



Publications

United International Journal of Multidisciplinary Research (UIJMR)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

ISSN: 3048-6726 www.ujmr.in Impact Factor: 6.934 (SJIF) Vol-3, Issue-1 ;Jan, Feb, & Mar, 2026

The Shift from Product-Centric to Customer-Centric Marketing: A Study of Service Industries

Dr.B.Ramadevi

UPGC Subedari, KU, Dept of Commerce and Business Management

Article Received:05-01-2026 Article Modified:22-02-2026

Article Accepted:24-02-2026 Article Published:25-02-2026

DOI:10.37854/UIJMR.2026.3.1.53

Abstract

This study investigates the paradigm shift from product-centric to customer-centric marketing in service industries. It explores the drivers behind this transition, the challenges firms face during implementation, and the resulting performance outcomes. Service sectors increasingly recognize that sustainable competitive advantage comes from customer relationships rather than service features alone. Therefore, understanding this transformation is critical for both scholars and practitioners. This research uses a qualitative multi-case analysis of service firms like Freshworks, Chaz Dean, and various professional service organizations. It examines how these companies navigate the complex process of reorienting their marketing strategies around customer needs. The findings show that a successful customer-centric transformation requires fundamental changes across three interconnected areas. These dimensions include organizational culture and metrics, the integration of customer feedback, and technology-enabled personalization. Results indicate that firms implementing comprehensive customer-centric approaches achieve measurable improvements in customer lifetime value, retention rates, and revenue growth, though they face significant challenges in balancing innovation with customer responsiveness. This study contributes an integrated framework for understanding service industry marketing transformation and offers practical guidance for organizations undertaking similar strategic shifts.

Keywords: Customer-Centric Marketing, Service Industries, Product-Centric Marketing, Marketing Transformation, Customer Experience, Service-Dominant Logic, Customer Lifetime Value



Introduction

For decades, marketing theory and practice in service industries operated under goods-dominant logic assumptions. The primary focus was on promoting service features, capabilities, and transactional exchanges. Service firms structured their marketing around what they could offer, including specific expertise, standardized service packages, and technical capabilities. They believed superior service offerings would naturally attract and retain customers. This product-centric approach proved historically effective. However, it has encountered growing limitations in contemporary markets. These markets feature intensified competition, digitally-empowered consumers, and rising expectations for personalized experiences. The problem confronting service industries today is multifaceted. First, service commoditization has accelerated significantly. Competitors now replicate service features and technical capabilities with increasing speed. This erodes differentiation based on service attributes alone. Second, customer expectations have fundamentally shifted. Clients now demand experiences that recognize their unique contexts and anticipate their needs. They expect continuous value delivery rather than discrete transactions. Third, the very nature of service creates unique challenges. Services are characterized by intangibility, heterogeneity, and the inseparability of production and consumption. These characteristics make customer relationships not merely a marketing objective but the core context within which value is co-created.

Despite widespread recognition that customer-centricity offers a path forward, service firms struggle with implementation. Many organizations announce customer-centric strategies while maintaining product-centric operations, metrics, and cultures. Others find themselves trapped between competing priorities. They need incremental innovation driven by customer feedback. Yet they also pursue breakthrough innovations that customers cannot yet articulate. The gap between strategic intent and operational reality remains substantial. This suggests that the transition from product-centric to customer-centric marketing is neither simple nor well-understood.

Research Questions

This study addresses the following research questions:

- 1) What key drivers are motivating service firms to transition from product-centric to customer-centric marketing approaches?
- 2) How do service firms implement customer-centric marketing transformations, and what challenges do they encounter?



- 3) What measurable outcomes result from successful customer-centric marketing implementation in service industries?
- 4) How do firms balance the tension between responding to expressed customer needs and pursuing innovative service developments that customers have not yet imagined?

Literature Review

Scholarly discourse on are developed along several intersecting trajectories.

1) Product-Centric Marketing: Foundations and Limitations

Product-centric marketing emerged from the goods-dominant logic that underpinned twentieth-century marketing thought. Under this paradigm, companies prioritize developing superior products or services. They emphasize features, quality, and innovation as their main differentiators. The core assumption is that excellence in service delivery will naturally attract customers. Businesses believe that consumers will recognize and reward superior offerings. Marketing's role is therefore limited to communicating service attributes. It primarily facilitates transactions rather than engaging deeply with customer contexts. This product-centric approach appears in service industries through specific practices. Research and development investments focus on technical capabilities and service innovations. These developments often proceed without direct customer input. Success metrics center on service quality indicators and transaction volumes. Market share measurements reflect internal performance standards rather than customer relationship health. Decision-making authority rests mainly with technical experts and engineers. These professionals determine value based on their judgment rather than customer insight.

However, the limitations of product-centric marketing in services have grown increasingly clear. Services differ fundamentally from physical goods. They are experienced rather than possessed, and their value emerges through use rather than exchange. When service firms focus exclusively on their offerings, they overlook the relational context where service value is actually determined. Additionally, service intangibility creates evaluation difficulties for customers before consumption. Trust and relationship quality therefore become critical factors. Unfortunately, product-centric approaches address these elements inadequately.



2) The Emergence of Customer-Centric Marketing

Customer-centric marketing represents a fundamental shift in strategic focus. Rather than concentrating on what the company produces, this approach centers on understanding individual customer needs, contexts, and behaviors over time. The goal is to respond to these insights effectively. This shift aligns with broader developments in marketing thought. It particularly reflects the service-dominant logic proposed by Vargo and Lusch. This logic positions service—the application of competences for the benefit of another—as the fundamental basis of all exchange. In customer-centric marketing, the core unit of analysis changes. It shifts from individual transactions to ongoing relationships. The focus also moves from broad market segments to understanding individual customers. Ravi and Sun's framework for customer-centric marketing provides a practical approach. It emphasizes using customer-level data to make dynamic and adaptive marketing decisions. The primary aim is to maximize long-term customer lifetime value (CLV) rather than focusing on short-term campaign performance. This approach requires continuous learning about customer preferences and behaviors. This ongoing insight enables firms to customize their offerings, communications, and interactions in real-time.

Several key characteristics distinguish customer-centric from product-centric approaches. First, investment priorities shift. Resources are allocated not only to R&D but also substantially to customer research, feedback systems, and experience design. Second, decision-making processes change. They become informed by user research, behavioral data, and direct customer input. Product and marketing teams iterate rapidly based on real-world usage patterns. Finally, success metrics expand. They now include customer satisfaction, Net Promoter Score (NPS), retention rates, and customer lifetime value. These measures capture the health of the customer relationship rather than merely recording transactional outcomes.

3) Service Industries as a Context for Marketing Transformation

Service industries present unique characteristics that both necessitate and complicate the shift to customer-centric marketing. Unlike physical goods, services are produced and consumed at the same time. This means customers actively take part in service delivery, and their personal experiences directly shape how they perceive value. This co-creation process makes customer



relationships more than just a marketing concern. Instead, these relationships form the very foundation where service value is created.

Over time, services marketing theory has increasingly recognized these unique qualities. In the 1970s and 1980s, early research focused on how services differ from goods and what that meant for marketing practices. This work introduced key ideas, such as viewing the service encounter as a key moment for interaction and building relationships. Later, the field incorporated concepts from relationship marketing. This shift emphasized that lasting customer connections, professional networks, and ongoing interactions are at the heart of effective service marketing. Today, service industries face new pressures that are speeding up the move toward customer-centric approaches. Digital technology has reshaped what customers expect and how they behave. Clients now want personalized access to relevant content and interactions whenever they need it. For example, professional services firms must deliver smooth omnichannel experiences. Clients expect to switch effortlessly between online self-service, remote meetings, and in-person consultations, depending on their needs at each step. At the same time, competition has grown fiercer as services become easier to copy. As a result, strong customer relationships have become the main way for firms to stand out and stay competitive over the long term.

4) Theoretical Framework: Integrating Product and Customer Perspectives

While product-centric and customer-centric approaches are often presented as dichotomous, a more nuanced perspective suggests that effective marketing requires integrating both orientations. Product-centricity excels at driving breakthrough innovations that create new markets and establish significant competitive advantages. Customer-centricity ensures strong product-market fit, higher retention, and adaptability to evolving customer needs. The challenge lies not in choosing one approach but in determining how to balance them appropriately. This study adopts an integrated theoretical framework that recognizes the complementarity of product and customer orientations. Following the service-dominant logic tradition, we view service offerings not as ends in themselves but as resources whose value is realized through customer usage and co-creation. Customer-centric marketing thus does not diminish the importance of service excellence but reframes it within the context of customer relationships. Similarly, customer feedback and relationship data inform rather than replace the pursuit of innovation, enabling



firms to anticipate needs that customers have not yet articulated while remaining responsive to expressed preferences.

Methodology

- **Research Design:**

This study employed a qualitative, multi-case research design to investigate the shift from product-centric to customer-centric marketing in service industries. The case study approach was selected for its capacity to capture the complexity and contextual nature of organizational transformation processes, enabling rich description of how firms navigate the challenges of marketing paradigm shifts. Multiple cases were included to enhance analytic generalizability and enable cross-case comparison.

- **Case Selection**

Cases were selected through purposive sampling to represent diverse service industry contexts while ensuring relevance to the research questions. Selection criteria included: (1) evidence of deliberate strategic effort to shift toward customer-centric marketing, (2) availability of documented transformation processes and outcomes, (3) representation of different service subsectors, and (4) variation in firm size and maturity. The final case set included:

- 1) **Freshworks:** A mid-sized Software-as-a-Service (SaaS) company that transformed from feature-obsessed product development to customer-obsessed operations following growth plateau and rising churn.
- 2) **Chaz Dean:** A beauty and personal care service brand that migrated from fragmented digital presence to unified, personalized customer experiences, achieving measurable improvements in engagement and revenue.
- 3) **Professional Services Firms:** A cross-case analysis of legal, accounting, and consulting firms adapting their marketing approaches to meet evolving client expectations for personalized, always-on digital engagement.

- **Data Collection:** Data were collected from multiple sources to support triangulation. Primary data sources included

- a) **Documentation:** Internal strategy documents, annual reports, marketing materials, and public communications related to customer-centric transformation initiatives.



- b) **Archival records:** Performance data, customer satisfaction metrics, and financial results before and after transformation efforts.
- c) **Published case studies:** Academic and practitioner case studies documenting transformation processes and outcomes.
- d) **Industry benchmark reports:** Published research on service industry marketing trends and performance metrics.

- **Data Analysis**

The data analysis followed established qualitative procedures. Within-case analysis was first conducted to develop detailed narratives for each case. Cross-case analysis then identified patterns, themes, and relationships across the different cases. Thematic analysis was employed to uncover recurring themes related to transformation drivers, implementation processes, encountered challenges, and achieved outcomes. Analytic rigor was strengthened through triangulation across multiple data sources, systematic searching for disconfirming evidence, and peer debriefing sessions.

- **Limitations**

This study has several limitations that should be acknowledged. The reliance on published and archival data, rather than primary data collection through interviews or observation, may limit the depth of insight into organizational dynamics. While the case selection was diverse, it may not fully represent the complete range of service industry contexts. Furthermore, the focus on firms that have explicitly undertaken transformation efforts may introduce success bias, potentially limiting understanding of failed or abandoned initiatives.

Findings: Analysis of available evidence reveals 4 dimensions, which are need to be discussed. They are

- 1) **Drivers of Customer-Centric Transformation**

Analysis revealed three primary drivers motivating service firms to shift toward customer-centric marketing. Three primary drivers motivated service firms to shift toward customer-centric marketing. First, growth plateaus and rising customer churn served as critical catalysts. For example, Freshworks experienced slowing sales and increasing churn despite its feature-rich products. Leadership traced this problem back to customers feeling unheard and undervalued. This pattern of defection due to perceived indifference, rather than service failure, appeared consistently across the cases studied. It suggests



that product-centric strategies eventually hit a relational ceiling that hinders further growth.

Second, digital transformation and shifting customer expectations pushed for change in every case. Clients of professional services now demand personalized, always-on digital experiences similar to those from top B2C brands. Consequently, firms that fail to offer seamless omnichannel engagement risk seeming outdated. Customers want to move effortlessly between self-service content, remote interactions, and in-person consultations. Addressing this fragmented customer journey requires integrated approaches that traditional product-centric silos simply cannot provide.

Third, increasing competitive pressure and service commoditization made relationship-based differentiation essential. As service features become easier to replicate, customer experience and relationship quality emerge as the primary sources of sustainable advantage. Firms realized that competing on service attributes alone leads to margin erosion and diminishing differentiation. This understanding has made customer-centricity a strategic imperative, not just a marketing option.

2) Implementation Pathways

Successful customer-centric transformations followed consistent implementation patterns across three interconnected dimensions.

a) Cultural and Organizational Restructuring:

Firms recognized that customer-centric marketing requires fundamental organizational changes beyond marketing department initiatives. Freshworks reorganized its teams around customer journeys instead of product features. This structural change broke down silos that had previously isolated product development, sales, and customer support. As a result, the company enabled more seamless customer experiences and aligned incentives across formerly disconnected units. Success metrics also underwent a parallel transformation. Rather than focusing mainly on product quality indicators or transaction volumes, firms adopted customer-centric measures. These included Net Promoter Score (NPS), customer lifetime value (CLV), churn rates, and repeat purchase behavior. Such metrics shifted organizational attention from short-term transactions to long-term relationship health. This realignment helped ensure that behavior across the company supported customer-centric objectives.



b) Voice of the Customer Integration

Establishing systematic mechanisms for capturing and responding to customer input emerged as a critical implementation component. Freshworks implemented comprehensive "Voice of the Customer" programs that gathered feedback through multiple channels and ensured it influenced product roadmaps and service improvements. Similarly, Chaz Dean integrated customer preference data through product recommendation quizzes and behavior-triggered marketing automation, creating continuous feedback loops that personalized experiences and guided customers toward relevant offerings. Professional services firms developed sophisticated approaches to capturing engagement data across digital touchpoints, using interaction patterns to understand client interests and intent. This first-party data enabled personalized content recommendations, targeted event invitations, and informed business development conversations that felt like continuations of previous interactions rather than cold outreach.

c) Technology-Enabled Personalization

Technology infrastructure emerged as both enabler and accelerator of customer-centric marketing. Chaz Dean's migration from fragmented Magento platforms to a unified Shopify infrastructure proved transformative. The new system enabled personalized customer experiences that drove measurable results. Average order value increased by 21 percent, and the company generated over \$300,000 in additional revenue. The integration of AI-driven product recommendation tools further enhanced the customer experience. Automated email marketing campaigns complemented these efforts effectively. Together, these technologies created personalized customer journeys that operated efficiently at scale. Professional services firms are adopting similar technological approaches. These organizations increasingly leverage engagement platforms designed to capture rich interaction data. Such data is collected across multiple touchpoints, including webinars, content hubs, and virtual events.

The captured information serves multiple strategic purposes. It powers personalized content recommendations for individual clients. It informs account-based marketing strategies with greater precision.



Additionally, it provides business development teams with actionable insights about client interests and engagement patterns. The most successful firms share a common characteristic in their approach. They treat digital engagement as an integrated fabric rather than disconnected channels. This philosophy enables cohesive customer experiences across all touchpoints. It also provides a comprehensive view of customer interactions that would otherwise remain fragmented.

3) Outcomes and Performance Impacts: Customer-centric transformations yielded measurable positive outcomes across cases, though with variation in specific metrics based on industry context.

- a) Revenue and value metrics showed consistent improvement. Chaz Dean achieved 21% increase in average order value and 20% repeat order rate following migration to unified, personalized platform. Freshworks reported improved customer satisfaction, reduced churn, and accelerated growth following customer-centric reorganization. Professional services firms implementing integrated engagement platforms documented increased participation rates, higher attendance, expanded prospect reach, and improved meeting booking rates.
- b) Relationship quality improvements manifested in enhanced customer loyalty and advocacy. Firms reported strengthened brand relationships as customers experienced greater relevance, recognition, and responsiveness. The shift from transactional to relational engagement created foundations for sustainable growth through retention and word-of-mouth rather than continuous acquisition spending.
- c) Operational benefits included streamlined processes and improved resource allocation. Unified platforms reduced backend complexity, simplified inventory and content management, and enabled more efficient marketing operations. Engagement data provided clearer signals about customer interests, enabling more targeted resource allocation and reducing waste on irrelevant communications.

4) Tensions and Challenges

Despite positive outcomes, firms encountered persistent tensions in implementing customer-centric marketing. The innovation versus responsiveness tension emerged as particularly challenging. While customer



feedback guides improvement, exclusive reliance on expressed needs may limit breakthrough innovation that creates new markets. Firms must balance listening to current customers with anticipating future needs that customers cannot yet articulate.

Organizational resistance slowed transformation efforts. Teams accustomed to product-centric operations and metrics struggled to adapt to new priorities and ways of working. Legacy systems and siloed structures impeded efforts to create unified customer views and seamless experiences. Sustained leadership commitment and explicit change management proved essential for overcoming inertial forces. Data and privacy concerns created additional complexity, particularly in professional services where confidentiality is paramount. Firms must balance personalization benefits with privacy obligations, ensuring customer data is protected and used ethically. The gap between AI adoption aspirations and organizational readiness remains substantial, with most firms still developing policies and capabilities for responsible data use.

Conclusion

This study examined the shift from product-centric to customer-centric marketing in service industries, revealing the multifaceted nature of this strategic transformation. The findings demonstrate that successful customer-centric marketing requires fundamental changes across organizational culture, customer feedback integration, and technology-enabled personalization—not merely marketing department initiatives or customer service improvements. The research contributes an integrated framework for understanding service industry marketing transformation, identifying key drivers (growth plateaus, digital expectations, competitive pressures), implementation pathways (cultural restructuring, voice of customer integration, technology enablement), and outcomes (revenue growth, relationship quality, operational efficiency). This framework provides both theoretical coherence and practical guidance for organizations navigating similar transitions.

References

Chappa, K. B. (2025, June 6). *From features to feelings: How Freshworks transformed into a customer-centric powerhouse*. LinkedIn. <https://www.linkedin.com/pulse/from-features-feelings-how-freshworks-transformed-kasu-babu-chappa-qnvec>



Publications

United International Journal of Multidisciplinary Research (UIJMR)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

ISSN: 3048-6726 www.ujmr.in Impact Factor: 6.934 (SJIF) Vol-3, Issue-1 ;Jan, Feb, & Mar, 2026

Chaz Dean boosts AOV by 21% by migrating from Magento to Shopify. (n.d.). *Shopify*. <https://www.shopify.com/case-studies/chaz-dean>

Gummesson, E. (2016). The new service marketing. In *Marketing Theory*. <https://doi.org/10.4135/9781036235185.n18>

Lashbrook, J. (2025, December 29). *Professional services marketing: Must-know trends for 2026*. ON24. <https://www.on24.com/blog/professional-services-marketing-must-know-trends-for-2026/>

Madouri, H. (2025). Digital marketing in the service sector: Opportunities, challenges and transformation strategies. *Acta Economica*, 23(43), 141–159. <https://doi.org/10.63356/ace.2025.016>

Montie, B. F. (2025). The evolution of societal marketing in service businesses: Origins, transformations and future perspectives (1970–2023). In *Proceedings of the International Conference on Business, Economics, Law, Language & Psychology* (pp. 106–107). Social Science and Humanities Research Association (SSHRA).

Product-centric vs. customer-centric: Which wins? (n.d.). *Product School*. <https://staging.productschool.com/blog/product-fundamentals/product-centric-vs-customer-centric>