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Services Marketing Influence on Marketing Theory Evolution

Summary

The discovery of differences between tangible goods and services in the 1970s was one of the most landmark moments in the history of marketing with an emphasis being shifted to the need for using different/diversified marketing activities while dealing with various industries and types of products. The objective of this article is to briefly characterise the evolution of the marketing thought and to present the crucial influence of services marketing achievements on the shape and nature of modern marketing.

As a result of the literature analysis it can be stated that currently a return to uniform marketing for all kinds of goods and markets is advocated. Researchers are stressing that since differences in goods have become irrelevant, marketing activities of services marketing nature should be conducted.

Key words: services marketing, marketing evolution, marketing theory.

JEL codes: M31

Introduction

Since their very beginning, marketing theory and practice have been constantly evolving, to follow and adjust to economic changes. Initially, marketing activities were focused on consumer and industrial products. These activities were characterised by a transaction oriented approach, with the marketing mix (4P) being their main tool. Only in the seventies was it recognised that the specificity of services (mainly their characteristic features – intangibility, heterogeneity, inseparability, perishability (Zeithaml, Parasuraman, Berry 1985) and the differences between the processes of production and consumption of services and physical goods require discrete marketing strategies to be implemented.

Currently, a return to uniform marketing for all kinds of goods and markets is advocated. Researchers are stressing that since differences in goods have become irrelevant, marketing activities of services marketing nature should be conducted.

The objective of this article is to briefly characterize the evolution of the marketing thought and to present the crucial influence of services marketing achievements on the shape and nature of modern marketing.

Services Marketing – emergence and specificity

Factors such as a place of service provision (physical evidence) (Bitner 1992), service provision process, interactions between the service provider and service recipient or customer co-created service contributed to the emergence of a separate marketing concept tailored to the specific needs of service companies. Academic accomplishments of the Nordic School of Services Marketing, represented among others by Gronroos and Gummesson were of particular importance in this regard. Attention was drawn to such vital elements as, inter alia, concept of interactive marketing, functional and technical quality, or part-time marketers (Gronroos 1984; Gummesson 1991).

One of the most important elements to be taken into account while considering the concept of services marketing is the area-specific unique relationship between the service provider and service recipient, i.e. the occurrence of manageable interactions between the buyer and the seller. Since staff plays a key role in interactive marketing, its awareness of this huge role should be beyond doubt. It is claimed that in order to have satisfied customers you must first have satisfied employees. And thus, interactions and service provision process during which the service recipient is, together with the company, a co-creator of value, as well as the importance of staff management resulting therefrom (being reflected in internal marketing), have become a prerequisite for successful use of interactive marketing in service companies.

Significance of the so-called moments of truth, being all the moments in which, through his experience with the company, the customer is shaping his opinion on the received service and the service provider, was also stressed.

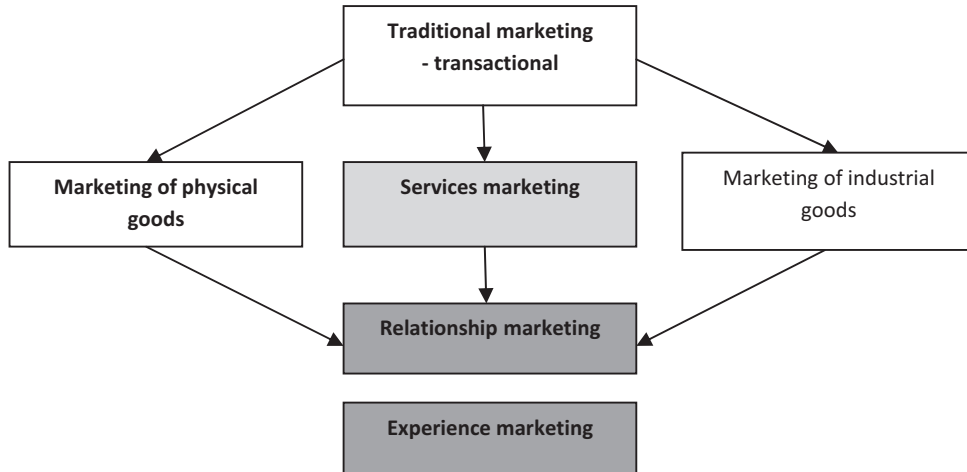
Relationship Marketing – how it evolved

In the eighties, the concept of services marketing was gradually becoming the basis for a new approach to marketing, according to which the company's most valuable equity are its long-lasting, profitable relationships with customers and other business partners – relationship marketing (Fig. 1). It was originally associated with the services sector, as well as with marketing activities on B-2-B markets. However, over time it appeared to be applicable to all types of organizations (Gronroos 2004). Currently, relationship building has become one of the most important competitive instruments of companies operating on various markets (Drapieńska 2009). Many relationship marketing researchers emphasise that companies may enhance their competitiveness by applying relationship marketing tools, i.e. by developing long-term reliance-based relationships with customers, suppliers, competitors, employees, etc.(Helgesen 2008).

The literature provides various definitions of relationship marketing. Numerous scientific publications and research deal in-depth with this issue. Still, all of them emphasize that the main objective of this concept are long-lasting relationships with customers and other business partners based on their true loyalty. They also stress the need to build a relationship

in such a way so that the objectives of all stakeholders are met. This can be achieved through mutual exchange and keeping the promises made (Berry 1983; Gronroos 1994; Hunt, Arnett, Madhavaram 2006).

Figure 1
Evolution in Marketing Theory



Source: own study.

Such factors as co-creation of value, mutual trust, commitment, and individualised approach have undoubtedly become the basic components forming long-term relationships. It was also discovered that the greater the partner's satisfaction with the relationship, the greater the likelihood that he will remain loyal to the company (Caceres, Paparoidamis 2007). The need for switching a one-way communication onto a two-way, was also stressed and has become one of the most important components facilitating a good relationship between customers and a company (Gronroos 2004; Drapińska 2005).

In the concept of relationship marketing and in services marketing alike, components such as service, quality, internal marketing (Gronroos 1999) and word-of-mouth (WOM), which is the result of all activities undertaken by the company, are considered of utmost importance. WOM is spontaneous and of unrestricted nature. Because services are generally difficult to evaluate prior to purchase, WOM recommendations are very influential in consumers' decision making (Harrison-Walker 2001). This phenomenon becomes more intense also due to the ever wider access to and communication via the Internet: through e-WOM, people exchange product and service evaluations in the virtual world (King, Racherla, Bush 2014). Its enormous power and importance should therefore be taken into account by companies intending to participate in competitive battles to win customers.

Thus it can be concluded that (Draپیńska 2009):

- a hallmark of relationship marketing is its long-lasting impact, aimed at achieving a long-term competitive advantage of the organization (Arnett, Wittmann, Wilson 2003),
- the basis for building relationships is to create value expected by the partners and to keep the promises made to them,
- the customer performs a dual role: of the buyer and co-creator of the value he wishes to receive,
- any and all possible (possessed) assets and resources (e.g. processes, communication, technology and human resources) should be subordinated to the process of creating value and satisfaction.

Customer Experience

The next step taken in the evolution of marketing was to draw attention to the role that customers' emotions and experiences during the interaction with the company played in the creation of long-term relationships. The role of experience, feelings and positive emotions in moments of contact with the company, allowing the customer to better remember the service, is emphasized by the concept of experience marketing (Draپیńska 2014).

The concept of customer experience fits into services marketing, emphasizing the role of customer's emotions and sensations, which affect his perception of the company, and hence loyalty. It should be achieved through a well-created and well-managed experience.

In past years, customer experience has been a key concept in service research and management (Fernandes, Cruz 2016). The experience phenomenon has been described as the core of the service offering and as the basis of all business, since "there is no value until an offering is used", and thus "experience and perception are essential to value determination" (Vargo, Lusch 2006). As a result, the interactive, co-created aspect of customer experience has become a topical, omnipresent issue, for tangible and intangible offers alike, as described in the following section.

The Dominance of the Service Logic

A huge impact which the development of services marketing had on the modus operandi in marketing in general, can also be seen in the change of approach to marketing and to defining marketing as such. In 2004, the American Marketing Association (AMA) replaced the definition of marketing in use since 1987, with a new one emphasizing that: "marketing is an organisational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders". The new definition puts an emphasis on marketing activities as involving "delivering value to customers" and "managing customer relationships". Therefore, with the highest degree of certainty, it can be concluded that relationships have become the essence of marketing activities (Draپیńska 2009).

A growing number of researchers acknowledge that the incorporation of services marketing achievements and findings into the corpus of marketing knowledge was of equal importance for the consumer goods marketing, as the discovery of the importance of relationships was for the services marketing, and that relationship marketing, as developed by service providers, proved most effective in attaining modern marketing goals (Rogoziński 2000).

There have been opinions voiced by many marketing researchers, that the differences between physical and intangible products are beginning to blur. Some researchers even argue that the service industry does not exist at all. Industries only differ in the amount of services they offer, nonetheless however, all companies provide services. In the wake of this discovery, “a framework that includes the marketing of both goods and services within the same logic” was sought, as it was recognised that “former distinctions were becoming less relevant” (Baron, Warnaby, Hunter-Jones 2014).

One of the most notorious concepts in this trend has been the Service –Dominant Logic (S-D logic) concept by S.L. Vargo and R.F. Lusch. They point out to two distinct business operation logics: one being the goods-dominant logic and the other service-dominant logic. According to the first one, the value is created on the production site and is associated with the product. Services may only be an addition to the offered product. According to the second logic all companies offer services, and physical products are merely their carriers. The value is thus created at the time of consumption (Vargo, Lusch 2004; Drapińska 2014).

The convincing attribute of SDL is the fact that framework provided covers the same approach for services and goods, so former differences are not longer applicable (Vargo and Lusch 2011b in: Baron, Warnaby, Hunter-Jones 2014).

The SDL concept resounded widely in the community of marketing researchers. It has both its supporters and critics, who point out to its weaknesses (O’Shaughnessy J., O’Shaughnessy N.J 2009, 2011) . The authors of the concept, however, postulate that it should form the foundation for the theory of marketing (Vargo, Lusch 2014).

Alternative concept is proposed by Gronroos, where Service Logic (SL) and New Service Marketing is fostered (Gummesson, Gronroos 2012; Gronroos, Gummerus 2014).

Although both concepts are based on the opinion that “all resources can be used as services and, that both SL and SDL use a customer-oriented and relational service perspective”, researchers at the Nordic School of Marketing point out to many differences, inconsistencies and defects in the SDL concept, consisting, e.g., in a metaphorical understanding of certain concepts. They dispute the opinion that „service is the basis of all business”. Instead, they suggest that “value creation is more fundamental than service, and represents the basis of business, for which service is a facilitator”. (Gronroos, Ravald 2011). The SL concept holds, that the user and service provider are not always co-creators of value, and the only creator of value is the user. The service provider presents potential value-in-use to the user by preparing and applying knowledge and skills to other necessary resources.

Interactions, as the antecedent of the service perspective, are a very important element of that concept, forming since the very beginning the basis for differentiation between services marketing and tangible goods marketing (Gronroos, Gummerus 2014).

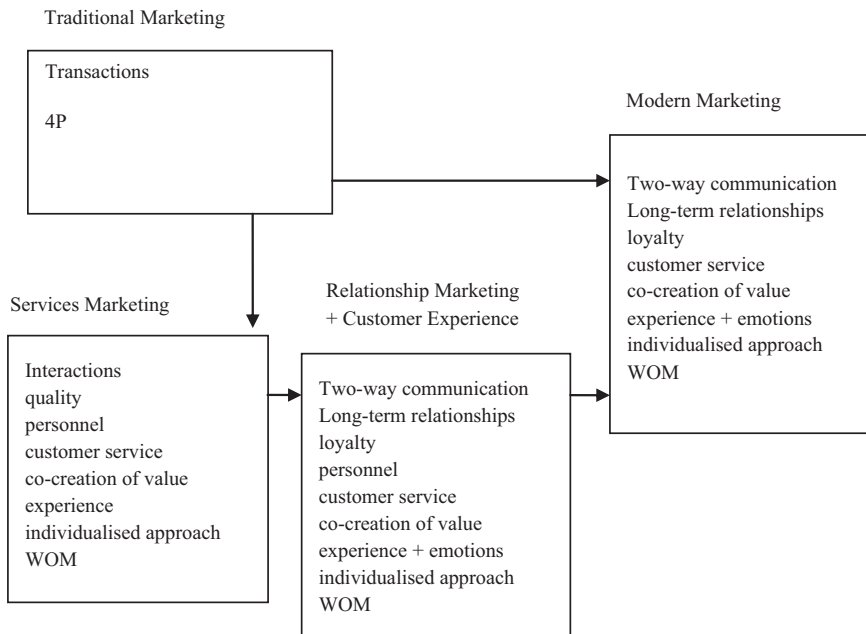
Under the SL concept, its authors propose a new approach to marketing: „to make the firm relevant for its customers and other stakeholders. The goal for marketing is to engage the firm with its customers’ processes, with aim of supporting value creation in those processes, in a mutually beneficial way.” (Gronroos, Gummerus 2014). They emphasize that the key to the understanding of marketing is to comprehend the process of emergence or creation of value (as value-in-use).

Conclusions

Undoubtedly, modern marketing contains many elements and tools derived from services marketing (Figure 2).

Figure 2

The evolution of marketing elements from services marketing to modern marketing



Source: as in Figure 1.

Long-term relationships, two-way communication and dialogue, loyalty, customer service provision, co-creation of value, developing relevant customer experience, individualised approach and the huge role of the word-of-mouth are the elements derived from the field of services marketing, which now play a major role in marketing – in the services sector and other industries alike.

Paradoxically, the previously emphasised differences between various products and industries, which were imposing a diversified approach to marketing, are now considered to be irrelevant. The researchers urge the use of service logic, within which significant stress is laid on interactions and the process of co-creation of value so characteristic for services marketing, in all sectors of the economy. It appears that in order to clearly indicate the appropriateness and extent in which service logic can be used in non-service sectors, further research is needed.

Undoubtedly, however in view of increasing customer demands and highly competitive markets, it is vital to continue to develop marketing activities and concepts. Marketing researchers are not the only ones who try to keep up with the changing world. First and foremost, enterprises must keep pace with ever more demanding and capricious customers.

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Wpływ marketingu usług na ewolucję teorii marketingu

Streszczenie

Jednym z najbardziej przełomowych momentów w historii marketingu było odkrycie w latach 70. różnic między produktami materialnymi i usługami oraz akcentowanie konieczności rozgraniczenia/odróżnienia działań marketingowych skierowanych do różnych branż i rodzajów produktów. Celem artykułu jest krótkie scharakteryzowanie ewolucji myśli marketingowej oraz pokazanie, jak duży wpływ na kształt i charakter współczesnych działań marketingowych miał dorobek marketingu usług.

W wyniku analizy literatury przedmiotu można wnioskować, że obecnie postuluje się powrót do jednolitego marketingu dla wszystkich rodzajów dóbr i rynków. Badacze podkreślają, że różnice między dobrami stały się nieistotne, a działania stosowane w marketingu powinny mieć charakter marketingu usług.

Słowa kluczowe: marketing usług, ewolucja marketingu, teoria marketingu.

Kody JEL: M31

Влияние маркетинга услуг на эволюцию теории маркетинга

Резюме

Одним из наиболее переломных моментов в истории маркетинга было открытие в 70-х годах XX столетия отличий между материальными продуктами и услугами, а также указание необходимости разграничивать/отличать маркетинговые действия, направленные разным отраслям и видам продуктов. Цель статьи – дать сжатую характеристику эволюции маркетинговой мысли и показать, насколько большое влияние на форму и характер современных маркетинговых действий оказали достижения маркетинга услуг.

В результате анализа литературы предмета можно сделать вывод, что в настоящее время постулируют возврат к единому маркетингу для всех видов благ и рынков. Исследователи подчеркивают, что отличия между благами стали неважными, а действия, применяемые в маркетинге, должны иметь характер маркетинга услуг.

Ключевые слова: маркетинг услуг, эволюция маркетинга, теория маркетинга.

Коды JEL: M31

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