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Marketing as Interaction and Service

■ Introduction

This chapter introduces a perspective for marketing that is profoundly different from that which was described in the previous chapter, yet is critical to both the process of marketing and our understanding of the role of the consumer. Essentially this perspective moves marketing on from a discipline underscored by exchange of value towards one that can be better explained by the concepts of interaction and the exchange of service. Or as Vargo and Lusch (2004, 2008a, 2008b) posit, a switch from a *goods dominant* logic to a *service dominant* logic. Broadly construed, this perspective sees a reorientation of the nature and roles of market actors and recasts value creation from being an unequivocal management practice to a co-constitutive process between consumers, organisations and their stakeholders. In particular, this orientation de-centres marketing practitioners from their privileged role as value creators to a role that is more in tune with being the facilitator of a value creation process. In relation to this, this perspective privileges the marketing audience who switch from being mere targets of marketer-created value to active players and co-creators of personalised value.

In making this conceptual shift we will demonstrate that many of the foundational constructs and assumptions underlying the exchange paradigm have been recast and will follow by arguing that as a result

so should the way in which we think about marketing. The impact of this is that it challenges and reformulates practice across our sectors, which must also align with this re-orientation and shift in logic. Importantly to aid this shift, the language of marketing needs to be changed to accommodate the essence and underlying characteristics and features of these changes. In this sense we will argue at the end of the chapter that standard marketing concepts such as ‘consumer’ or ‘audience’ may need revision so as not to obscure and limit thinking. Importantly we will demonstrate the central role that consumption plays in value creation and as a result will explain the key concepts and process integral to it. In this respect we follow the argument of Vargo & Lusch (2004, p.12) that the service-centred view of marketing “is inherently... consumer-centric and relational”.

■ From goods logic to a logic of service

Over the last decade a new direction in marketing has arisen that challenges the underlying logic of the exchange perspective. This emerging perspective similarly holds the concept of value as central to its thinking, however it is its focus around who creates value where it fundamentally differs. Rather than holding the assumption that marketers produce, and customers use value, this view suggests that value creation is a shared and fluid process, and that value is dynamically produced through the activities and interactions between THEF marketers and their audiences.

While there is a lot of debate about the origin of this perspective (e.g. Levy, 2006), most literature cites a paper by Vargo and Lusch (2004) as a key moment in this ‘turn’ in marketing thought. While this and later papers flesh out the orientating propositions of this perspective, which number between 8 and 10 in total (see Vargo and Lusch, 2004 & 2008a), the key concepts and ideas through which we ground our arguments in this chapter are:

- 1 Service and interaction;
- 2 Consumer resources and consumption practices;

- 3 Co-creation and co-production;
- 4 The consumption cycle; and
- 5 Multi-dimensional consumer value.

We will discuss each of these in turn, but must point out at the start that there is significant overlap and co-dependency between these concepts.

■ Service and interaction

This first of these concepts simply acknowledges the fact that consumers put products into *service* to meet their own specific goals. In this respect, an acknowledgment of the fact that different consumers may pursue different goals from other consumers, or that a consumer may pursue different goals when consuming the same product on different occasions or in different contexts, implies that the experience and outcome of consumption is determined by the individual (Holbrook, 1999; Vargo & Lusch, 2007). Accordingly, while a group of consumers may be sharing in the same basic experience during the consumption of a THEF product such as a music festival, they could each be using the occasion for different reasons and in turn creating unique experiences and forms of value. So, for example, one attendee could be there purely to see their favourite bands perform while another may attend to revel in the atmosphere or enjoy a convivial social experience with their friends. In respect of practice, this implies that THEF marketers must begin to account for the multi-dimensional nature of their products and the experiences that they potentially provide, and to not become fixated on one particular form of value or set of experiences. On the contrary they need to understand that consumers produce the experience of their products on their own terms. We deal with these issues later in the chapter when we discuss the nature of consumer value and the concept of co-creation in more detail.

In light of this discussion we can see that unlike the exchange perspective, which infers that value is stored within a product itself, the service logic posits that value is only experienced and realised in