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## **CHAPTER 3**

### **Marketing communication**

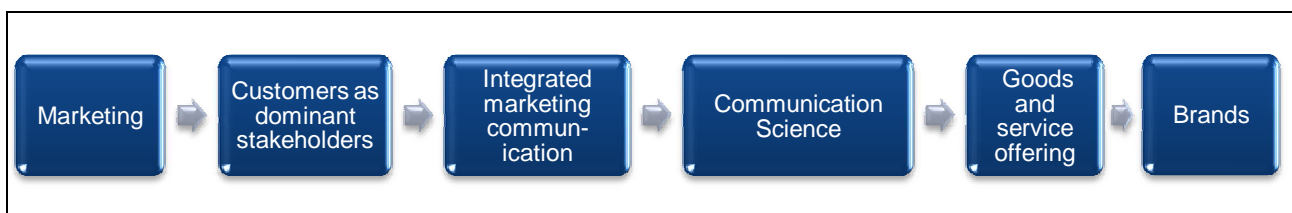
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#### **3.1 INTRODUCTION**

The previous chapter established today's culture as characteristically postmodern and justified postmodernism as a relevant worldview. It also raised the point that marketing is part of culture, thereby inferring that as part of a postmodern culture marketing too should demonstrate postmodern characteristics.

The aim of this chapter is to demonstrate recent transformations affecting marketing, particularly in the area of marketing communication, as well as suggesting possible approaches that suitably lend themselves for the implementation of marketing under the postmodern condition. Some of which have had revolutionary effects on the field; most significantly the advances in information and communication technology, which has influenced every aspect of contemporary society. This includes contributing to the increasing power of the customer and giving rise to new and alternative methods of marketing communication. Organisations must adapt their marketing strategies to remain relevant and competitive in today's continuously evolving landscape. Figure 3.1 provides the framework for the structure of this chapter.

**Figure 3.1: Chapter framework of Chapter 3**



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### 3.2 DEFINING MARKETING

Marketing definitions have adjusted over time, as a result of different influences that have affected the discipline through its history (Baker, 2000:1). It is a broad discipline and as such has numerous definitions, see Table 3.1.

**Table 3.1: Marketing definitions**

<b>DEFINITION</b>	<b>SOURCE</b>
Marketing "... is the establishment of mutually satisfying exchange relationships"	Baker (2000:1)
"Marketing is managing profitable customer relationships. The twofold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction."	Kotler and Armstrong (2006:4)
"Marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return."	Kotler and Armstrong (2010:29)
"The marketing function, therefore, is to identify customer needs, and to provide a product or service that meets some or all of those needs, accessibly and at an acceptable price to the target market."	Stapleton and Ali (2007:8)

Source: (Baker, 2000:1; Kotler & Armstrong, 2006:4; Kotler & Armstrong, 2010:29; Stapleton & Ali, 2007:8)

These definitions share some commonalities. They focus on: customers; the provision of suitable offerings to meet customers' needs; appropriate benefits to the organisation; and the relationship between the customer and the organisation on the basis of value exchange. The customer and relationships between the customer and the organisation are key themes of this chapter. According to Kotler and Armstrong (2010:34) there are five guiding philosophies of marketing management, namely: the production, product, selling, marketing, and societal concepts (refer to Table 3.2). Production, product and selling concepts have a less holistic outlook on marketing management with a narrow focus rather than broad perspective that encompasses the full marketing remit. The marketing and societal marketing concepts are well-matched in the context of the postmodern condition.

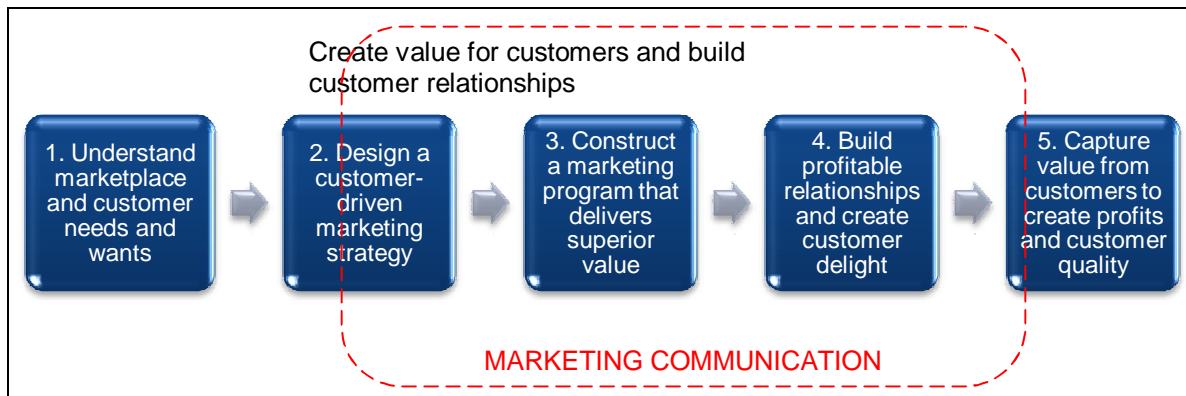
**Table 3.2: Marketing management philosophies**

<b>PHILOSOPHY</b>	<b>CONCEPT</b>	<b>APPLICATION</b>	<b>CAVEAT</b>
<b>PRODUCTION CONCEPT</b>	Customers prefer products that are available and highly affordable.	Marketers aim to improve production and distribution efficiencies.	Although applicable to some situations, may lead to marketing myopia where organisations limit their focus to operational efficiency rather than fulfilling customer needs.
<b>PRODUCT CONCEPT</b>	Customers prefer products that offer the best quality, performance and innovation.	Marketers focus on continuous product improvement.	Risks market myopia by focusing on only one-dimension of marketing - the product.
<b>SELLING CONCEPT</b>	Customers will only purchase sufficient quantities of product if there is a robust selling and promotion to support the product.	Marketers focus on aggressive selling tactics.	This method is transactional based rather than relationship building.
<b>MARKETING CONCEPT</b>	This is a customer-centred sense and respond philosophy that seeks to understand the needs and wants of customers to provide them with a satisfactory offering that is better than competitors.	Focuses on customer needs. Applies an integrated marketing approach.	The customer does not always know what they want or what is possible.
<b>SOCIETAL MARKETING CONCEPT</b>	This philosophy is an expansion of the marketing concept. It seeks to deliver value to customers in a way that maintains or improves both the customers' and society's well being.	Marketers have a responsibility to the welfare of society as well as fulfilling their customers' needs.	Increased number of stakeholders and accordingly needs to satisfy.

Source: Conceptualised from Kotler and Armstrong (2010:34)

The marketing process consists of five stages, as plotted in Figure 3.2. Marketing communication, the primary focus of this chapter, envelops several stages, which are demarcated in Figure 3.2 by the dotted line.

**Figure 3.2: Model of the marketing process**



Source: Adapted from Kotler and Armstrong (2006:5)

### 3.3 THE CUSTOMER IS BOSS

Customers have always been important stakeholders to the organisation, without customers the organisation would have little reason to exist. Contemporary marketing literature demonstrates a marked trend towards customers as the organisation's foremost stakeholders (Du Plessis, Bothma, Jordaan & Van Heerden, 2005; Hackley, 2010; Kotler & Armstrong, 2006; Schultz & Schultz, 2004; Temporal, 2010). There are several reasons behind this development. In the past markets were growing, there was an abundance of new customers, and organisations focussed on product development. In fact, customers were noticeably absent from traditional models (Schultz & Schultz, 2004:4), like the 4Ps (promotion, product, price, place). Macro-factors form a critical component of operating environments, however in this discussion greater emphasis will be placed on micro-factors. For example, markets have matured, there is an abundance of products and service offerings, which have developed to the point of almost indistinguishable performance; and adding to this saturation is the rise of retailer private labels.

Customer choices coupled with oversupply of product have influenced a fundamental shift in marketing from transactional to relationship marketing (Baker, 2000; Kotler & Armstrong, 2006). Furthermore, today's customer has changed. The postmodern customer is a more informed and discerning individual (Procter & Kitchen, 2002:146). These changes have prompted revisions to traditional models such as the 4P model that has been revised to include additional Ps, like, people and process (Gummesson, 2000:234; Hackley,

2010:306; Kotler & Armstrong, 2006:51), and the emergence of new models. It has been suggested that the Ps are too seller orientated, as such some scholars recommend a more customer biased approach (Baker, 2000:13; Gummesson, 2000:234; Kotler & Armstrong, 2006:51, Vargo & Lusch, 2004b:1). For instance, Kotler and Armstrong (2006:51) propose a translation of the 4Ps into 4Cs for organisations to understand the customer perspective and thereafter to retranslate the Cs into Ps for implementation (see Table 3.3). The reconstruction of the model is indicative of postmodernism's fragmentation and de-differentiation traits.

**Table 3.3: 4Ps to 4Cs**

<b>4Ps</b>	<b>4Cs</b>
Product	Customer solution
Price	Customer cost
Place	Convenience
Promotion	Communication

Source: Kotler and Armstrong (2006:51)

Retailers (in essence manufacturers' first order customers) control frontline interactions with customers or end buyers (manufacturers' second order customers) and are increasingly commanding greater power over the marketing mix (Procter & Kitchen, 2002:146). If one considers the 4P/4C models retailers control *place* offering customers *convenience*; they influence *products*, the *customer solutions* that are shelved and therefore *customer cost* through *pricing*. Organisations need to compete for customers, who are now in shorter supply through the final P/C that of *promotion/communication* to promote their only remaining differentiator, the *brand*, to offer customers brand experiences (Kotler & Armstrong, 2010:248).

If one considers degrees of stakeholder salience, increasingly customers are transitioning between expectant and definitive stakeholder roles, as they assume greater levels of power, legitimacy and urgency on organisations. Perhaps brands need to be considered as stakeholders too. Table 3.4 defines various stakeholder types, noting the defining characteristic of each stakeholder type and describing these attributes in the context of organisations.



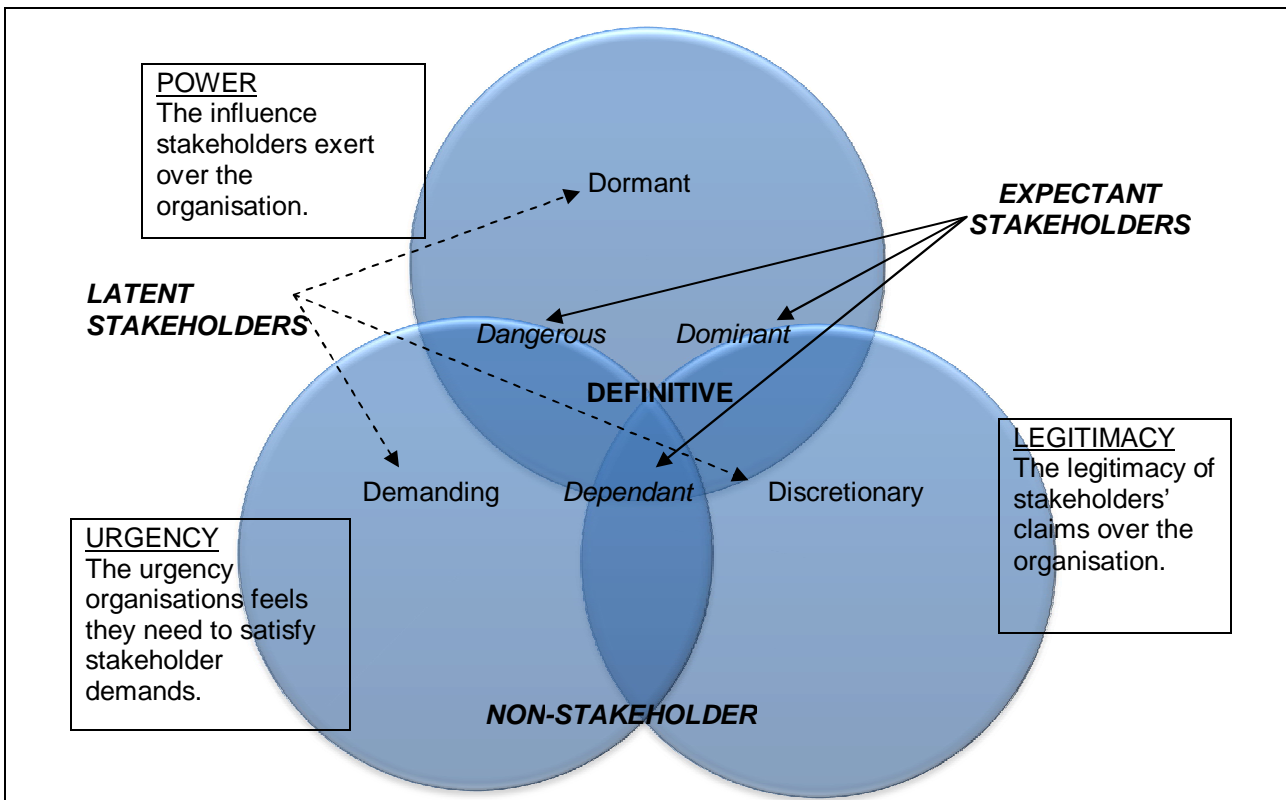
**Table 3.4: Defining stakeholder types**

<b>STAKEHOLDER TYPE</b>	<b>CHARACTERISTIC ATTRIBUTES</b>	<b>DESCRIPTION</b>
<b><i>LATENT STAKEHOLDERS</i></b>		
Dormant	Power	Possess power, but without a legitimate relationship or an urgent claim. Have little or no interaction.
Discretionary	Legitimacy	Possess legitimacy, but have no power to influence the organisation or an urgent claim.
Demanding	Urgency	Possess neither power nor legitimacy, only an urgent claim. Can prove an irritant but are unable to enforce that claim.
<b><i>DEFINITIVE STAKEHOLDERS</i></b>		
Definitive	Power, legitimacy and urgency	A dominant stakeholder, who also possesses urgency, can expect their claims over an organisation to be given priority. As such highest degree of salience.
<b><i>NON-STAKEHOLDERS</i></b>		
Non-stakeholder	None	Does not possess any of the three attributes. Therefore has no salience with respect to the organisation.
<b><i>EXPECTANT STAKEHOLDERS</i></b>		
Dominant	Power and legitimacy	Possess power and legitimacy. These stakeholders matter to the organisation.
Dangerous	Power and urgency	Possess power and urgency, but not legitimacy, suggesting an ability to adversely affect the operation of an organisation.
Dependent	Legitimacy and urgency	Possess legitimacy and urgency, but no power. These stakeholders are dependent upon other stakeholders to achieve their objectives relative to the organisation.

Source: Adapted from Viney (2005:41)

Figure 3.3 further illustrates these respective positioning of stakeholder types relative to each other. Figure 3.3 clearly shows that stakeholders who are identified as definitive stakeholders have the highest stake on an organisation by virtue of their possession of the characteristics of power, legitimacy and urgency. If customers occupy the definitive state they will place increased demands on organisations.

**Figure 3.3: Degrees of stakeholder salience**



Source: Adapted from Viney, (2005:40)

According to Kotler and Armstrong (2006:18), organisations need to invest between five to ten times more to attract a new customer than to retain and satisfy existing customers. Thus organisations derive greater economic benefits from retaining and growing their current customer base. Hence retention and growth of customers has become a priority amongst organisations (Kotler & Armstrong, 2006:18; Schultz & Shultz, 2004:3). The prioritization of building and maintaining relationships with the customer has prompted change to managing the organisation’s marketing communication (O’Sullivan, 2008:5), and consequently given rise to alternative marketing practices, such as: integrated marketing communication (O’Sullivan, 2008; Schultz & Schultz, 2004), customer relationship management (Kotler & Armstrong, 2006), relationship marketing (Kotler & Armstrong, 2006), and services marketing (Baker, 2000).

Before discussing some of these developments it would be useful to review components of the traditional marketing mix. In the interests of brevity this review will be restricted to



conventional broad marketing communication domains, which have been summarised in Table 3.5. Organisations usually outsource these functions to different specialist suppliers (O'Sullivan, 2008:39; Shultz & Shultz, 2004:68) and co-ordinate activities through the organisation's brand manager, for the purpose of implementing communication plans to achieve marketing objectives.

**Table 3.5: Overview of the marketing communication mix**

<b>COMMUNICATION MIX</b>	<b>DESCRIPTION</b>
<b>ADVERTISING</b>	Controlled paid for communication. Consists of communication messages initiated by a specific communicator and disseminated in the mass media to a defined target audience.
<b>PERSONAL SELLING</b>	Involves interpersonal communication between sellers and buyers through personal interactions.
<b>SALES PROMOTION</b>	Consists of tactical acts to incentivise customers to trial and purchase products (e.g., distributing samples, special offers, gifts with purchase).
<b>PUBLICITY</b>	Concerns the free and favourable exposure of a product's benefits or value in the media.
<b>PUBLIC RELATIONS</b>	Establishing and maintaining favourable relations between an entity and its stakeholders.

Source: Conceptualised and adapted from Du Plessis *et al.*, 2005:6

Table 3.5 neatly divides the different marketing communication disciplines into seemingly independent silos. The intention is that discipline tasks are assigned and fulfilled by their respective supplier agencies. In practice however the boundaries between disciplines are not as distinct, which raises contention amongst suppliers and can impact on the organisation's communication outcome. Suppliers are contracted to fulfil a scope of services and are typically remunerated on a commission basis according to the value of the media exposure. Suppliers also need to address their own business agendas and in so doing compete amongst themselves for share of communication revenue and discipline ownership. It is not in a supplier's financial best interest if a marketing communication activity moves out of their contracted discipline (Duncan & Everett, 1993:36). Fee-based models have been developed as alternatives to commission-based models, where the organisation buys percentages of supplier time, and in other models agencies provide dedicated human resource to integrate the agency with the client's organisation. These flawed remuneration models and functional division of disciplines hamper communication integration (O'Sullivan, 2008:39; Schultz & Schultz, 2004:8). In a cluttered competitive landscape the transmission of consistent communications to customers through relevant



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brand touchpoints are vital to protect brand equity and impact on customer purchasing behaviour. An added complication is computer-mediated communication and e-commerce. Some writers like Du Plessis *et al.* (2005) have categorised e-commerce orientated communication as a separate component of the marketing mix, possibly because specialised skills are required to orchestrate online activities. Others prefer to converge digital marketing communication efforts with traditional marketing communication activities (Kaplan & Haenlin, 2010:65; Kotler & Armstrong, 2010:427; Mangold & Faulds, 2009:357; Schultz & Schulz, 2004). This author is in agreement with the latter approach because e-commerce and computer-mediated communication have roles to play within each function of the existing marketing mix, enhancing not only traditional methods but also introducing new elements that leverage the properties of digital media. This thinking is characteristic of the postmodern trait of de-differentiation, where the roles of communication touchpoints as well as the marketing mix blur. Neither touchpoint nor discipline are limited to single roles, rather their application has been broadened to extend across multiple functions as required.

Efforts have been made to improve communication integration by cutting across discipline boundaries with de-differentiated types of concepts like integrated marketing communication and media-neutral planning for organisations to build and implement communication plans that reflect the customer experience (Hackley, 2010:138,290; O'Sullivan, 2008:39). Focussing on the customer's repertoire of touchpoints is one way of negotiating the choice of contact points used for a brand's communication efforts in a continuously fragmenting media landscape (Belch & Belch, 2009:26; Schultz & Schultz, 2004:146). It also means not treating every brand exposure as an independent interaction with a customer, but rather integrating brand touchpoints or media choices in ways that correspond to how customers engage with touchpoints or media. However, one must acknowledge that the definition of a brand touchpoint is broader than scheduled communication activities like television or print media placements; a brand touchpoint encompasses any form of brand exposure to a customer or prospect that leads to a brand experience (Duncan & Moriarty, 2006:237). Customers have an abundance of media to choose from and more frequently are engaging with multiple media simultaneously (Schultz & Schultz, 2004:159). Schultz and Schultz (2004:159) suggest that the approach

to media planning needs to be revised to one that is based on measuring outcomes rather than delivery. This author is in agreement with the need to change the approach to media planning to one that is more representative of changing customer media consumption patterns and thus is supportive of the outcomes approach if it applies to customer responses to media. A concern is the fact that every touchpoint has its own measures so in the absence of a universal measure across all touchpoints this would be a potentially challenging task; furthermore, what would define a customer response, would it be interactivity or perhaps feedback to the organisation? However, if the interpretation of outcomes refers to brand or organisation outcomes, such as tangible sales, then the author does not support the notion, for the following reason, customer purchasing decisions are seldom linear, there are multiple variables that affect the purchasing decision process with promotion through touchpoints being only one aspect of the buying process.

### **3.4 INTEGRATED MARKETING COMMUNICATION**

The concept of integrated marketing communication (IMC) recognises the merits of different marketing communication disciplines, and the value of using appropriate combinations of these disciplines to maximise the effect of the organisation's communications that customers encounter through clarity and consistency (Belch & Belch, 2009:11; Du Plessis *et al.*, 2005:10). IMC's juxtapositioning of disciplines and the de-differentiation required between the respective disciplines' owners, such as an organisation's appointed agencies, are clearly demonstrable traits of postmodernism. A more consumer-biased perspective of IMC is that customers perceive brands in their own way (O'Sullivan, 2008:28) through the brand and or product information they are exposed to, irrespective of which discipline these communications originated from (Du Plessis *et al.*, 2005:10; Kotler & Armstrong, 2010:429; Schultz & Schultz, 2004:8) and conceivably the touchpoint that delivered them to the customer. In adopting a consumer orientated approach, satisfying the needs and wants of the customer emphasises the importance of managing communications (those that the organisation can control) amongst respective marketing disciplines, to provide single-minded messaging to consumers, in order to retain clarity and consistency and minimise confusion (Belch & Belch, 2009:11). Schultz and Schultz (2004:xvii) emphasis that in the context of marketing communication, consumers relate to brands, regardless of the form of marketing

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communication used. Schultz and Schultz (2004:164) expand this point by remarking on *brand networks*, which are brand frames of references constructed by customers, based on what the customer knows or thinks about a brand. These are flexible networks that customers add to or delete from when they acquire and process new brand information. Every touchpoint a brand uses contributes to the customer's *brand network* by delivering a brand experience to the customer, be it advertising, word-of-mouth, product packaging, corporate communication or user generated content (Duncan & Moriarty, 2006:241). The IMC approach attempts to understand how a brand's customers interact with various touchpoints and the relevance of these touchpoints to the brand's marketing communication (Belch & Belch, 2009:26).

Although the intentions of IMC began as a means to organise outgoing communication from an organisation it has come to apply to the co-ordination of incoming communication as well (Schultz & Schultz, 2004:15). In this way IMC has evolved into an interactive concept encompassing communication between customers and the organisation. This development is largely a result of advances in information and communication technology (Kotler & Armstrong, 2010:427).

According to Schultz and Schultz (2004:12) the three main forces behind IMC are a) advances in technology affecting all operations of the organisation; b) greater emphasis on brands for competitive differentiation; and c) effects of globalisation across geographic boundaries. These forces have prompted better integration of other activities within an organisation besides marketing communication. According to Schultz and Schultz (2004:23) for IMC to be effective it must be embraced across the entire organisation, becoming part of their operational behaviour. Schultz and Schultz (2004:50) have developed eight guiding principles for value orientated IMC, which are summarised in Table 3.6.

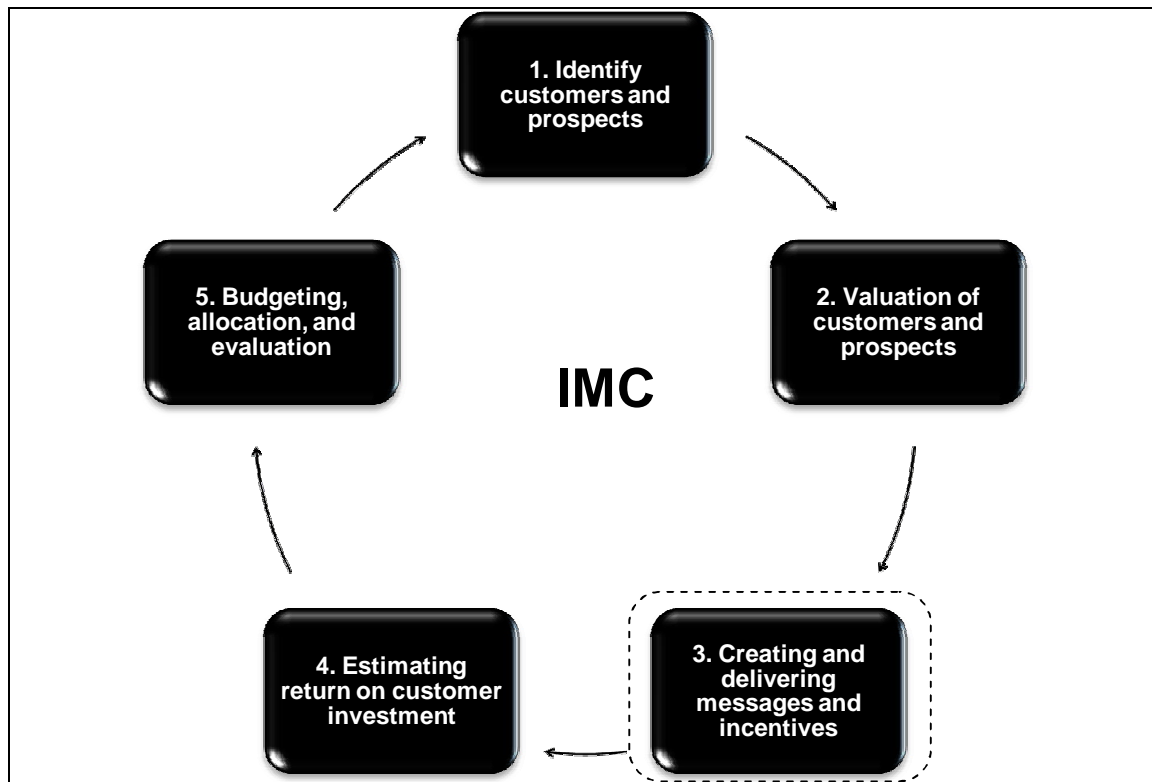
**Table 3.6: Eight guiding principles of value orientated integrated marketing communication**

<b>GUIDING PRINCIPLE</b>		<b>DESCRIPTION</b>
<b>1</b>	<b>Become a customer-centric organisation</b>	The customer or end user must be the focus of the entire organisation. Having a common reference to focus on directs collaboration between members of the organisation to provide what is best for their customers.
<b>2</b>	<b>Use outside-in planning</b>	Acknowledge that not all customers (lapsed, new, emerging, retained, migrating, growth) have equal value to the organisation. The IMC approach is to generate and retain customers to cultivate future growth.
<b>3</b>	<b>Focus on the total customer experience</b>	In an integrated environment, IMC does not only address the marketing communication activities a customer is exposed to, but rather the customers' entire experience with the brand.
<b>4</b>	<b>Match customer goals with organisation goals</b>	Align marketing communication objectives to corporate objectives.
<b>5</b>	<b>Establish customer behaviour targets</b>	Marketing communication must affect customer or prospect behaviour, to: gain new customers; retain current customers; seek growth from existing customers; and migrate customers through the organisation's portfolio of offerings.
<b>6</b>	<b>Treat customers as assets</b>	In most situations organisations derive their revenue from customers; so customers equate to vital assets that need to be serviced for the financial benefit of the organisation.
<b>7</b>	<b>Streamline functional activities</b>	Mirror consumers' perception of marketing communication, namely simplify activities into two deliverables: a) messages (brand concepts, values and other perceptions the organisation wants customers and prospects to retain) and b) incentives (short-term offers or rewards for doing something that the organisation considers brings value to itself and its customers).
<b>8</b>	<b>Converge marketing communication activities</b>	Converge digital marketing communication efforts with traditional marketing communication activities.

Source: Conceptualised from: Schultz and Schultz (2004:50-67).

In acquiescence with these guiding principles Schultz and Schultz (2004:65) developed a five stage process, illustrated in Figure 3.4. It is not the intention of this study to address all aspects of IMC as shown in Figure 3.4. This study's focus is orientated around the communication messages and incentive mechanisms, as marked by the dotted line, but it is important to acknowledge where this component of the IMC process is positioned with respect to the organisation's other activities.

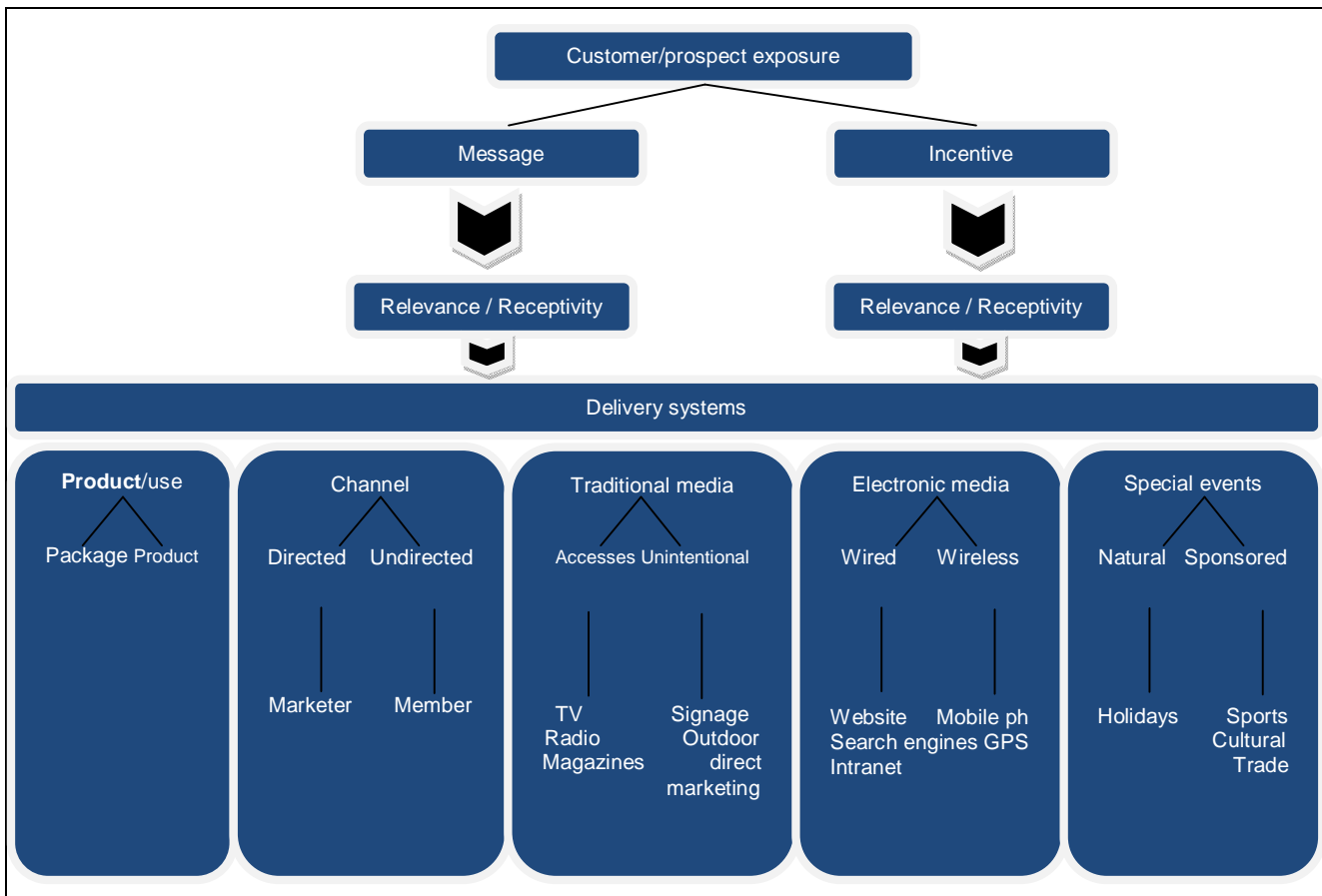
**Figure 3.4: The integrated marketing communication (IMC) process**



Source: Schultz and Schultz (2004:65)

According to Schultz & Schultz (2004:65) the collapse of marketing communication into messages and incentives, improves strategic focus with the deployment of communication through suitable delivery methods. They rationalise that customers reduce marketing communication into either messages or incentives and so pursuing the customer to affect their current or future behaviour, brand communication should reflect the perceptions of the customer. But this is only part of the process; customer receptivity to uptake either message or incentive will depend on variables relative to the customer including: a) the customer's need state, b) the context of receiving the communication, and c) the touchpoint used to deliver the communication. This process is illustrated in Figure 3.5, as the IMC model of brand contact delivery systems. Customers perceive marketing communication as either messages or incentives through various touchpoints (delivery systems). Uptake of the communication by the customer or prospect is dependent upon the relevance of the communication to the customer or prospect and the extent of receptivity of the target to the communication.

Figure 3.5: The integrated marketing communication (IMC) model of brand contact delivery systems



Source: Schultz and Schultz (2004:157)

### 3.4.1 Planning marketing communication delivery

How does the organisation know when to communicate with its customers; how to communicate; what stage of readiness the customer is in to accept the communication and acquire the organisation's brand? These are not new questions. Hierarchy of effects models of communication (see Table 3.7) have been developed to assist organisations in these decisions. The models are based on three behavioural dimensions namely, *cognitive*, *affective* and *conative*. The aim is to take customers through an attitudinal journey from a state of unawareness to one of action where the customer purchases the organisation's goods or services (Du Plessis *et al.*, 2005:79).



**Table 3.7: Hierarchy of effects models**

BEHAVIOURAL DIMENSION	MODEL	STIMULUS/ RESPONSE	DAGMAR	AIDA	THINK-FEEL-DO	LAVIDGE & STEINER	INFORMATION PROCESSING	FCB
		<b>UNAWARE</b>						
<b>Cognitive (Knowing)</b> Emphasis on information (Rational)	Marketing forces (Marketing strategy) ↓ ↑ Countervailing forces, such as poor memory, prejudice, competition	Read	Awareness comprehension	Attention	Think	Awareness Knowledge	Presentation Attention Comprehension	Thinking
<b>Affective (Feelings &amp; emotions)</b> Emphasis on persuasion		Believed Remembered	Interest Conviction Attitude	Interest Desire	Feel-attitude or opinion	Liking Preference Conviction	Yielding (attitude change) Retention (new attitude)	Feeling
<b>Conative (Action tendencies)</b> Emphasis on action and repetition (rational and / or emotional)		Acted upon	Action	Action	Do-action	Action	Behaviour	Doer Reaction
		Brand loyalty	re-purchased	satisfied				

Source: Du Plessis *et al.* (2005:78)

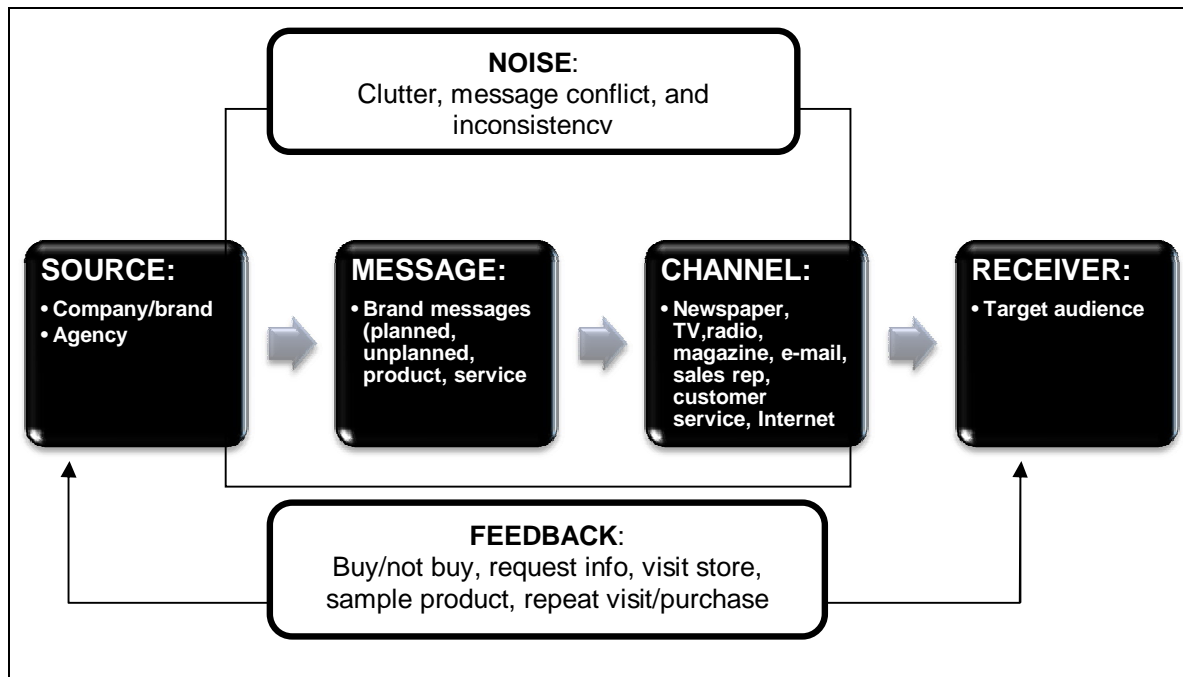
**Are linear models still relevant?**

These models would be perfect, if customer decision-making was rational and linear; if all customers were in a similar state of awareness; if customers ignored communication activity from competing brands and any other influences in the market. These limitations question the validity of applying such models to marketing communication.

Another popular model is the communication process model (Du Plessis *et al.*, 2005:46; O’Sullivan,2008:34). Schultz and Schultz (2004:160) refer to this model as an outbound communication model (see Figure 3.6), because organisations send messages out to customers and wait for customer responses.



**Figure 3.6: Traditional outbound marketing communication model**

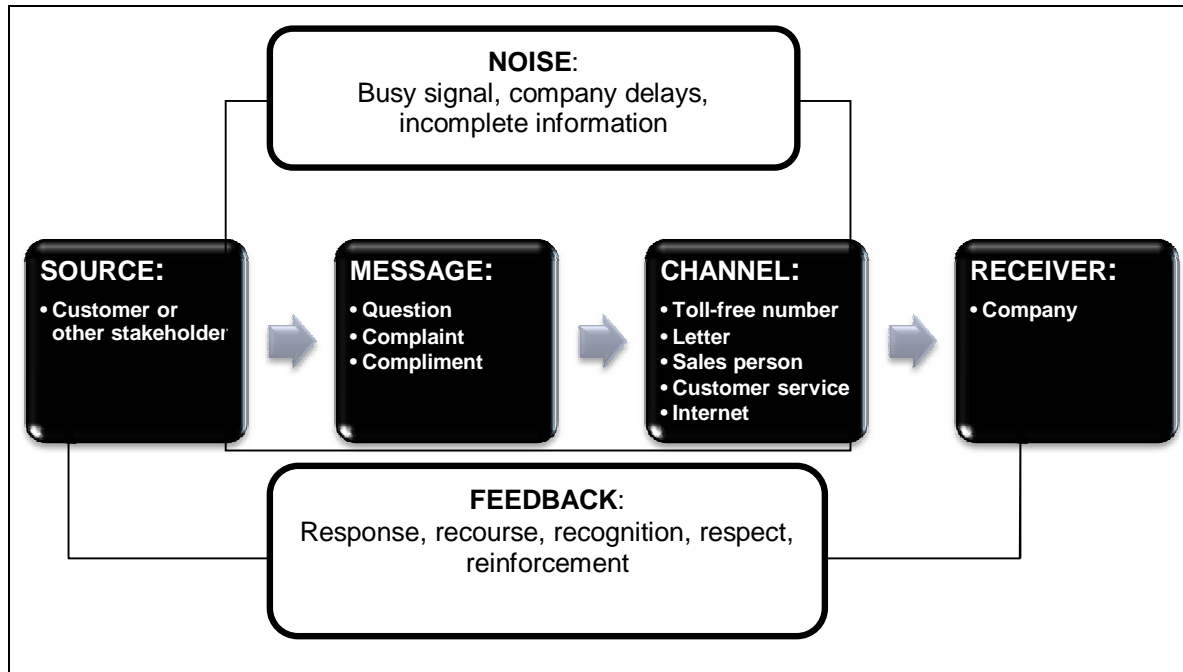


Source: Schultz and Schultz (2004:160)

This essentially uni-directional model is characteristic of modern (in the cultural sense) communication (Firat & Dholakia, 2006:144), and does not take into account interactive communication. Computer-mediated media has enabled customers to produce communications that they exchange with organisations and with other customers or prospects. Schultz and Schultz (2004:161) have reversed the traditional outbound communication model, to address flow of communication from customer to organisation (see Figure 3.7). Despite this adaptation both models are flawed for application to an interactive marketing environment, because although one addresses perspectives of customer originated communication and the other organisation originated communication there is no integration between them, thus the interactive aspects of communication between organisation and customer are not dealt with. Perhaps a third adaptation is required, one that integrates both customer-initiated and organisation-initiated communication and the conversations between customers and organisations as well as existing customers with potential customers, for example, customer reviews. Sundar, Zu and Bellur (2010:2247) add a further complication of interactivity with digital media that of de-differentiation between the message, medium and source, which by inclusion of source

extends Baudrillard's (2006:473) notion of blending between the medium and the message.

**Figure 3.7: Customer-initiated inbound communication model**



Source: Schultz and Schultz (2004:161)

**New media: new communication models?**

The preceding discussion shows there is scope for development of new marketing communication models that are more representative of an interactive environment that take into account new variables and media applications which have not existed previously. For example, considering how organisations can tap into customers' personal networks and leverage these connections to the organisation's benefit, which will be explored in a subsequent section on interactive multi-directional communication concepts of digital channels in Chapter 4. The traditional approach to mass media studies research followed a circulation loop. There is not necessarily a closed loop in digital media communications nor is there a linear flow of information from communicator to respondents.



**Multi-directional communication**

Despite the highlighted inadequacies of current models, marketers have never been more empowered to address the questions posited at the beginning of section 3.4.1 than they are today, by making use of the highly measurable real-time interactive properties supported by digital media. Customers are now in a position to tell brands or organisations when they are ready to communicate; indirectly through functions like search or directly via any interactive touchpoint with the brand or organisation. Brands or organisations have the responsibility to listen to their customers and communicate at the customer's convenience through the customer's choice of communication touchpoints. The point of listening emphasises the importance of IMC's role in the aggregation of inbound communication. Centralising this function not only helps the organisation efficiently streamline responses to its customers, but it provides the opportunity to improve the entity's understanding of its customers' needs, expectations and customers' perspectives of the entity.

Marketing strategies are shifting as a result of changing communication technology that has introduced new information and communication platforms into the communication landscape. Digital touchpoints have transformed some of the dynamics of marketing communication, such as: enhanced interactive communication between organisations and customers; and empowered customers with more control over their media choices, which in turn gives them greater control over the marketing communication they wish to receive or interact with. Changes to communication technology (and arguably a changed market characterised by a rise in customers demanding customised or personalised products or services) are powering the trend to move from undifferentiated broadcast marketing to narrowcast micro-marketing that focuses on building relationships with customers (Kotler & Armstrong, 2010:427).

Understandably micro-marketing has arisen as a marketing strategy to deal with fragmented goods, services and consumer markets (as discussed in Chapter 2) because it relevantly addresses the needs of specific market segments, or even individuals. The micro-marketing approach concentrates an organisation's marketing communication resources into its most profitable customers, with the intention of yielding long-term returns from this investment. In this approach the customer and organisation benefit mutually. However one should question the validity and sustainability of applying micro-marketing to all market offerings; especially from an organisation's perspective, in terms of a) driving further fragmentation of markets, b) greater resource requirements, and c) pressures on IMC.

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- Firstly, the act of micro-segmenting a market perpetuates fragmentation. Furthermore, individuals are complex and changing through effects of social constructivism, so marketers will enter a continuous cycle of trying to identify and cater to continuously changing customer needs.
  - Secondly, different marketing communications and possibly delivery mechanisms would be required to serve these niche segments, which place higher demands on the organisation's resources.
  - Thirdly, micro-marketing across multiple segments is likely to affect IMC efforts. Niemann-Struweg and Grobler (2011:6) reflect on the trend that a significant number of marketers consider it a necessity to implement differentiated communication strategies for each micro-segment within a brand's target market. They conclude that inconsistent, non-cohesive communication approaches, as borne out by multiple micro-segmentation communication tactics, may be detrimental to a brand, and instead recommend an integrated communication programme that is underwritten by a unifying theme (this does not necessarily mean that identical executions are required).

**Micro-marketing: a vicious or virtuous cycle**

Although new information and communication tools facilitate the management of micro-marketing, are marketers possibly compromising their resources at the expense of accommodating their customers through micro-marketing? In view of the increasing power of customers, will there perhaps be another shift in marketing strategies that inverses customer and marketer roles where marketing communication is influenced by marketers but controlled by customers within their particular niches, in a self-organising way, like complex adaptive systems?

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### **3.4.2 Challenges of IMC implementation**

Micro-marketing (Niemann-Struweg & Grobler, 2011:6) and agency resistance from a compensatory perspective (Duncan & Everett, 1993:36; O'Sullivan, 2008:39; Schultz & Schultz, 2004:8) have been noted as challenges to IMC implementation. Other barriers include:

- Structural concerns such as adoption of IMC as a philosophy across the entire organisation (Schultz & Schultz, 2004:23);
- Cross functional management between entities involved in the marketing communication process (Duncan & Moriarty, 2006:241);
- Management of relationships between supplier agencies and clients (organisations) as well as relationships between the organisation's appointed agencies (Philip, Kitchen, Schultz, Kim, Dongsub & Li, 2004:1432); and
- Importantly, which entity is designated with the responsibility of co-ordinating IMC activities (Duncan & Everett, 1993:38), advertising agencies or the organisation that has appointed them?

IMC has been presented as a concept and process to integrate marketing communication. In the following section communication science will be explored. Communication, particularly interactive communication, is a currency of exchange interfacing between brands and or organisations with their customers and prospects.

### **3.5 COMMUNICATION SCIENCE**

Most people use media routinely throughout their day, be it interpersonal or mass media. Media occupies a considerable amount of people's free time. The evolution of new digital or computer-mediated media means that it is relatively easy for people to surround themselves with media that is easily accessible (Baran & Davis, 2003:253). This section highlights human communication from two perspectives, firstly from theories pertaining to communicators and secondly media.

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### 3.5.1 Communication theory classification

Communication theory has been challenging to classify because it is multi-contextual. Craig (1999) developed a useful metamodel for communication theories consisting of seven categories, which are not mutually exclusive: *Semiotic*, *Phenomenological*, *Cybernetic*, *Sociopsychological*, *Sociocultural*, *Critical*, and *Rhetorical*. The model is a means of organising communication theory as concepts of communication practice (Craig, 1999:135), see Table 3.8.

Note, in the interest of layout arrangements for this thesis Table 3.8 will be followed by Table 3.9. The intervening text between these tables now follows.

The categories of *cybernetic* with its study of interactions and effects of complex systems, and *sociopsychological*, addressing individuals as social beings and *sociocultural*, addressing identity within a community are considered most pertinent to this investigation. Table 3.9 summarises theories and key concepts of these three categories. The communicator theory approach to these categories treats individuals as autonomous; individuals are unique and arrange information into attitudes, beliefs and values which affect behaviour. The media theory approach to these categories revolves around media participation and effects; media and communities respond to each other and media affects individuals' behaviour.

**Table 3.8: Seven traditions of communication theory**

	<b>RHETORICAL</b>	<b>SEMIOTIC</b>	<b>PHENOMENOLOGICAL</b>	<b>CYBERNETIC</b>	<b>SOCIOPSYCHOLOGICAL</b>	<b>SOCIOCULTURAL</b>	<b>CRITICAL</b>
<b>COMMUNICATION THEORIZED AS:</b>	The practical art of discourse	Intersubjective mediation by signs	Experience of otherness; dialogue	Information processing	Expression, interaction, & influence	(Re)production of social order	Discursive reflection
<b>PROBLEMS OF COMMUNICATION THEORIZED AS:</b>	Social exigency requiring collective deliberation and judgment	Misunderstanding or gap between subjective viewpoints	Absence of, or failure to sustain, authentic human relationship	Noise; overload; underload; a malfunction or "bug" in a system	Situation requiring manipulation of causes of behaviour to achieve specified outcomes	Conflict; alienation; misalignment; failure of coordination	Hegemonic ideology; systematically distorted speech situation
<b>METADISCURISVE VOCABULARY SUCH AS:</b>	Art, method, communicator, audience, strategy, commonplace, logic, emotion	Sign, symbol, icon, index, meaning, referent, code, language, medium, (mis)understanding	Experience, self & other, dialogue, genuineness, supportiveness, openness	Source, receiver, signal, information, noise, feedback, redundancy, network, function	Behaviour, variable, effect, personality, emotion, perception, cognition, attitude, interaction	Society, structure, practice, ritual, rule, socialization, culture, identity, co-construction	Ideology, dialectic, oppression, consciousness-raising, resistance, emancipation
<b>PLAUSIBLE WHEN APPEALS TO METADISCURISVE COMMON PLACES SUCH AS:</b>	Power of words; value of informed judgement; improbability of practice	Understanding requires common language; omnipresent danger of miscommunication	All need human contact, should treat others as persons, respect differences, seek common ground	Identity of mind and brain; value of information and logic; complex systems can be unpredictable	Communication reflects personality; beliefs & feelings bias judgements; people in groups affect one another	The individual is a product of society; every society has a distinct culture; social actions have unintended effects	Self-perpetuation of power & wealth; values of freedom, equality & reason; discussion produces awareness, insight
<b>INTERESTING WHEN CHALLENGES METADISCURISVE COMMONPLACES SUCH AS:</b>	Mere words are not actions; appearance is not reality; style is not substance; opinion is not truth	Words have correct meanings & stand for thoughts; codes & media are neutral channels	Communication is skill; the word is not the thing; facts are objective and values subjective	Humans and machines differ; emotion is not logical; linear order of cause & effect	Humans are rational beings; we know our own minds; we know what we see	Individual agency & responsibility; absolute identity of self; naturalness of the social order	Naturalness & rationality of traditional social order; objectivity of science & technology

Source: Craig (1999:133)



**Table 3.9: Overview of cybernetic, sociopsychological and sociocultural categories of communication**

	<b>CYBERNETIC</b>	<b>SOCIOPSYCHOLOGICAL</b>	<b>SOCIOCULTURAL</b>
<b>STUDY</b>	Interactions and effects of complex systems.	Individuals as social beings.	Identity within a community.
<b>THEORIES</b>	Deal with the functioning of behavioural, social, biological and physical process. Communication, from this point of view, is considered to comprise of a system of different variables interacting and influencing each other to effect change, restore balance.	Address individuals' "social behaviour, psychological variables, individual effects, personalities and traits, perception and cognition" (Littlejohn & Foss, 2005:43).	Theories investigate process of interactions within groups. Defining individuals by their membership or position within a group (Littlejohn & Foss, 2005:45).
<b>THINKING / KEY IDEAS/ CONCEPTS</b>	Focuses on the concept of systems. Open systems interact with their environment and are regulated through feedback of their outputs. Systems are usually sub-systems of larger systems.	Targets message processes. The three branches are: message strategies, how recipients process the message and the effects of messages on people. Persuasion and attitude theories have had a key role to play in this segment of communication study.	This tradition addresses the ways in which people collectively build the definitions of their societies. Theories consider how meaning is created and emphasis is placed on the interpretation of words used within a community.
<b>DIVISIONS</b>	An implication of cybernetics' wide applicability has been the development of four complementary system theories (Littlejohn & Foss, 2005:41) Basic system, cybernetics, general system theory and second order cybernetics. Basic systems: system is a sum of observable parts that co-ordinate to achieve outputs. The system can be changed by varying the inputs it receives. Cybernetics: Wiener in the 1950s was instrumental in developing this branch, which targets control process and feedback loops in systems. General System Theory: was developed by von Bertalanffy. This approach highlights commonalities between different disciplines. The philosophy driving second-order cybernetics is that when individuals observe systems they are simultaneously affected by it and affect it (Littlejohn & Foss, 2005:42).	Extends to three broad areas: behavioural, cognitive and biological. The behavioural category addresses how people behave in communication contexts. This approach has been criticised for its simplification of complex behaviour. As a result cognitive theory is favoured. Cognitive addresses patterns of thoughts, how information is attained, stored, retrieved and processed to effect behaviour. The biological approach is a more recent development, gaining attention in the 1990s. This approach, which is similar to the classical phenomenological approach, infers that genetic (intrinsic) factors are responsible for behavioural outputs, not external factors like learning and environment.	The three branches contributing to this tradition are symbolic interactionism, constructionism and sociolinguistics. Symbolic interaction applies to the interaction between social structures and meanings that are generated and sustained. Constructionism follows the process that knowledge is generated through social interactions. Lastly sociolinguistics studies language and culture.  Ethnography studies how groups build meaning by observing their linguistics and non-linguistic behaviour.
<b>COMMUNICATOR THEORY</b>	<ul style="list-style-type: none"> <li>• Information processing</li> <li>• Information integration</li> <li>• Cognitive dissonance</li> <li>• Beliefs, attitudes and values</li> </ul>	<ul style="list-style-type: none"> <li>• Traits and factors</li> <li>• Biological influence</li> <li>• Attribution</li> <li>• Social judgement</li> </ul>	<ul style="list-style-type: none"> <li>• Self</li> </ul>
<b>MEDIA THEORY</b>	<ul style="list-style-type: none"> <li>• Public opinion</li> <li>• Spiral of silence</li> <li>• Theory of reasoned action</li> </ul>	<ul style="list-style-type: none"> <li>• Media effects</li> <li>• Uses and gratifications</li> <li>• Media dependency</li> <li>• Cultivation</li> </ul>	<ul style="list-style-type: none"> <li>• Medium theory</li> <li>• Agenda-setting</li> <li>• Media communities</li> </ul>

Source: Conceptualised and adapted from: Littlejohn and Foss (2005)

### 3.5.2 Communicator theory

The key differences between cybernetics, sociopsychological traditions and sociocultural traditions are that the former two, from the perspective of communicator, consider people's differences are inherent to the individual, whereas the latter assumes that social interactions influence people (Littlejohn & Foss, 2005:82). These interactions serve to unify people within communities, so the differences between individuals are a result of their social interactions and environment rather than biologically inherited attributes. In an increasingly interconnected society, facilitated by digital networks, sociocultural influences are likely to be important within specific communities. Table 3.10 provides an overview of cybernetic and sociopsychological communicator theories. Sociocultural theories have been excluded from this analysis because they focus on the self, which, although important are not central to the study's objective to address appropriate ways to enact marketing communication from the marketing practitioner perspective.

**Table 3.10: Overview of cybernetic and sociopsychological communicator theories**

CYBERNETIC	SOCIOPSYCHOLOGICAL
<ul style="list-style-type: none"> <li>• <i>Information integration theory.</i> This theory deals with the way individuals gather and process information to form attitudes. Two important variables influencing attitude change are valence and weight. Valence refers to the extent that the information supports or refutes the existing attitude and weight concerns the credibility of the source.</li> <li>• Fishbein developed <i>Expectancy-Value theory</i> where attitudes are a function of beliefs and evaluation. The <i>Theory of Reasoned Action</i> developed by Ajzen and Fishbein relates attitudes, intentions and subjective norms (opinions of others). These variables are weighted into the subject's decision.</li> <li>• <i>Cognitive and information processing theory.</i> <i>Cognitive dissonance</i> includes one of the largest bodies of work. This set of theories is based on the fact that people prefer consistency over inconsistency and have a tendency to look for media messages that resonate with their belief set. This implies a filtering process is in place to select desirable messages and reject undesirable ones. Changes in attitude may result from new information which unsettles the consistency balance.</li> <li>• <i>Theory of beliefs, attitudes and values.</i> Rokeach developed a comprehensive consistency theory explaining human behaviour based on people's systems of beliefs, attitudes, and values. Beliefs are classified as core (important) and peripheral (less important), which are further organised into attitudes. Rokeach believes attitudes should be considered in pairs, as attitude towards an object and attitude towards a situation. Behaviour outputs in a given situation are dependent on the conjunction of these two attitudes. Values are the most important of the three concepts. They are central beliefs of an individual's system. Cognitive theories help researchers understand what people do when they consume media.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Trait Theory.</i> Traits are specific characteristics of individuals. This theory functions on the premise that through understanding a person's traits researchers are able to predict the individual's behaviour in a given situation, by applying trait-factor models to investigate traits and individual differences.</li> <li>• <i>Attribution theory</i> concerns causal behaviour, in that people start to comprehend their own behaviour and that of others as a result of an action they experience. This can include situational effects, personal effects, ability, effort, desire, sentiment, belonging, obligation and permission.</li> <li>• In <i>social judgement theory</i> individuals make decisions according to their frames of reference. However individuals have different frames of references based on experiences and hence perceptions of judgement of a topic are likely to differ in relation to their experiences.</li> </ul>

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**Table 3.10: Overview of cybernetic and sociopsychological communicator theories (continued)**

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- *The theory of cognitive dissonance*, developed by Festinger, straddles cybernetics and sociopsychological traditions. In this theory individuals are assumed to possess various cognitive information from behaviour to attitudes which are related to each other within a system.

Three types of relationships prevail, in the first type of relationship none of the elements affect each other; in the second type of relationship there is consistency with one element reinforcing the other. The third relationship is dissonant. Dissonance takes place when one element is not anticipated to proceed from another. Individuals' feedback mechanisms react to reduce dissonance.

Four variables affecting dissonance are a) importance of decision, b) attractiveness of chosen alternative, c) perceived attractiveness of non-chosen alternative, and d) the degree of similarity between the two alternatives.

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Source: Conceptualised and adapted from: Baran and Davis (2003); Littlejohn and Foss (2005).

### 3.5.3 Media theory

Media is the interface between audiences and communicators. The two aspects to mass communication theory are macro and micro (Littlejohn & Foss, 2005:275). Macro mass communication theory considers the relationships between media and society, addressing the ways media are integrated into society and the effects between social structures and the media (Littlejohn & Foss, 2005:275). Micro mass communication considers the relationships between audiences and media, in this context audiences may comprise of groups or individuals.

Media theory consists of three categories: media content and structure, society and culture and audience. Media content and structure looks at the effects of the medium on communication and content of messages. The society and culture category deals with the role of mass communication in society, information flow, power and public opinion. Lastly, audience addresses individual and group effects of media as well as use of media.

## 3.6 COMMUNICATION SCIENCE FOR THE 21<sup>ST</sup> CENTURY

The preceding paragraphs acknowledge that although present and influential media effects are limiting in their influence to change individual attitudes there are other mitigating variables that collectively contribute towards attitudinal change. Media is just one aspect. Certain media may have greater emphasis or importance with different audience groups, social influence and or demographic variables. The progress of media

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theory in conjunction with changes in society and media development have led researchers to support the possibility that new digital media will displace mass communication as we know it today (Baran & Davis, 2003:361).

This hypothesis is an outcome of several factors, such as changes to the way that new media is developed, conceptualised and used in the 21<sup>st</sup> Century. Drivers of this movement include: a) the volume of content available and proliferation of media platforms through which this content can be accessed (Dominick, 2009:19) and b) the interactive properties of digital media, for example, the Internet, may lead to individuals obtaining a unique experience of a topic; this is because they have the option of clicking links to other content, which may or may not be related, and in so doing different people are likely to obtain a different experience, through this non-linear approach.

The advent of digital media has prompted a shift away from mass communication to interpersonal media communication. This transition has important implications for media consumption in terms of triggers that drive consumer media choices and the touchpoints considered by organisations for brand marketing communication programmes.

In the 21<sup>st</sup> Century individuals are in control of their media selection; choosing what they wish to see or hear and when they want to (Dominick, 2009:22); establishing a repertoire of media that match their specific cognitive strengths (Baran & Davis, 2003:373).

### **3.7 GOODS, SERVICES OR BOTH?**

Although this discussion is primarily concerned with the topic of marketing communication it would be sensible to consider the nature of what offerings are being marketed. The transition from an industrial dominant to information dominant society brought with it a corresponding transformation from predominantly manufacturing goods to a largely service provision economy. The greater demand for services is possibly due to changes in society. In reference to Maslow's hierarchy of needs, people (particularly in developed countries) migrating further up the pyramid of needs have a higher requirement for services such as

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recreational, support, healthcare and education services to satisfy their esteem and self-actualisation needs (Lindridge, Ali & Dibb, 2008:5). The Central Intelligence Agency (2011) estimated in 2010, that globally, services account for 63% GDP, industry 31% GDP and agriculture 6% GDP. At nearly two-thirds majority, the service sector dominates the world economy.

The shift between goods and services prompted differing approaches to marketing, notably the emergence of relationship marketing from transactional marketing. Service marketing arose as a subset of marketing from the recognition that services needed to be marketed differently to goods. In the 1980s, marketing researchers began to feel constrained by the conventional 4P marketing mix model. They found its manufacturing goods bias limiting to other areas of marketing. In a characteristically postmodern fashion, marketing began to fragment into sub-disciplines, one of which was service marketing (Gummesson, 2000:241; Vargo & Lusch, 2004b:1). In this way sub-disciplines were able to pursue research agendas reflective of their niche.

In the development of service marketing, efforts were made to distinguish services from physical goods with the proposition of four unique characteristics of services: intangibility, perishability, heterogeneity and inseparability (Gummesson, 2000:232; Lindridge *et al.*, 2008:8). These characteristics were formed on account of differences between goods and services (Lusch & Vargo, 2006:381). However, this author considers that the logic behind this derivation is faulty for the following reasons.

Firstly, Zeithaml, Parasuraman, and Berry, regarded as founders of services characteristics by Lovelock and Gummesson (2004:23), and Vargo and Lusch (2004a:326), proposed the four unique characteristics of services based on analysis of the service literature. A manufactured goods paradigm provided the foundation to these characteristics, which is understandable considering manufactured goods were the dominant business sector and thus provided a frame of reference to review services from. Kuhn (1970:6) remarks that new approaches to research only begin to emerge when the conventional approach fails to solve the problem. However in adopting a manufacturing

goods perspective to develop service characteristics, these characteristics become manufacturing-goods orientated rather than truly service-orientated characteristics (Vargo & Lusch, 2004a:325). In effect service characteristics were defined by default, as traits that were the opposite of manufacturing goods. This is analogous to the earlier discussion concerning the need to view the marketing mix from a consumer-centric perspective instead of manufacturing goods organisation perspective in a consumer-dominant market, where perspectives need to change according to the environment.

Secondly, in practice it is rare for organisations to have offerings that can be classified as purely goods or purely services; it is more usual to find offerings that encompass aspects of both goods and services to varying degrees (Lovelock & Gummesson, 2004:26). Congruous to this point is that the characteristics of offerings will neither be representative of wholly goods or wholly services. Even predominantly goods orientated offerings have auxiliary services to deal with issues like complaints and repairs. This blurring of services and goods characteristics is indicative of de-differentiation.

Thirdly, in continuation of the second point, is the development of new offerings (Lovelock & Gummesson, 2004:21), particularly technology mediated propositions, like Internet banking, and other applications, which were virtually non-existent during the 1980's when service characteristics were conceived. Interestingly, self-service offerings like Internet banking, purchasing ticket for events or travel have contributed to a do-it-yourself culture, which removes a large part of the responsibility of service delivery away from the organisation and places it with the customer.

The changing nature of offerings as well as the market has prompted scholars to adopt anti-foundationalism attitudes that question the validity of service characteristics (Lovelock & Gummesson, 2004; Vargo & Lusch, 2004a) presented in Table 3.11; proposing alternative marketing paradigms, like *nonownership* with respect to rental or access services (Lovelock & Gummesson, 2004), and *service-dominant logic* (Vargo & Lusch, 2004b).



**Table 3.11: Conventional definitions of service characteristics and contestation of said definitions**

	CONVENTIONAL CHARACTERISTIC DEFINITION	CONTESTING CONVENTIONAL DEFINITION	
		LOVELOCK AND GUMMESSON (2004)	VARGO AND LUSCH (2004a)
INTANGIBILITY	As opposed to the tangibility of goods. Services cannot be seen, tasted, felt, heard, or smelled before purchase.	<ul style="list-style-type: none"> <li>Argue that often products cannot be accessed to experience before purchase because of packaging.</li> <li>Furthermore remote purchasing i.e. phone, catalogue or Internet ordering means customers do not experience the products they purchase prior to delivery.</li> <li>On the other hand some services like accommodation facilities and personnel can be assessed by the customer before they make a decision to book the facility.</li> </ul>	<ul style="list-style-type: none"> <li>Consider some tangible goods may be purchased for intangible benefits.</li> <li>Highlight the importance of intangibles like brand image.</li> </ul>
PERISH-ABILITY	Services cannot be stored for later sale or use.	<ul style="list-style-type: none"> <li>Some services like live lectures can be recorded and stored on media for later use.</li> </ul>	<ul style="list-style-type: none"> <li>Tangible goods may be perishable (e.g., food.)</li> </ul>
HETEROGENEITY/ VARIABILITY	Standardisation of services is difficult. The quality of services depends on who provides them and when, where, and how.	<ul style="list-style-type: none"> <li>Automation helps to deliver a more consistent service.</li> </ul>	<ul style="list-style-type: none"> <li>Some services can be standardised.</li> <li>Some tangible goods are heterogeneous.</li> <li>Consider heterogeneity to be a manufacturing perspective concerning quality, but the perceived quality by the customer is relative to the customer, which is likely to be different irrespective of a standardised goods or service offering.</li> </ul>
INSEPARABILITY/ SIMULTANEITY	Services cannot be separated from their providers. This characteristic concerns the inclusive nature of services. Services are in part co-produced and co-delivered by customers and partly consumed by the customer during the production of the service.	<ul style="list-style-type: none"> <li>Separable services do exist. For example, laundry and dry cleaning services, parcel deliveries. These services are provided without the customers' involvement. So inseparability is not a unique characteristic of all services.</li> </ul>	<ul style="list-style-type: none"> <li>The customer is always involved in the production of value. This applies to tangible goods too, which customers adapt to suit their specific needs.</li> </ul>

Source: Conceptualised from Du Plessis *et al.* (2005:5), Gummesson (2000:232), Kotler and Armstrong (2010:269), Lovelock and Gummesson (2004); Vargo and Lusch (2004a)



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Comments from Lovelock and Gummesson (2004) and Vargo and Lusch (2004a) captured in Table 3.11 demonstrate that the characteristics of intangibility, perishability, heterogeneity and inseparability are not unique to services; they are found in products too.

### 3.8 SERVICE-DOMINANT LOGIC ANALYSIS

Vargo and Lusch (2004b) in their seminal article, *Evolving to a new dominant logic for marketing*, proposed service-dominant logic (S-D logic) as a paradigm that supports a unified approach to marketing offerings, irrespective of their classification as goods, services or hybrids.

Numerous scholars support the notion of a S-D logic marketing paradigm superseding that of manufacturing goods dominant logic (Grönroos, 2006:317; Gummesson, 2008a:143; Peñaloza & Venkatesh, 2006:300; Vargo & Lusch, 2004b:1); even Schembri (2006:381), who at times contests aspects of S-D logic on the grounds of a desire for greater emphasis on customer experience.

Nonetheless where the manufacturing goods logic is based on tangible goods, embedded value and discrete transactions, service logic is grounded in intangible resources, co-creation of value with consumers, and continuous relationships (Lusch & Vargo, 2006:282; Vargo & Lusch, 2004b:1). Service-dominant logic does not mean that services are superior to goods. Under this paradigm it is *service* that is common across both offerings (Lusch & Vargo, 2006:282). It is important to distinguish between the terms *services* and *service*. Vargo and Lusch (2004b:2; 2011:16) define *services* as the equivalent of intangible products, and *service* as the process of applying one's competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself. Based on this definition *service*, in the context of service-dominant logic, extends beyond the terms goods and services.

Vargo and Lusch (2004b) originally identified eight foundational premises (FPs) for a service-dominant logic paradigm, later extending to ten FPs (Vargo & Lusch, 2008). Table

3.12 summarises both the original FPs and new or modified versions, together with a rationale for the adjustments. No doubt premises will continue to be added, refined or discarded as the discipline matures. Many of the adjustments to Vargo and Lusch's (2008) latest set of premises were made to refine meanings or address misconceptions and misunderstandings about FP definitions.

The FPs provide a unifying foundation for several sub-disciplines in marketing, customer and market orientation, services marketing, relationship marketing, quality management, value and supply chain management, resource management and network analysis (Peñaloza & Venkatesh, 2006:300; Vargo & Lusch, 2004b).

The philosophies underscoring service-dominant logic are supportive of the postmodern marketing transitions reported previously, namely: a) an embedded cultural practice (Firat & Dholakia, 2006:147), b) collaborative marketing (Firat & Dholakia, 2006:150), c) diffused marketing (Firat & Dholakia, 2006:151), and d) complex marketing (Firat & Dholakia, 2006:151).

**Table 3.12: Service-dominant logic foundational premise (FP) modifications and additions**

FPs	ORIGINAL FOUNDATIONAL PREMISES	MODIFIED/ NEW FOUNDATIONAL PREMISE	COMMENT/ EXPLANATION
1	The application of specialised skill(s) and knowledge is the fundamental unit of exchange.	<b>Service</b> is the fundamental <b>basis</b> of exchange.	The application of operant resources (knowledge and skills), “service,” as defined in S-D logic, is the basis for all exchange. Service is exchanged for service.
2	Indirect exchange masks the fundamental unit of exchange.	Indirect exchange masks the fundamental <b>basis</b> of exchange.	Because service is provided through complex combinations of goods, money, and institutions, the service basis of exchange is not always apparent.
3	Goods are distribution mechanisms for service provision.	Goods are a distribution mechanism for service provision.	Goods (both durable and non-durable) derive their value through use – the service they provide.
4	Knowledge is the fundamental source of competitive advantage.	<b>Operant resources</b> are the fundamental source of competitive advantage.	The comparative ability to cause desired change drives competition.
5	All economies are services economies.	All economies are <b>service</b> economies.	Service (singular) is only now becoming more apparent with increased specialisation and outsourcing.
6	The customer is always a co-producer.	The customer is always a <b>co-creator</b> of value.	Implies value creation is interactional.
7	The organisation can only make value propositions.	The organisation <b>cannot deliver value, but</b> only offer value propositions.	Organisations can offer their applied resources for value creation and collaboratively (interactively) create value following acceptance of value propositions, but cannot create and /or deliver value independently.
8	A service-centred view is inherently customer orientated and relational.	A service-centred view is <b>inherently</b> customer oriented and relational.	Because service is defined in terms of customer-determined benefit and co-created it is inherently customer orientated and relational.
9	Organisations exist to integrate and transform microspecialised competences into complex services that are demanded in the marketplace.	<b>All social and economic actors are resource integrators.</b>	Implies the context of value creation is networks of networks (resource integrators).
10	-	<b>Value is always uniquely and phenomenologically determined by the beneficiary.</b>	Value is idiosyncratic, experiential, contextual, and meaning laden.

Source: Vargo and Lusch (2008:7) (Emphasis as per original)

Vargo and Lusch (2008:3) consider service-dominant logic (S-D logic) generalisable and have applied it in the context of marketing. It is the intention of the following discourse to expand S-D logic of marketing into marketing communication, to demonstrate roles for

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digital media as tools to build and improve relationships between organisations and customers.

### 3.9 SERVICE-DOMINANT LOGIC (S-D LOGIC) FOUNDATIONAL PREMISES (FP)

The ten service-dominant logic foundational premises will be presented chronologically in a three-step format under the headings of a) *Overview*, which will provide an overview and discussion of each foundational premise b) *Marketing communication perspective*, where the foundational premise in question will be applied to marketing communication, and c) *Digital relevance*, which considers the relevance of the foundational premise under review in the context of digital media. In some instances the three-step format reduces to two-steps, where the second step combines *marketing communication* and *digital relevance*. This occurs where there is an almost inseparable account associating marketing communication with digital relevance, as in the case of the 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> FPs.

#### 3.9.1 1<sup>st</sup> FP: Service is the fundamental basis of exchange

##### 1<sup>st</sup> FP: Overview

Individuals do not possess all the physical and mental skills they need for optimal function in society. People, therefore, call on the specialised skills of others to fulfil their needs, through exchanges. The co-ordination of specialised efforts results in the production of tangible or intangible offerings (Vargo & Lusch 2004b:6).

##### 1<sup>st</sup> FP: Marketing communication perspective

From the perspective of marketing communication, one could consider the fundamental unit of exchange to be *information or content* that becomes operationalised through marketing communication efforts, which is exchanged between consumers and organisations.

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### 1<sup>st</sup> FP: Digital media relevance

The multi-directional capabilities of digital media facilitate the flow of information exchanges between individuals and organisations.

### 3.9.2 2<sup>nd</sup> FP: Indirect exchange masks the fundamental basis of exchange

#### 2<sup>nd</sup> FP: Overview

Production efficiency, for example, has been achieved through the division of specialised labour within organisations. This yields efficient production of standardised offerings by passing the offering through co-ordinated phases of specialised labour within the value chain. A consequence of organisation efficiency improvements is that customers become increasingly removed from employees and the exchange process. Organisations too have fragmented through restructuring into specialised entities that focus on their core competence (Kotler & Armstrong, 2010:43; Vargo & Lusch, 2004b:8). For instance, in the process of splitting the distribution function from the manufacturing function, each function becoming a core competence of an independent entity. Increasingly organisations are required to outsource particular activities to networks of specialised entities. Entities within these networks are co-dependent on each other for business success; in effect de-differentiation occurs between organisations as they become enmeshed and dependent on other organisations. There is an element of hyperreality too, as in effect organisations err towards hyperreal states becoming virtual structures that depend on their outsourcing partners to operate.

An outcome of distancing customers from employees is that employees, and by default the organisation, become less focused on the end customer. One notion to minimise distance between customers and employees is that of the *part-time marketer* (Grönroos, 2006:321; Gummesson, 2000:240; Gummesson, 1998:243). This concept suggests that marketing is not the sole responsibility of the marketing department and should be performed to a certain extent by all members of the organisation who come into contact with customers (Grönroos, 2006:318). In support of this logic, customers seldom come into direct contact with the members of an organisation's marketing department, they are more likely to

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encounter other personnel. Similarly, Kotler and Armstrong (2010:268) emphasise the importance of employees as a brand touchpoint interfacing with customers. Perhaps customers should be considered as part-time marketers too, from the point of view, that customers may relay their perspectives of an organisation's offerings to other prospective customers. This blurring of traditional roles between customers and marketers is indicative of postmodernism's trait of de-differentiation.

Schembri (2006:384) shares the view that division of labour contributes to efficiencies, but challenges the second foundational premise arguing that since knowledge is socially constructed in the workplace, it is exchanged from worker to worker, so the fundamental unit of exchange is not masked. Whilst Schembri's logic is reasonable, it could be argued a moot point for the following reason: the purpose of division of specialised labour is to appoint different specialists along the value chain from inception to completion. Each specialist applies specific skills to the offering as it moves along the value chain. This does not mean specialists explicitly impart their knowledge to other workers in the process; to do so would defeat the purpose of division of labour. Therefore since Schembri's notion is inconsistent with the premise it is not considered valid to challenge the premise.

## **2<sup>nd</sup> FP: Marketing communication perspective**

Similarly, marketing communication messages may become masked before they reach the customer, during the various exchanges that occur between respective stakeholders in the marketing communication value chain. FP2 supports the concept of IMC to help minimise inaccurate transmission of information. Whilst organisations are still able to exert control over communications issued by the organisation or its appointed agencies, they cannot control communications generated by customers, such as word-of-mouth, user generated content and other customer-to-customer exchanges that may mask an organisation's intended communication, which could inadvertently lead to customers misinterpreting the organisation's actual communication message by way of second-hand distorted messages they encounter.

## **2<sup>nd</sup> FP: Digital media relevance**

Digital media has the potential to amplify these customer exchanges by the way people use digital media. Digital media also presents opportunities for organisations to supply and seed organisation appropriate information on the Internet as well as respond to customer content. Another consideration is that each customer has a repertoire of information sources that they utilise during decision making that may or may not include information that stems directly from the organisation.

### **3.9.3 3<sup>rd</sup> FP: Goods are a distribution mechanism for service provision**

#### **3<sup>rd</sup> FP: Overview**

The fundamental unit of exchange, skills and knowledge, can be distributed in one of three ways (Vargo & Lusch, 2004b:9):

- Directly
- Transferred through education or training
- Indirectly, by implanting skills and knowledge into items. In using the item, the item provides a service for the user.

On a more abstract level goods may provide individuals with tangible evidence of self-esteem or satisfaction of higher order needs, for example customers associating with particular brands to symbolise an aspiration or reflection of the customer.

Schembri (2006:385) refutes the third foundational premise on the grounds that it implies delineation between services and goods and this apparently impacts on how the customer experiences products, because regardless of whether an offering is defined as a service or good, customers perceive the offering as an experience. This author does not share Schembri's view and offers the following interpretation of the premise, which is that Vargo and Lusch (2004) apply a service logic to distribution irrespective of classifying offerings as goods or services. Perhaps Vargo and Lusch's (2008:8) subsequent proposition of the tenth foundational premise, which addresses customer perceived experiences, was developed in response to potential misunderstandings of FP3.



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### 3<sup>rd</sup> FP: Marketing communication perspective

From a marketing communication perspective, communication touchpoints (such as: print, radio, television, cinema, out of home, point of sale, mobile phone, the Internet, and social media) distribute marketing communication information to consumers.

### 3<sup>rd</sup> FP: Digital media relevance

Digital media, for example social networks like *Facebook*, is unique in that it provides a platform to host media or content exchanges. The type of content carried ranges from simple text to multi-media offerings. Different media types possess different capabilities which dictate the level of creative richness that the communication can achieve.

The concept of virtual goods should also be acknowledged; whilst intangible in the physical sense, virtual goods (applications, games, music, photographs, navigation systems), still provide customers with services, linking into the postmodern condition of hyperreality. Virtual goods however depend on physical tools of technology, like mobile phones, computers and tablets to deliver their services. In the digital realm, the currency of information, becomes embedded into digital content, which people access and exchange via various digital media distribution devices.

### 3.9.4 4<sup>th</sup> FP: Operant resources are the fundamental source of competitive advantage

#### 4<sup>th</sup> FP: Overview

Firstly, an explanation of *operant* and *operand resources* is required. Vargo and Lusch (2004b:2) describe *operand resources* as resources that require the exertion of some act to produce an effect. *Operant resources* on the other hand are resources that are used to act on operand resources, such as knowledge and technology.

Organisations that can differentiate and integrate knowledge from different stakeholders, including customers, within the value chain for the purposes of improving their value proposition to customers improve their likelihood of achieving competitive advantage. This form of collaborative value creation is regarded as co-production (Vargo & Lusch,

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2004b:9). The wide availability of near parity offerings in terms of quality and price not only increases customer choice but also competition amongst brands. This stresses the crucial need for competitive advantage.

- Conceivably brand knowledge and branding become the differentiator and source of competitive advantage; brands add value to products, customers assign meanings to brands and form relationships with brands (Kotler & Armstrong, 2010:255; Schultz & Schultz, 2004:126). Part of an organisation's value proposition is legitimately encapsulated in its brands. Schultz and Schultz (2004:129) regard the exchange of a brand between customer and organisation as a currency of value exchange. Brands are a tool for building relationships with customers.
- Additional competitive advantage qualities include the speed and agility that an organisation can adapt to the market.

Schembri's (2006:386) challenge to the fourth premise stems from the need to include customers' after-sale perceptions of offerings in order to improve the value proposition in a customer-dominant marketing climate. This author is in agreement with Schembri, and considers the definition of the fourth FP wide enough to encompass the inclusion of customers' after-sales perspectives.

#### **4<sup>th</sup> FP: Marketing communication perspective**

As members of today's information society, most customers have convenient access to numerous sources of information, and as a result have the potential to be highly knowledgeable about offerings and competitive equivalents (Kotler & Armstrong, 2010:427). It is imperative that organisations have a presence in the information spaces their customers access. Customers will discern which sources of content are most suitable for them and make judgements accordingly. Brand touchpoints are operant resources; they produce a brand experience for the customer (Duncan & Moriarty, 2006:237).

#### **4<sup>th</sup> FP: Digital media relevance**

An advantage of digital media in a marketing communication strategy, is that some elements of an organisation's marketing communication are readily available to customers

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through pull tactics, like search engine optimisation, which can be used to help direct customers. It is important to acknowledge that customer searches online will pull up organisation generated content as well as consumer generated content. Consumer generated content is not necessarily negative to an organisation, in fact it could be beneficial and demonstrates customer involvement with a brand or organisation, it is just that organisations can only try to influence the nature of the content but cannot control it. This is in agreement with the following transitional concepts of marketing in a postmodern climate: a) business activity to embedded cultural practice, b) managed to collaborative, c) centralised to diffused marketing, and d) ordered to complex. Returning to Schembri's (2006:386) point of after-sales perceptions, through user generated content customers have an opportunity to express their after-sales opinions, which serves a dual purpose, a) provides feedback to the organisation, and b) provides user-based opinions to other customers that show how the customer feels about the organisation and its value to them.

### **3.9.5 5<sup>th</sup> FP: All economies are service economies**

#### **5<sup>th</sup> FP: Overview**

Economic eras have been classified by their characteristic outputs. This foundational premise asserts that it is not just today's economy that is characterised by service output, but all economies. Vargo and Lusch (2004b:10) rationalise that services have always driven economies, but their presence was less obvious. Service dependence has just become more blatant in today's economy where increasing specialisation relies heavily on services for co-ordination and exchange. A similar point was made earlier in reference to networks and outsourcing in discussions concerning FP2.

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### **5<sup>th</sup> FP: Marketing communication perspective**

This premise is not deemed to be directly translational into a marketing communication context. However it has relevance from the fact that service interactions of several different specialist suppliers may be required to enact an organisation's marketing communication efforts.

### **5<sup>th</sup> FP: Digital media relevance**

In the context of digital media as suppliers of infrastructural communication platforms in society, people have become dependent on their capabilities for co-ordination and exchanges. Under this perspective connectivity, speed, convenience and efficiency represent significant properties of digital media.

### **3.9.6 6<sup>th</sup> FP: The customer is always a co-creator of value**

#### **6<sup>th</sup> FP: Overview**

The marketing process is not independent of the customer; it is an interactive process in conjunction with the customer. Vargo and Lusch (2004b:11) consider a prime directive of marketing, namely "customer responsiveness", is compromised by the emphasis on the manufacturing efficiency of goods-based manufacturing; a procedure that usually separates customers from the production process. The service perspective of marketing in direct contrast involves the customer in the production of value (embedded cultural practice). Under service-dominant logic, production of value is a continuous process. This concept also applies to tangible items. Earlier tangible items were defined as items that delivered services, so through ongoing use of the tangible item the customer continues producing value. Involvement of the customer in the value-production process customises value outputs according to the customer's requirements. Furthermore, any modifications that customers apply to their purchases could be construed as creation of value tailored to the customer's needs, for example adding cushions to sofa suites. This foundational premise epitomises proactive customers and customer-centricity. It infers a degree of inseparability between the customer and the organisation to bring about the offering. However it should be acknowledged that not all customers are willing to participate

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(Schembri, 2006:387). Firat and Dholakia (2006:138) perceive customers to be part of the value system, in the generation of value and transfer of value through associations they have with other customers as well as the organisation.

Peñaloza and Venkatesh (2006:304) seek to expand this foundational premise to include meanings in exchange and use in co-creation between customers and the organisation, believing meanings epitomise the type of relations between customers and organisations.

The practice of launching beta versions of electronic applications, for customers to test and feedback their points of view before the final product is released, could be considered a form of co-creation at the development level of the offering. The same logic applies to upgrades and new versions of products. Additionally the proliferation of self-service offerings and greater responsibility assumed by the customer in the orchestration of these transactions, as mentioned earlier in the chapter, may result in an expectation of co-creation by certain customers because they have become accustomed to a high level of involvement.

#### **6<sup>th</sup> FP: Marketing communication perspective**

Interactive communication mutually benefits customers or prospects as well as brands or organisations. In this communication partnership the co-creation of information provides value to customers or prospects about the brand or organisation and provides the brand or organisation with information about the customer or prospect (Duncan & Moriarty, 2006:241). In the same way that customers are participating in the co-creation of products and services, they have an expectation to participate in communication exchanges with brands or organisations (Firat & Dholakia, 2006:146).

#### **6<sup>th</sup> FP: Digital media relevance**

The interactive properties of digital media are especially relevant to this premise by involving customers as co-producers or co-creators as opposed to targets in marketing communication processes. Digital media presents customers with opportunities to interact with marketing communication through user generated content which may take the form of

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text comments or multi-media content hosted on platforms like blogs, emails, social networks, video sites and forums. Digital media, particularly personal media, provides organisations with the means to continue the value-production process by communicating knowledge and information to their customers pre, during and post sales; and in so doing attempt to build relationships with customers. Digital media makes real-time marketing a reality.

### **3.9.7 7<sup>th</sup> FP: The enterprise cannot deliver value, but only offer value propositions**

#### **7<sup>th</sup> FP: Overview**

Organisations can only infer a value proposition in their offerings. The perceived value of an offering is determined by the customer (Gummesson, 2008a:143; Vargo & Lusch 2004b:11), so is relative to the customer. Similarly Grönroos (2005:2; 2006:324) refers to the concept of value-in-use. Value-in-use is the value customers obtain from using services or products, and only customers, not organisations, can assign a value to the goods or services used. This value is not necessarily limited to when the exchange takes place. Customers may derive value from repeated physical interaction with an offering or even through the recollection of a memorable event of a service encounter, such as a vacation. Gummesson (2008a:143) asserts that the concept of value is in part a product of quality and customer satisfaction, albeit with diffuse and overlapping boundaries.

#### **7<sup>th</sup> FP: Marketing communication perspective**

In a marketing communication context customers are free to determine which source or sources of information provide them with the most relevant value. Customers can tune in and out of an organisation's marketing communication. Customers are having conversations amongst themselves and brands need to join these conversations (Kotler & Armstrong, 2010:42). Customers are in control of these conversations. By participating and "listening" to the market the organisation is in a position to assess the market's perspective of it and if necessary adapt their marketing communication approach, affecting both the choice of content and touchpoints selected.

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### **7<sup>th</sup> FP: Digital media relevance**

Two applications of digital media are considered relevant to the 7<sup>th</sup> FP. Firstly, the media platform itself; customers have the ability to choose which touchpoints they want to utilise, according to the value they derive from the particular platform. Their decision to use digital media may be attributed to preference, convenience and ease of referral or retrieval of particular communication. Secondly, the interactive properties of digital media, like social network systems allow brands or organisations to participate in customer conversations. This provides opportunities for entities to seed their intended value in touchpoints where their customers are present, and to therefore also gauge customer perceptions of value.

### **3.9.8 8<sup>th</sup> FP: A service-centred view is inherently customer oriented and relational**

#### **8<sup>th</sup> FP: Overview**

The characteristics of a service-centred view are interactivity, integration, customisation, and co-production (Vargo & Lusch, 2004b:11), which occur between the organisation and the customer to develop a suitable solution for the customer. These characteristics underlie relationship marketing. The service-centred view requires the formation of a relationship between the organisation and customer for interactive value creation (Vargo & Lusch, 2008:8). Vargo and Lusch (2004b:12) point out that even single transaction encounters between organisations and customers involves a relationship, because there are usually assurances that the exchange will continue to provide services for a period of time. These assurances contribute to the long-term brand equity of the organisation, which could be perceived as attractive relationship qualities for both the current customer and potential customers. It must be noted that irrespective of the efforts an organisation invests into its customer, it is the customer that decides if he or she wants to create a relationship with the organisation (Schultz & Schultz, 2004:122). This aligns with the concept of relativism, in the context that the decision to form a relationship with a brand is relative to an individual's set of beliefs and needs.



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### **8<sup>th</sup> FP: Marketing communication perspective and digital media relevance**

The service-centred view characteristics are readily reproducible through digital media, rendering it an attractive touchpoint to support the service-centred view.

- Interactivity is possible through multi-directional communication exchanges between organisations and customers, across a variety of different digital touchpoints. Exchanges may be synchronous or asynchronous. Digital media improves convenience by allowing interactions to occur anytime and anyplace, thus removing boundaries of time and place. Kotler and Armstrong (2010:231) promote interactive marketing as the marketing principle for the twenty-first century.
- Integration is evident in user generated content where people recombine elements of an organisation's or brand's content into their own creations, or respond to calls for competitions to make commercials for organisations to air on television.
- Digital media allows for the cost efficient distribution of customised communication that can be personalised to suit the individual customer, possibly by using database information.
- The activity of co-production is evident in interactive communication between customers and organisations; as an active role in integrated communication; and through the supply of personal data by the customer in customised communication.

#### **Digital media, the relationship communication-bridge between customers and marketers**

Digital media offers communication tools to assist relationship building strategies with customers and allows organisations to be selective about choosing the most profitable customers and communicating with them in more meaningful ways (Kotler & Armstrong, 2010:41). This is a departure from mass communication to personal communication strategies.

### **3.9.9 9<sup>th</sup> FP: All social and economic actors are resource integrators**

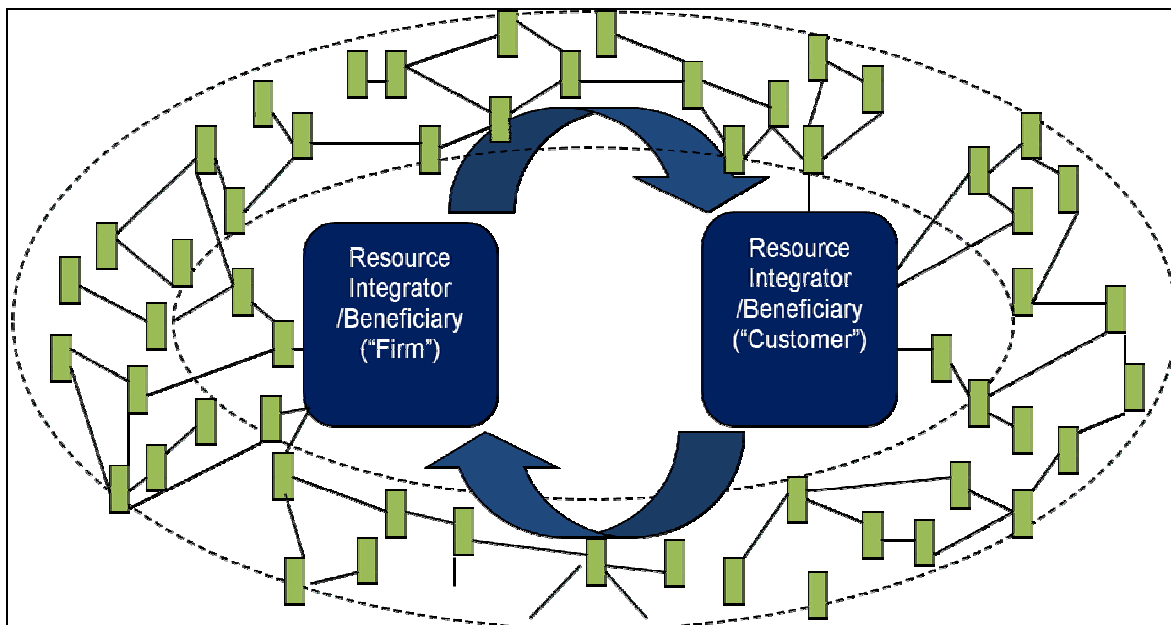
#### **9<sup>th</sup> FP: Overview**

This premise refers to the fact that complex exchanges are the product of multiple micro exchanges that occur between different entities. Entities are responsible for integrating resources to varying extents. Resource integrators are connected directly or indirectly to

each other within networks. Exchanges of integrated resources amongst resource integrators results in value creation. This is demonstrated in Figure 3.8. Although Figure 3.8 uses the term's "firm" and "customer", this model equally applies to any entities that enter an exchange be it customers to customers or business to business transactions. There are synergies between network theory and resource-integration (Lusch & Vargo, 2006:285).

This premise resonates with the concept of *embedded marketing* (Firat & Dholakia 2006:148), referred to in Chapter 2. It illustrates possible implementation of the four key transitions from modern to postmodern marketing, which for ease of reference are: a) from distinct business activity to embedded cultural practice; b) from managed to collaborative marketing; c) from centralised to diffused marketing; and d) from ordered to complex marketing.

**Figure 3.8: Micro exchange embedded in complex**



Source: Vargo and Lusch (2011:24)

**9<sup>th</sup> FP: Marketing communication perspective and digital media relevance**

The application of the 9<sup>th</sup>FP is particularly apparent in information exchanges amongst members of social media networks. This is possibly due to the fact that social media

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networks are constructed on the basis of personal relationships, so members potentially assess the value of communication issued by other members in the social network relative to their relationship with the member that initiated the communication.

**Generate meaningful experiences**

This suggests that the influencers and opinion leaders may be an appropriate way for organisations to leverage their communication through social media networks. Opinion leaders possess certain attributes through which they are able to influence others (Kotler & Armstrong, 2010:165). This ties in with the concept of two-step flow, which is based on the notion that people exert a greater affect on other people than the media (Littlejohn & Foss, 2005:308). The topic of two-step flow will be returned to in the next chapter during discussions on social media. Organisations should therefore engage with influencers to benefit the organisation through the influencer's powers of persuasion within their networks. Other mechanisms include establishing an independent community network around a brand (Kotler & Armstrong, 2010:40), for example the Harley Owners Group, sponsored by Harley-Davidson that provide benefits (resources) to their members. Initiatives such as these help integrate brands into customer's lifestyles and communities to make meaningful experiences (Kotler & Armstrong, 2010:42). This supports Schembri's call for greater customer experience.

**3.9.10 10<sup>th</sup> FP: Value is always uniquely and phenomenologically determined by the beneficiary**

**10<sup>th</sup> FP: Overview**

This final premise is related to the 7<sup>th</sup>FP, where organisations can only offer value propositions; they cannot deliver value. The actual value of an offering is unique to every beneficiary. Beneficiaries will have their own perception of an offering's value, which is dependent on multiple variables such as their personal characteristics, context, experiences and expectations (Vargo & Lusch, 2011:24).

**10<sup>th</sup> FP: Marketing communication perspective and digital media relevance**

Irrespective of the efforts that are applied by organisations for their marketing communication to convey a particular message, recipients of the communication will make their own interpretations which may or may not be those intended by the organisation. This

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assumption is based on poststructuralism theory, where one's interpretation of a communication is constructed in terms of how it relates to the individual's concept of self.

### **3.9.11 Principle findings of S-D logic**

The aforementioned foundational premises provide the framework of a service-dominant logic approach to marketing. In summary:

- S-D logic shifts from value determined by the producer (value in exchange) to value determined by the customer (value-in-use).
- S-D logic is customer-centric. Organisations need to collaborate with and understand their stakeholders to fulfil their customer's needs. This is important in the maintenance of long-term relationships.
- S-D logic reduces the need for dichotomous distinction between services and goods, by offering an inclusive concept (Gummesson, Lusch, & Vargo, 2010:11), for marketers to adopt in an environment that although dominated by services consists of hybridised forms of goods and services.

It is interesting to note how the market's adoption of service-dominant logic is reflected in a changed lexicon that has transitioned from goods-dominant terminology (refer to Table 3.13).

**Table 3.13: Conceptual transitions from goods-dominant logic to service-dominant logic concepts**

<b>GOODS-DOMINANT LOGIC CONCEPTS</b>	<b>TRANSITIONAL CONCEPTS</b>	<b>SERVICE-DOMINANT LOGIC CONCEPTS</b>
Goods	Services	Service
Products	Offerings	Experiences
Feature/attribute	Benefit	Solution
Value-added	Co-production	Co-creation of value
Profit maximization	Financial engineering	Financial feedback/learning
Price	Value delivery	Value proposition
Equilibrium systems	Dynamic systems	Complex adaptive systems
Supply chain	Value-chain	Value-creation network/constellation
Promotion	Integrated marketing communication	Dialogue
To market	Market to	Market with
Product orientation	Market orientation	Service orientation

Source: Lusch and Vargo (2006:286)

In many ways the service-dominant logic concepts parallel the postmodern orientation of marketing raised in Chapter 2 (refer to Table 2.10).

Vargo and Lusch (2004b) anticipated S-D logic as a marketing paradigm. It would seem that this proposition has resonated with marketing scholars as evidenced by their desire to extend S-D logic. Peñaloza and Venkatesh (2006:299) seek to expand S-D logic from services to the social construction of markets. Gummesson (2008b:15) proposes a change in the orientation of S-D logic from one-party customer centrality to two-party centrality which considers the perspective of both the organisation and the customer. The author considers Gummesson's extension to be more representative of real world complexities and acknowledgement that the needs of other stakeholders, such as suppliers should not be neglected at the expense of the customer.

**Service-dominant logic a relevant marketing paradigm**

Perhaps in the process of fragmenting manufacturing goods-based marketing and the corresponding development of marketing sub-disciplines, the marketing discipline has now, through a self-organising manner, directed the reconstitution of marketing efforts under the umbrella of S-D logic. Research advancement in a field is optimally directed when united by a universally accepted paradigm (Kuhn, 1970:13). In the case of marketing S-D logic appears to be a reasonable paradigm.

Considering communication as a service exchanged between customers to organisations and customers to customers, hints at greater possibilities of collaboration between these parties in marketing communication efforts. Consumer collaboration is an area of marketing communication that requires further investigation, especially in an ever-fragmenting media landscape, where the credibility of peer-to-peer communication has more authenticity than corporate mass communication, albeit as part of integrated marketing communication.

### 3.10 BRANDS

Beyond goods and services transactions, ultimately it is a brand that is traded in the marketing exchange process. Kotler and Armstrong (2010:255) define a brand as “...a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a good or service.” Schultz and Schultz (2004:301) state that a brand provides three-fold benefits: a) a legal asset, b) a financial asset, and c) a relationship-building asset, which has been a key interest of this thesis. Table 3.13 outlines functional and emotional brand attributes as benefits in the exchange between customers and organisations in the context of relationship building.

**Table 3.14: Common functional and emotional brand attributes in the context of relationship-building**

FUNCTIONAL ATTRIBUTES	EMOTIONAL ATTRIBUTES
<ul style="list-style-type: none"> <li>• Use of specific colours and or symbols to ensure brand recognition.</li> <li>• Differentiate brand from other brands within same product category.</li> <li>• The functional characteristics of brands help to simplify the customer decision-making process.</li> <li>• Brands signify quality. Particularly brands with a long heritage that have built a reputation over time.</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfilling customer aspirations. In using the brand the customer resonates with the brand's values. Thus use of brands represents a form of self-expression.</li> <li>• The customer's <i>brand network</i> linkages help to differentiate a particular brand over others by associating the brand with particular ideas relevant to the customer.</li> <li>• Reassure customers of quality and performance expectations.</li> </ul>

Source: Conceptualised and adapted from: Schultz and Schultz (2004:302); Kotler and Armstrong (2010:183)

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### **3.11 CONCLUSION**

This chapter has revealed that a consumer-centric trend has become increasingly evident in multiple aspects of marketing, ranging from product development to marketing communication. The relationship balance between customers and organisations has been tipped in favour of customers. Furthermore, establishing and building a relationship is at the discretion of the customer. Organisations need to assume alternative strategies to engage with a more informed customer and leverage customer brand experiences to their advantage as part-time marketers or post-consumers. The consumer-centric perspective has been highlighted throughout the literature. However, this perspective appears to counter some of the more traditional, established marketing and/or marketing communication theory and models, which were grounded in a manufacturing-goods dominant logic. The anti-foundational characteristic of postmodernism confronts dogmas of conventional wisdom. This characteristic has enabled the questioning of the applicability of marketing models, such as the 4P marketing mix, which were developed from a producer-centric perspective in a consumer-centric market, and the need for alternative marketing approaches to evolve in response to changes in the market, such as the service-dominant logic approach.

It appears that neither age nor origin are requisites for validation of a paradigm or its continued use. The marketing discipline is continuously evolving in response to factors changing in its internal and external environments. These changes need to be investigated in pursuit of progressing development of the discipline both academically and from the perspective of marketing practitioners.

This chapter has shown some recent shifts in marketing. The next chapter considers the implementation of some of these elements within the context of information technology and communication products and services.