing to forego lower prices in order to gain higher quality. Judging from respondent ratings, companies in this industry sector which compete solely on price may be misled. Their efforts should be redirected to emphasizing the good fit between the service and the customer's organization.

Differences between Products and Services

The issue of whether services are truly different from products and require unique strategy formulation is an important one and has received some recent attention in the literature (Cooper and Jackson, 1988; Parasuraman *et al.*, 1991; Zeithaml *et al.*, 1985). The telecommunications industry is ideal for comparing services and products, for several reasons. First, in many cases services and products are substitutable for each other. For example, customer organizations may choose to have either on-premise equipment (key systems or PBXs) purchased from companies such as Northern Telecom or AT&T, or to purchase Centrex (central office) services from one of the regional Bell Operating Companies. Both options can serve as the main telecommunications system for organizations of all sizes. Second, there is a great diversity of suppliers, some offering mainly services (the regional Bell companies, long distance providers), some offering both products and services (AT&T), and some mostly products (Northern Telecom, NEC). Third, services and products are usually evaluated by the same telecommunications managers, and so there is a basis of comparison.

As was noted above, respondents rated the importance of the 20 criteria on their decision to adopt products as well as services. Table II shows two methods of comparison used to determine if differences existed between product and service evaluation criteria.

The first method used was a comparison of the rank importance orderings. Table II indicates that there are more similarities than differences. A Spearman rank test indicated that there was indeed a significant, strong relationship between the rankings of the service and product evaluation criteria (Spearman correlation coefficient = 0.9571; t = 14.014; tabled t-value for α = 0.05 and 18 df = 2.101; reject null hypothesis of no relationship between the rankings).

"Reliability", "responsiveness", and "access" were rated in the first, second and third positions respectively for both products and services. Clearly, customers place a premium on the ability to interact with and receive good service from the provider. Whether for a service or a product, vendor actions and accountability are critical.

A review of the remaining rankings reveals many more similarities. Only three of the 20 criteria changed in rank order by more than two positions: "ease of operation and maintenance" (ranked seventh for services and fourth for products), "image, experience and reputation" (ranked fifth for services and eighth for products), and "savings from service/product use" (ranked eleventh for services and fourteenth for products). Where disparity existed, respondents generally place a greater emphasis on technology or feature-related criteria with products and a greater emphasis on integration and people-related criteria with services.

As a second method of evaluation, mean scores for services were compared to mean scores for products for each criterion using a series of *t*-tests. Paired sampling was chosen as the method of testing since the same manager provided information on both service and product evaluation criteria. This method gives clearer, more accountable results since it can uncover significant differences accorded evaluation criteria by individual respondents.

Table II shows the results of this analysis. Significant differences existed at the 0.01 level for six of the criteria evaluated ("image, experience and reputation", "personnel competence", "access", "responsiveness to customer demands, needs and wants", "savings from service/product use", and "trial on a small scale"). For two other criteria ("reliability" and "selection offered"), differences significant at the 0.05 level were found. Even though the rank ordering was the same for the three most important criteria, managers rated these criteria as significantly more important for service evaluation. In fact, six of the eight significant differences were found to occur in vendor evaluation criteria, and in all instances (including the one found to be non-significant) greater importance was placed in service evaluation than in product evaluation. As one respondent stated: "While in both cases, the vendor is important; in service decisions, the vendor is all-important". In only one case did managers place a significantly greater emphasis on product evaluation criteria: the product's life. This finding reinforces the notion that the lease versus purchase decision may indeed influence the degree of importance placed on a product's potential life.

Results of the analysis suggest that, at least in the telecommunications industry, many similarities exist in the relative order of importance accorded to service versus product evaluation criteria. Differences seem to occur as a result of two factors: geographic location of the offering which affects maintenance and operating responsibility, and financing decisions which affect the importance placed on longevity. In terms of relative importance, it is apparent that intangible vendor-related criteria are deemed important in both types of evaluations but are considered significantly more important in service adoption decisions.

MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

Interest and research activity in the field of services marketing have shown tremendous growth in recent years. This activity has tended to place a heavy emphasis on consumer services marketing. Notwithstanding the contributions resulting from these efforts, the literature has shown a comparative lack of appreciation for the importance of services offered in the business-to-business sector. The use and role of technology in providing services have been similarly neglected. Researchers have concentrated on the human component of service delivery.

Likewise, despite increasing interest in studying various facets of business-to-business marketing, scant attention has been paid to the growing role that services play in the development and marketing of business-to-business products. In many companies, substantial profit can result from the marketing of business-to-business services. A major objective of this study has been to provide both researchers and managers with a call for action. This empirical study can provide a basis from which future studies can evolve. On the basis of the results, several conclusions can be reached.

First, criteria associated with the service provider are deemed the most important aspect of the service adoption evaluation process. Perceived reliability and responsiveness to customer demands, needs, and wants were accorded the highest scores. Thus, companies marketing their services must market their ability to respond to customers. To accomplish this, the firm should begin with preliminary marketing efforts. Communication activities should emphasize the provider's willingness and ability to help customers and deliver what is expected. Actions taken in response to requests for information or proposals are seen as indicators of a provider's ability to perform in the future. As one respondent to the study noted: "If a vendor treats me with indifference, neglect, or as insignificant before we purchase their services, imagine what we'll be treated as after the purchase!"

Second, services provided must be compatible with existing customer technologies and skills. Ease of adoption and integration criteria were rated as very important. Especially in the telecommunications industry, change is viewed with much uncertainty. While improved performance and cost savings are important to the user, so is demonstrating that changeover to a new telecommunications system will be relatively painless. Service providers must apply a user-based approach to marketing their services, taking into account differences in customers' technical sophistication, degree of usage, and other relevant factors. For example, the seller can increase the extent of contact with purchasing agents and other managers, in order to gain key information about buyer-specific requirements. Both buyer and seller can benefit from this interaction; the seller obtains information about the buyer's organization and operations, while the buyer gets a product that matches particular needs.

Third, the most critical service evaluation criteria were "long life" and "ease of operation". Respondents were concerned that services purchased offered lasting improvements over existing services and were easy to operate and maintain. This finding seems contradictory to the trend seen among service suppliers on becoming one-stop sources of supply for a company's total telecommunication needs. Perhaps, because of the nature of this industry, there is reluctance among customers to depend too heavily on one vendor. However, this finding may also apply in other industries characterized by rapid technological changes.

Fourth, services seemed to be evaluated very similarly to products. Despite all that has been written on differences between services and products, the findings found much similarity in the ranked importances and very few significant differences between service and product mean importance scores. One could conclude that because service aspects related to product offerings are becoming more significant, at least in the business-to-business sector, boundaries between what constitutes a "service" and a "product" are becoming blurred.

What is striking however, is that, on almost all the vendor criteria, the role of the service provider was seen to be more important than that of the product vendor. This finding may hold especially in cases where services and products are substitutable for each other. The service provider firm must be aware of the important role of the vendor in the sale of services; image, reliability, accessibility, responsiveness and competence are likely to be key factors in the vendor selection decision.

In conclusion, in the business-to-business sector, managing service businesses is not that different from managing tangible-good businesses. We will try here to anticipate criticism of this contention. First, although this study took place in a high technology sector, one can argue that business-to-business service offerings are increasingly becoming more technology dependent. Second, as both products and core services become more generic in nature, it is the associated services provided by vendors that are becoming increasingly more important in the purchase decision process; thus, it is pointless to try to extract the service portion from product offerings. Third, few can dispute that, regardless of whether services or products are being marketed, the winner will always be the firm which offers the most value to the customer. Therefore, although services do possess some different characteristics than products, strategy development for marketing services should be grounded in the same basic principles that serve to guide all marketers.

Managers of service firms should concentrate on applying the same basic marketing principles as successful product marketers have for years: understand customer demand, needs, and wants, and be responsive to them. They should also realize that service customers place a high degree of importance on reliability, image, competence and accessibility. These criteria ought to be periodically assessed and improved by the service firm.

To answer the question posed in our title, then, the study suggests that business-to-business service marketing and product marketing are not all that different, at least in the telecommunications industry. We have not tried to generalize our results to other industries, but suspect that much the same finding will be found elsewhere. Whether it be a service or a product being marketed, fundamental marketing principles are likely to apply. The service provider who ignores this simple fact is indeed very myopic.

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