

# CONTEMPORARY MARKETING TRENDS: FROM ONE-TO-ONE MARKETING AND THE SERVICE-DOMINANT LOGIC TO M2M COMMUNICATIONS AND NETNOGRAPHY

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**Abstract:** *In recent years, a strong and unexpected growth in take-up and use of digital devices and applications - phenomenon known under the term “Web 2.0” - enabled wide-ranging interaction and collaboration between consumers. Thus, users actually become participants (co-creators not end-users) that are strengthened through the network (as a collective resource). The newly acquired knowledge has led to a profound change in the way marketing professionals conceive marketing, as a whole, and the marketing mix, in particular. Therefore, the new mindset of contemporary marketers emphasizes the importance of co-generating value by involving customers in the design and improvement process of goods and rendered services.*

**Key words:** *Service-dominant (S-D) marketing logic and strategy, Online communities, Netnography, ICT marketing tools, M2M communications.*

## 1. Introduction

As we have seen in the last two decades, new technological developments and the revolution of electronic communications, in general, and the pervasive evolution of the Internet, in particular, have led to a paradigm shift in the global economic system and allowed the transition to the “New Economy”.

In recent years, a strong and unexpected growth in take-up and use of social computing (Web 2.0) has been registered.

The so-called “Generation C” (the C deriving from “content” or digital creation such as images, movies, blogs, and music) has changed user-generated content from a hobby into an almost equivalent

competitor of established entities in news, media, and entertainment. [1]

Therefore, the “connected generation” represents a new type of users, which plays an important role in the way services are shaped and consumed, with brands being selected by consumers (in sophisticated markets) based on attitude and in-depth, sometimes expert, knowledge about the authenticity of a product. See: [2], [3].

The present paper will illustrate some of the latest concepts, tools and strategies employed by marketers to succeed in integrating the interaction with these virtual communities into the overall marketing effort of business in order to reach audiences in the targeted segments.

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## 2. Marketing in the age of mobile communications and ubiquitous computing

Philip Kotler identifies and defines in his work "Principles of Marketing" four major forces that shape the marketing in the digital age:

- Digitization and connectivity
- Explosive growth of the Internet
- New types of intermediaries and
- Active adaptation of the offer to clients and proactive adaptation (by customizing the offer). [5]

These factors drive the transition from **mass marketing** to individual or "**one-to-one**" marketing - an integrated approach that concentrates on providing services or products to one customer at a time by identifying and then meeting their individual needs, an approach that must permeate all components of an organisation: marketing, sales, finance, production, post sale service, etc. [6]

### 2.1. Digitization and connectivity

**Digitization** is the process of transition from the use of analog information (embedded in goods and services) to digital information streams consisting of 0 and 1 underlying the conversion of text, images and data bit streams.

**Connectivity** is the solution through which these streams can move from one application to another or from one device to another via electronic communications networks.

### 2.2. Explosive growth of the internet

Following the implementation of the **World Wide Web** application and the development of web **search engines**, in the 1990s, **Internet access levels** of world population continued to grow exponentially, driving the number of Internet users to over 1.8 billion in 2010. The explosive development of the Internet - due to the revolution of information and communication technology - is the basis of the **New Economy**.

The Internet provides that both consumers and businesses can access and share vast

amounts of data to make buying or business decisions. Thus, companies must develop and implement Internet technologies to secure their competitive position.

### 2.3. New types of intermediaries

Due to the early success of thousands of entrepreneurs who have established businesses on the Internet (following the "dot-com" model), renowned retailers with selling through traditional stores of all types and sizes were afraid that they will be removed from the supply chain by these new "**E-intermediaries**".

Following a review of how they service their markets, companies that - at first - have been waiting, being notorious exclusively through a physical ("**brick-and-mortar**") presence on the market, have started their own online sales channels, thus, many "**click-and-mortar**" (physical-virtual) competitors becoming stronger than their virtual-only rivals.

### 2.4. Customizing the offer - active and proactive adaptation

The new economy is centred on **information**, because it presents a number of advantages: it is easy to differentiate, to personalize or customize to order and can be sent at high speed through electronic communications networks.

Through rapid advances of the Internet and other communication technologies, companies have gained experience in **gathering information** about individual customers and business partners (suppliers, distributors, retailers). Consequently, there is a tendency to individualise the products and the services offered by companies, as well as to adapt the messages and the means of communicating them.

Thus, firms can choose between two ways of adjusting their marketing offer:

- **Active adaptation**, which refers to the initiative to change the marketing offer depending on the customer's order and

- **Proactive adaptation**, which refers to the fact that the firm allows the customer to design the offer.

Kotler considers therefore that the information age has passed the **power in the hands of customers**, which are **more demanding than in the past** - more aware of competitive offerings or pricing, being able to define what they want in relation to the manner of customizing products, services, pricing, distribution and promotion.

All this has created a **hypercompetitive market** in which companies need new marketing concepts, capabilities, and strategies that surpass conventional marketing.

### 3. A new perspective on marketing

Extant marketing theories developed by marketing scholars like Christian Grönroos, Robert F. Lusch and Stephen Vargo, promote a **service-dominant logic (S-D logic) of marketing** and demand for a new, alternative marketing definition, based on the promise concept, and labelled a promises-management definition. [7]

To elaborate the key elements of the new service-oriented logic, Vargo and Lush provide a detailed documentation, focussed on several **fundamental dimensions**, such as: the basic unit of exchange, determining the value and its significance, identifying the role of the consumer, the nature of interactions between the firm and client, or finding the source of economic growth.

Thus, according to Grönroos, marketing cannot be treated as one organizational function only, and, therefore, marketing “is a customer focus that permeates organizational functions and processes and is geared towards making promises through value proposition, enabling the fulfilment of individual expectations created by such promises and fulfilling such expectations through support to customers’ value-generating processes, thereby supporting value creation in the

firm’s as well as its customers’ and other stakeholders’ processes.” [4]

Further, Lusch and Vargo explain that **SD logic** moves marketing orientation from a “**market to**” philosophy, in which customers are promoted, targeted, and captured, to a “**market with**” philosophy, in which the customer and supply chain partners are collaborators in the entire marketing process. [7]

In the SD logic, customers are considered **resource integrators, co-creators of value** (as well as suppliers); consequently, suppliers do not deliver value to customers, they support customers’ value creation in value-generating processes of these customers.

### 4. Implementing the new marketing paradigm through novel marketing tools

Two of the most innovative trends related to marketing practice are the use of M2M communications and Netnography.

#### 4.1. Machine-to-machine (M2M) communication

The concept “M2M communication” refers to systems that make possible for machines to communicate with back-end information systems and/or directly with other machines, with the aim of providing real-time data. [8]

Although we are already participating in the Internet of Things (IoT) without even realizing it (through trackable consumer products, RFID tags, biometric passports and geolocation tools), in the near future, M2M - as a part of the IoT - will enable the collection, enrichment and distribution of a wider variety of data, leading to a world where real and virtual elements are intertwined in an elaborate way.

Some of these data will be produced by the public sector and will be of use to the general public. Most likely, a large amount of data will be generated by business activities and consumers, as private M2M-

users, and will be of use to companies which will implement even more detailed and personalized marketing strategies.

#### 4.2. Netnography

**Netnography** (introduced by Kozinets in the late 1990s), based on the traditions and techniques of cultural anthropology, is an interpretive method for **consumer and marketing research**, specifically developed to investigate the **consumer behaviour** of cultures and communities present on the Internet. [2]

Netnography is a written account that results from fieldwork studying on-line, computer-mediated or Internet-based communications and investigates the specific instance in which a **virtual community** is formed through **computer-mediated communications (CMC)**, enabling the qualitative assessment of explicitly verbalized and implicitly existing needs, wishes, experiences, motivations, attitudes and perceptions of consumers towards products and brands.

#### 5. Conclusions

We can conclude that the future implementation - through electronic communications - of novel marketing tools, specific to the digital environment and supporting a service-dominant logic of marketing offers a range of indisputable advantages for competitive organizations.

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