



UNIVERSITÀ DEGLI STUDI DI SALERNO



DIPARTIMENTO
DI SCIENZE AZIENDALI
MANAGEMENT
& INNOVATION SYSTEMS



Marketing Strategy **in** Service Business

- amegaro@unisa.it -

Some preliminary information

1. Who am I? – I'm a research fellow at the University of Salerno, PhD in Marketing
2. Teaching material – Only the slides. I will share them with you at the end of each lesson
3. How will the exam be? – A written and multiple choice test
4. When will the exam be? – The last day of class (May 12)

Programme

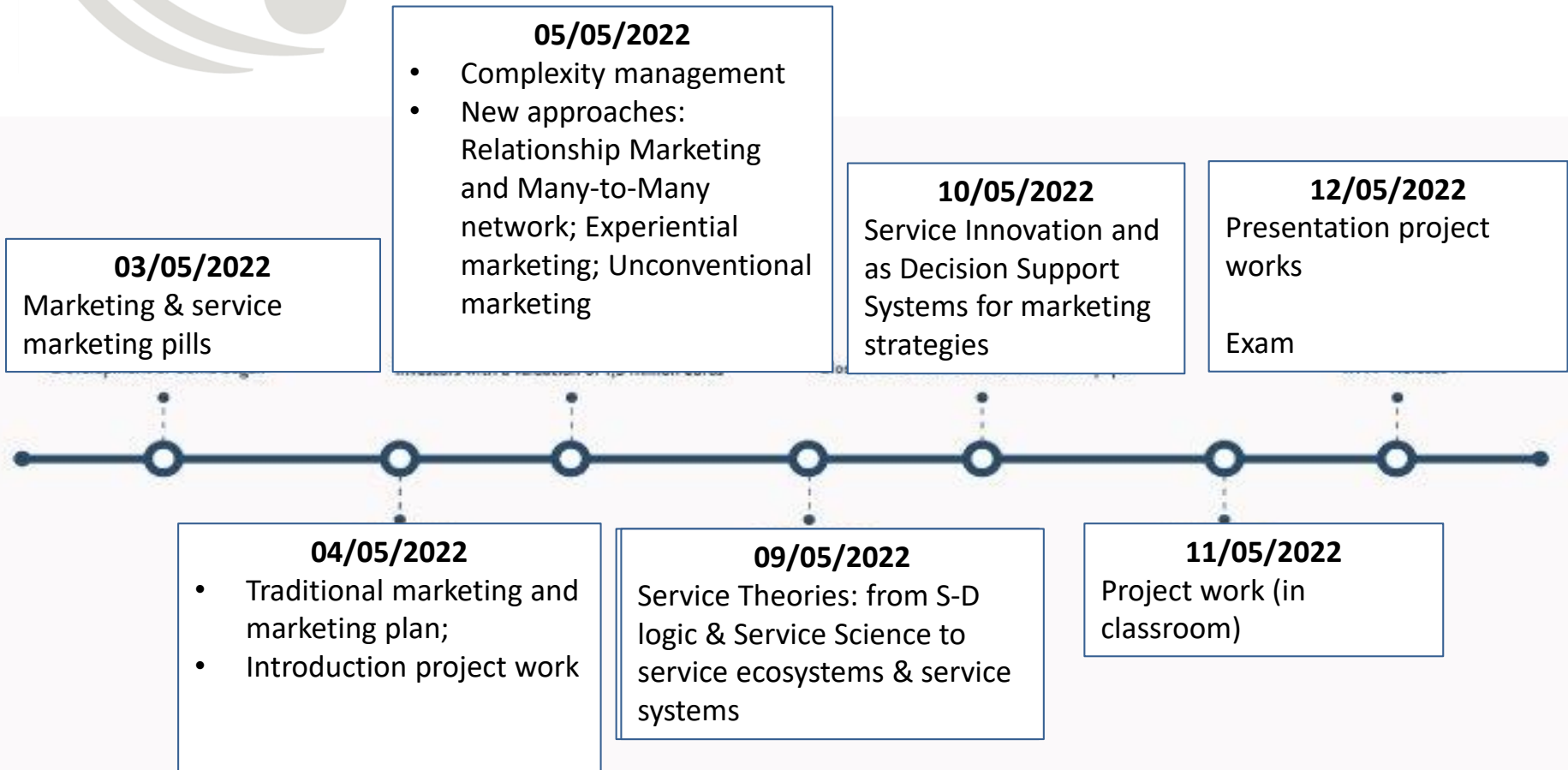


- Marketing and Service Marketing: an overview
- Marketing plan
- Complexity management
- New marketing strategies approaches: Relationship Marketing and Many-to-Many network; Experiential marketing; Unconventional marketing
- New marketing vision: Service Research - from S-D logic & Service Science to service ecosystems & service systems
- Service innovation and technologies as Decision Support Systems for marketing strategies

Examples
Project work



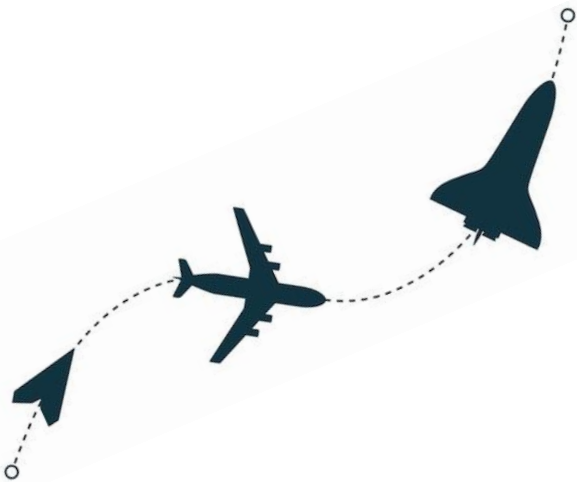
Teaching Roadmap





Agenda: Lesson 1 - Pt.1

- Marketing: origins, evolution and definitions
- Service Marketing: the advent of service-dominant mind-set





1.1

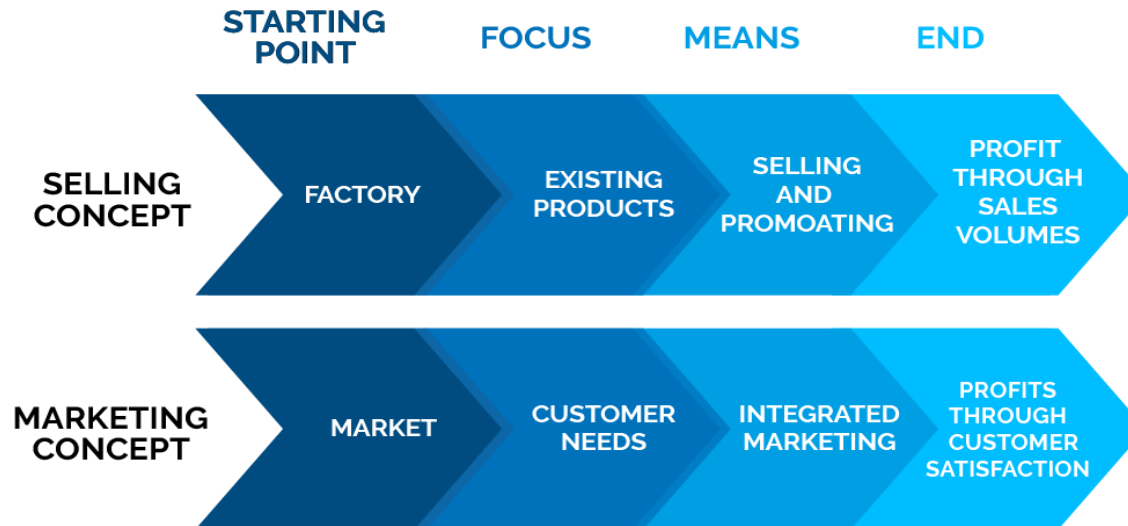
Marketing: origins, definitions and evolution



Definition of Marketing

Marketing is NOT the same as selling!

DIFFERENCE BETWEEN SELLING CONCEPT AND MARKETING CONCEPT



Definition of Marketing

Marketing is NOT the same as selling!

Selling is only the tip of the iceberg



“There will always be need for some selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy. All that should be needed is to make the product or service available.”

Peter Drucker

Definition of Marketing

Marketing is NOT the same as selling!



Definition of Marketing

Marketing is NOT (only) advertising!



Definition of Marketing

AMA (1985):

“Marketing is the process of planning and executing the design of offering (product), pricing, promotion and distribution of goods, ideas and services designed to create exchanges that meet the individual and organizational objectives”

Over time,
Marketing has been
conceptualized as a(n)



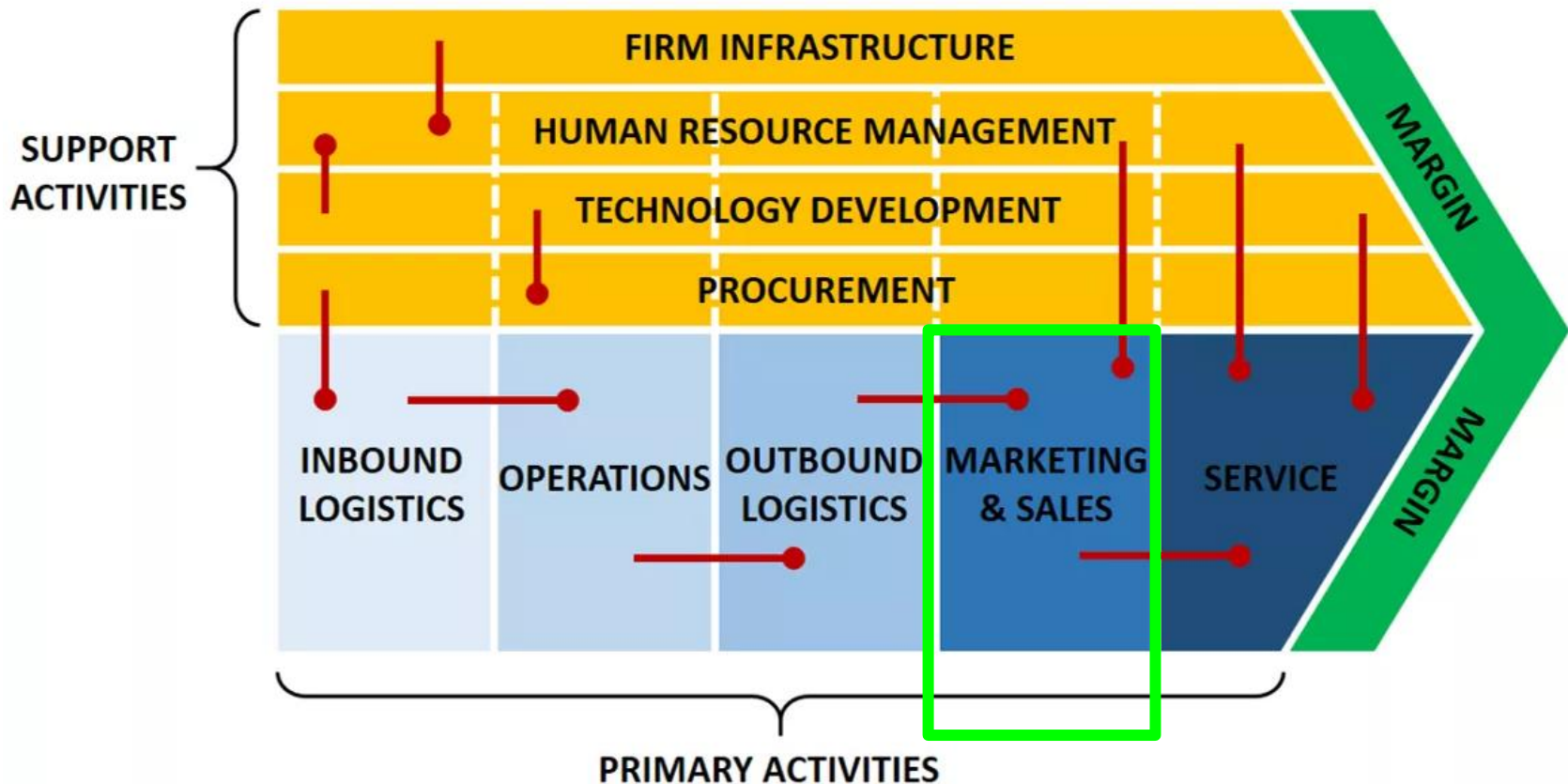
**Business
function**

Process

Orientation

Marketing as a business function

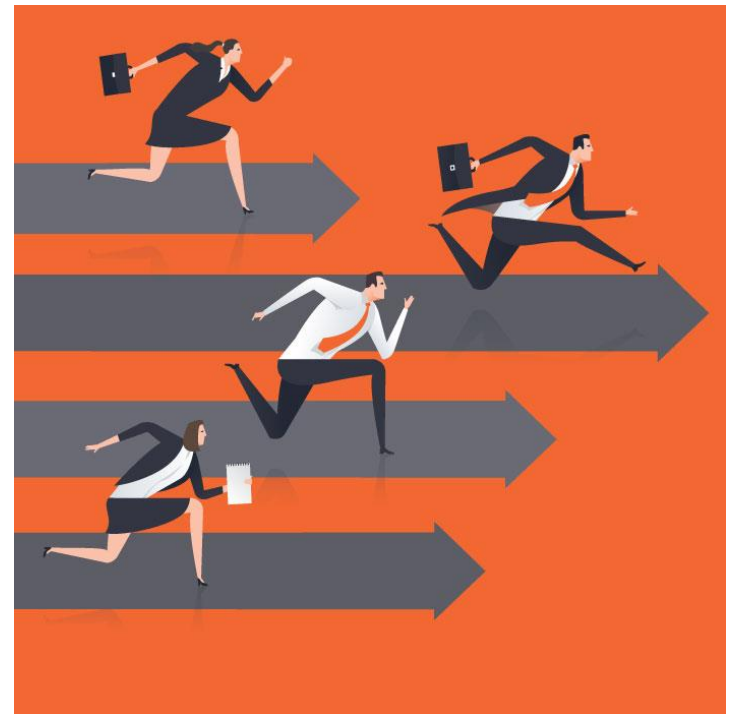
Porter's Value chain (1985)



Marketing as a business function

Previous Journey - TRADITIONAL Marketing vision

The Marketing function regards the approach to the market that each company must develop to place its product/service to satisfy the needs of the potential customers it has identified, in order to be more **competitive** and to reach/maintain its **market share**.



Marketing as a business function

Previous Journey - TRADITIONAL Marketing vision

The origins of Marketing date back to the early twentieth century, and over time several theories have alternated in an attempt to correctly frame the decisional dynamics and the results obtained by every successful company.

Marketing as a business function

Previous Journey - TRADITIONAL Marketing vision

Thanks to the Marketing function it has been possible to connect (also conceptually) different phases of entrepreneurial activity: the inspiration about the MISSION, the identification of OBJECTIVES, the definition of STRATEGIES, the implementation of TACTICS.



Marketing as a business function

Previous Journey - TRADITIONAL Marketing vision

**What is
MOST Analysis?**



MOST analysis is the foundation that support and allow a business to reach its goal.

A business first develops its mission statement, then its objectives, then its strategies, and then finally the tactics. Moving from general to the specific.

Marketing as a business function

Previous Journey - TRADITIONAL Marketing vision

STRATEGIC MARKETING

The Marketing function has always found greater accreditation thanks to the actions of SEGMENTATION, TARGETING and POSITIONING of each company, as a synthesis of analysis, reasoning, choice and decision related to competitiveness and survival.



Marketing as a business function

Previous Journey - TRADITIONAL Marketing vision

OPERATIONAL MARKETING – MARKETING MIX



Marketing as a business function

Change in perspective

Even the orientation of the company itself has changed, first focused on the production process, then on the product, then on the market (sales), then marketing and customer-oriented. This led to the development of methods and tools useful to support entrepreneurs and managers of each company.

Marketing as a process



Marketing as an **Orientation**



Focus

Product-Market

ENDOGENOUS

Production Orientation

Production Process

Process & product standardization

D>O

Goods



Selling

Product Orientation

Product features

Efficiency of production

Selling orientation

Ways to attract consumers

To sell what has been produced

Marketing Orientation

Users' needs
Business' survival

Research on consumers:
To produce the goods which can be sold

O>D

Needs



Products

EXOGENOUS



Marketing as an Orientation



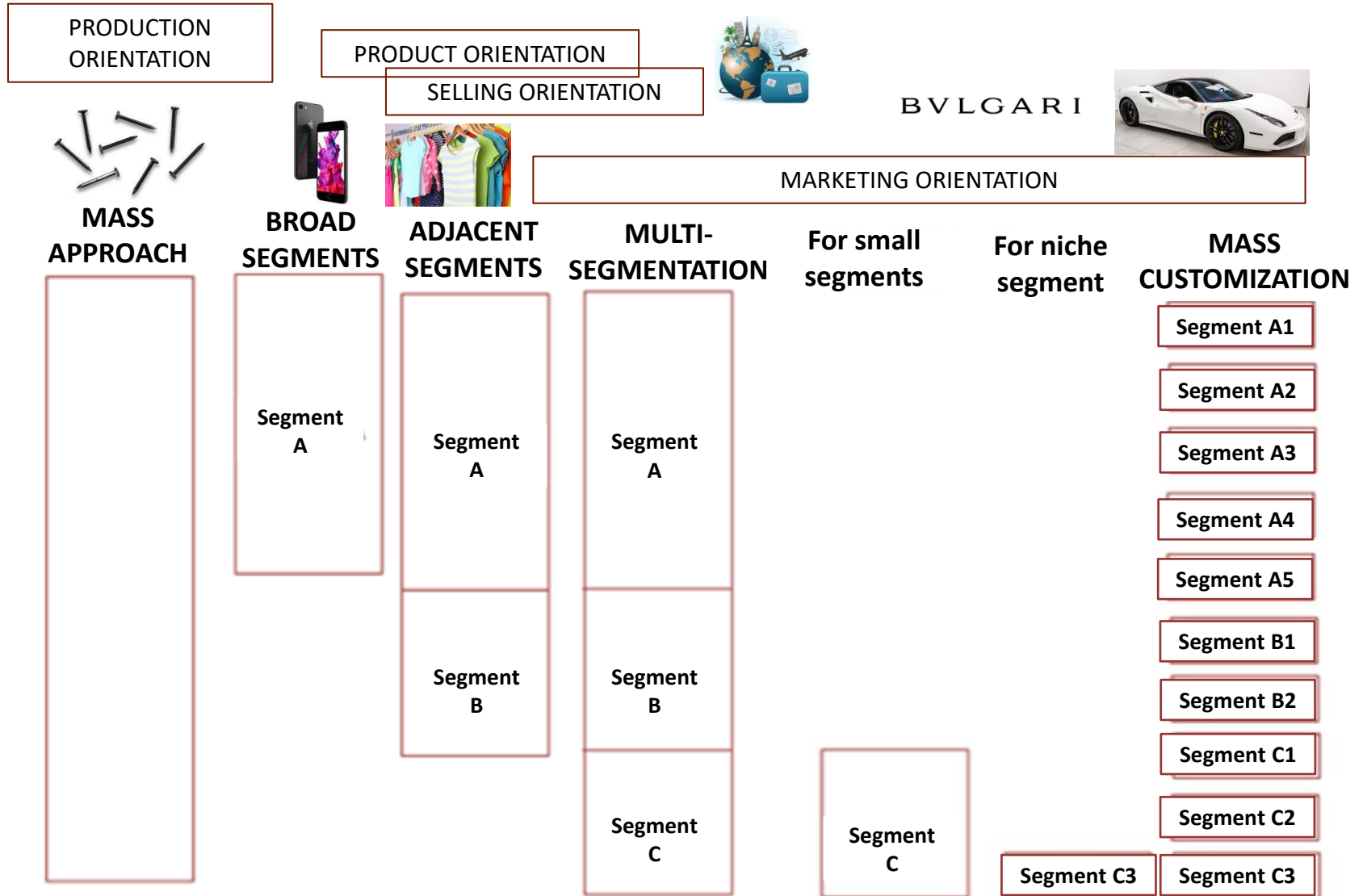
“ Any customer can have a car painted any color that he wants so long as it is black.”

~ Henry Ford

Quote Cosmos



Marketing as an Orientation

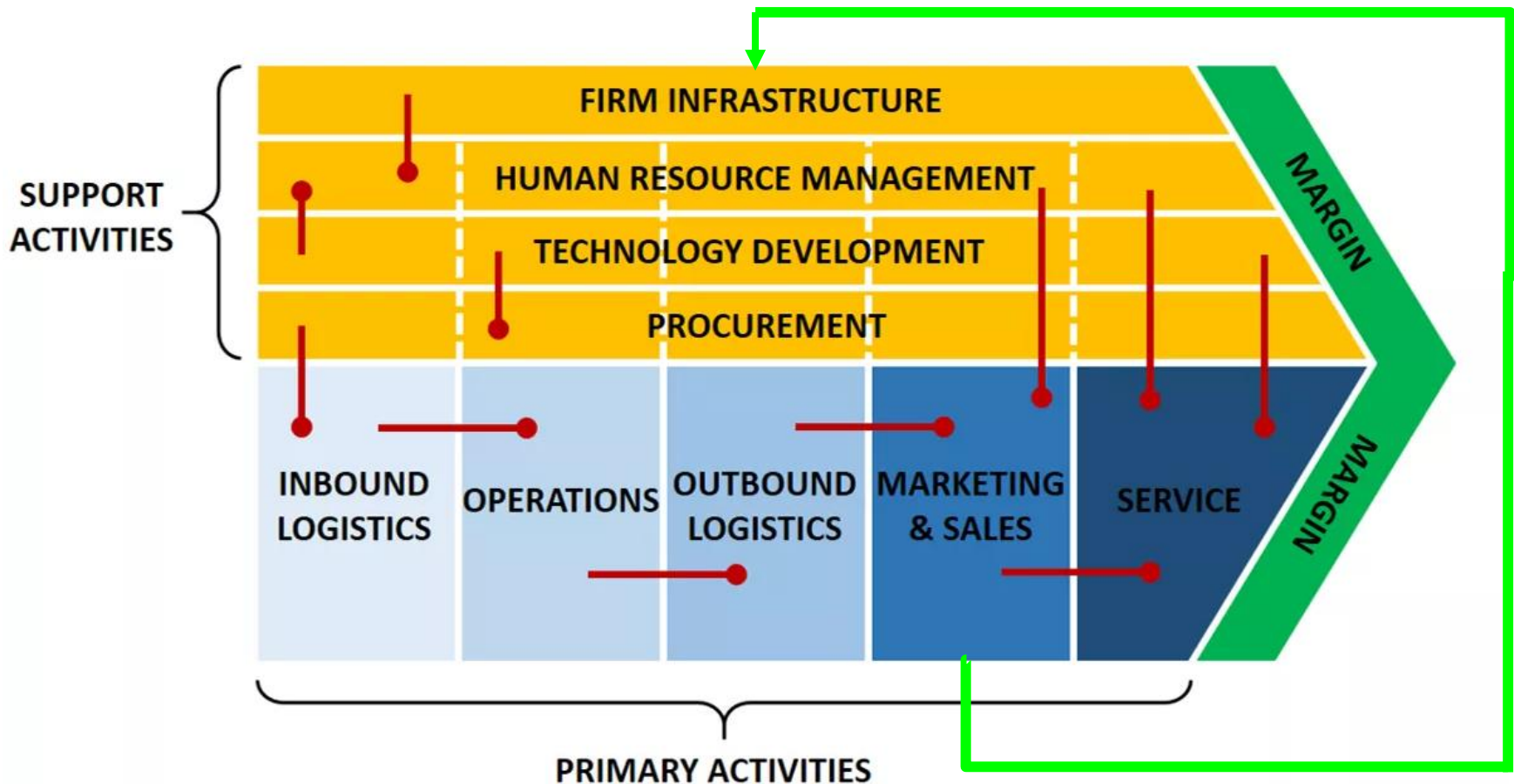


Marketing as an **Orientation**

The most widespread Marketing models affect all the other areas and functions of the company, concerning production, promotion, distribution, R&D, quality, recruiting, fund raising, partnerships, relations with consumers, with the competition, and in general with all relevant supra-systems.

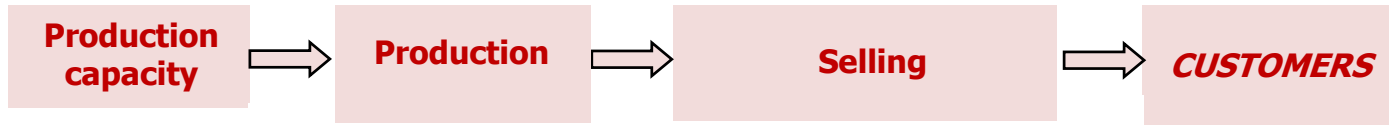
Marketing as an **Orientation**

Redefining the role of Marketing in Value chain

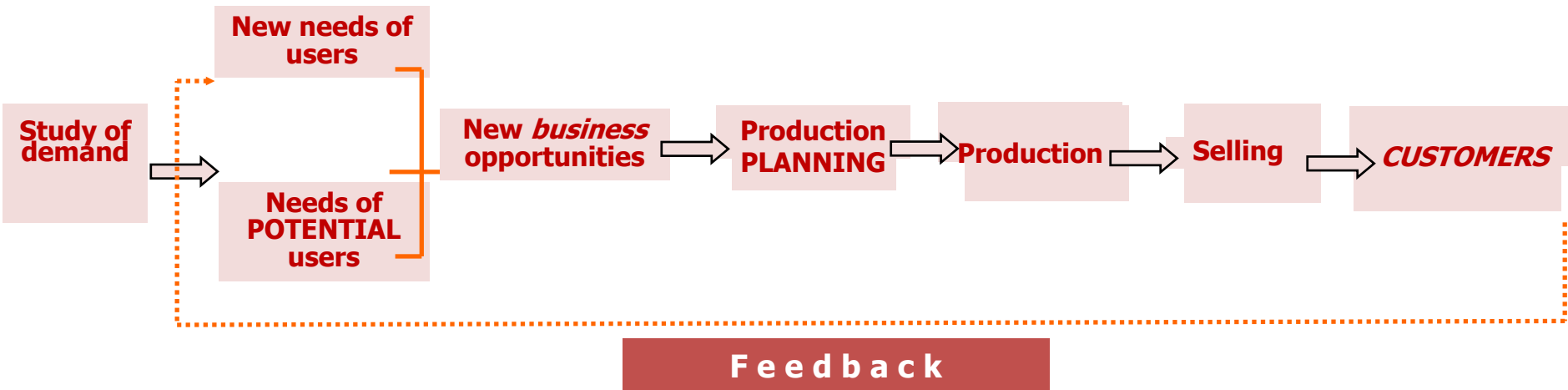


Marketing as an Orientation

Product orientation

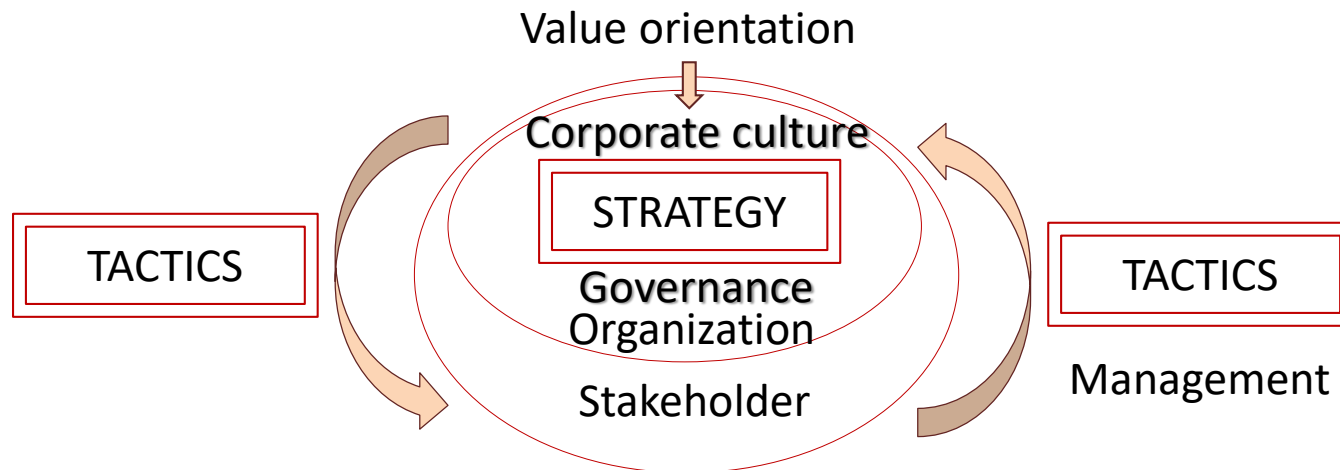


Marketing orientation



Marketing as an **Orientation**

- ✓ Complex selection and diffusion of values, personality, story and identity (brand)
- ✓ Translation of value into a coherent culture to be spread within and outside the organization



Evolution of Marketing Focus

In recent decades, Marketing has been focused on:

- managerial aspects (ref: Kotler);
 - relational (ref: Gummesson);
 - organizational (ref: Grönroos);
 - new forms of collaboration (ref: Hakansson & Snehota);
 - new concepts of value (refer to Ballantyne & Varey; Prahalad & Ramaswamy);
 - and finally to the Service (reference Vargo & Lusch).
-

Evolution of Marketing Focus

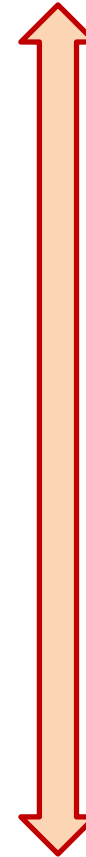
Managerial (Kotler, Keller and Brady 1967)

Organizational (Grönroos, 1983)

Collaboration-oriented
(Hakansson and Snehota, 1989)

Relational (Gummesson, 1997)

Value-based and co-creation-based
(Prahalad and Ramaswamy, 2004)
(Ballantyne and Varey, 2006)



INTERNAL

....and
Service-Dominant
(Vargo and Lusch)

EXTERNAL

Evolution of Marketing Mix

Over time, different models have been adopted by practitioners and scholars for the definition and study of the marketing mix:

McCarthy, 1964:

- Product, Price, Promotion, Place

Kotler, 1986:

- Product, Price, Promotion, Place, **Public Relations, Politics**

P

Booms and Bitner, 1981:

- Product, Price, Promotion, Place, **People, Physical Evidence, Process**

Lauterborn, 1990:

- **Consumer, Cost, Communication, Convenience**

C

Kotler, 2018:

- **Customers, Company, Collaborators, Competitors, Context**

New definitions of Marketing

AMA (1985):

“Marketing is the process of planning and executing the design of offering (product), pricing, promotion and distribution of goods, ideas and services designed to create exchanges that meet the individual and organizational objectives”

AMA (2004):

“Marketing is an organizational function and a set of processes aimed at creating, communicating, and delivering **value** to customers and managing relationships with customers in order to benefit from the organization and related stakeholders.”



AMA (2017):

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have **value** for customers, clients, partners, and society at large.”



New definition

Rather than an outcome! the activities of individuals (marketers and consumers) and organizations (e.g., manufacturers, wholesalers, retailers, advertising agencies, distributors, marketing research firms)

Marketing is the **activity**, set of **institutions**, and **processes** for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Various processes that result from these activities (e.g., networks, systems, markets, channels of distribution, communication flows, consumer processes)

Various institutions that both individually and collectively help facilitate and govern these activities (e.g., governmental agencies, legislators, courts, professional associations, social norms, ethics and individual values)

New definitions of Marketing

Marketing is the activity, set of institutions, and processes for **creating, communicating, delivering, and exchanging** offerings that have value for customers, clients, partners, and society at large.

Very similar to Product,
Promotion, Place, Price



New definitions of Marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for **customers, clients, partners, and society at large.**

Customers: the actual or prospective purchaser of offerings

Clients: broader term. Non profit focus, and user focus

Partners: business critical for success

Society at large: not just profitability, societal marketing concept

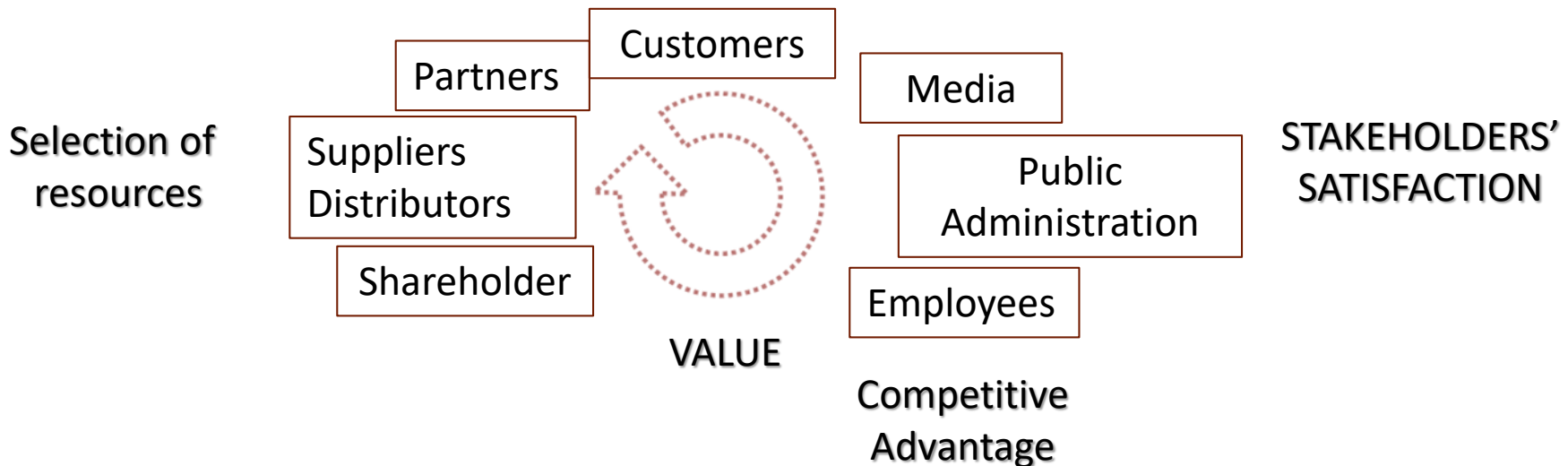
Definition of Marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have **value** for customers, clients, partners, and society at large.

(American Marketing Association, July 2017)

Value Proposition and Creation

Marketing orientation redefines the entire organization and permeates the strategic objectives and decision-making



Value is the complex set of *economic, functional, psychological* and *social* benefits that customers want to receive (or receive actually) in exchange for the money spent (or for the money they want to spend) to enjoy a good or service

Marketing for Value Creation & Diffusion



Evolution of Marketing

NEW MARKETING

https://www.youtube.com/watch?v=S_UWzR_dPeM

«We are in a world of digitalization»

«The importance to analyze data to better penetrate the market»

«Consumers are better informed»

«So many new information sources for both listening and learning»

«Company has to understand its customer individually and in groups»

«Needs have changed»



Evolution of Marketing

"No more Target"

From consumer to

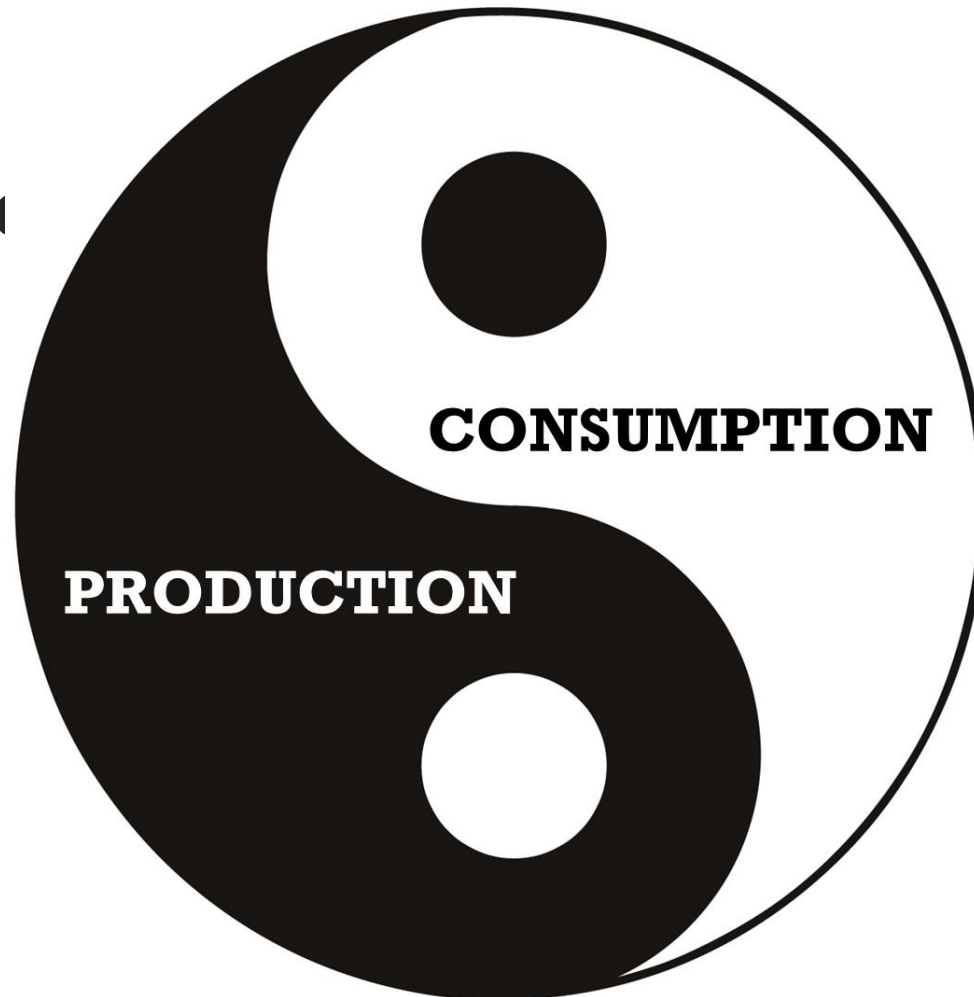


prosumer

Evolution of Marketing

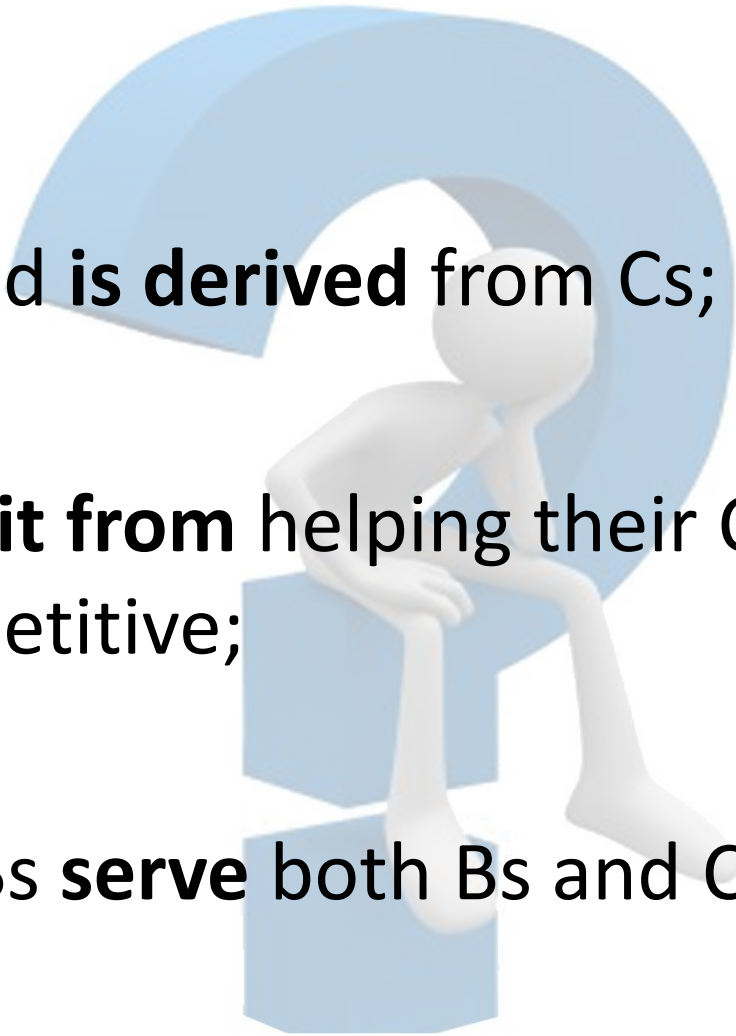
B2B and B2C

e exchanges



What about the distinction between **B2B** and **B2C** if...

- B2B demand **is derived** from Cs;
- Bs **can profit from** helping their Cs become more competitive;
- almost all Bs **serve** both Bs and Cs.



Combining Bs and Cs

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B2B is not an island!

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Abstract

Purpose – With B2B (business-to-business) and new developments in marketing as the springboard, this paper seeks to emphasize complexity and context in marketing systems, embracing both B2B and B2C (business-to-consumer) marketing.

Design/methodology/approach – The approach takes the form of a conceptual analysis of new developments in marketing through network theory and case study research.

Findings – Recent theory points to a network and systems approach to marketing and to changing roles between suppliers and customers. Both many-to-many marketing as a broadening of relational approaches and the service dominant (S-D) logic stress consumer involvement, exposing the customer's interactive role. The IBM service science programme enrolls research and education in developing more functional service systems. The conventional divide in goods and services marketing is dissolved in favour of supplier-customer interaction.

Research limitations/implications – B2B and B2C are both part of complex contexts. Case study research and network theory allow complexity and context to come forward. Network theory should be applied in all marketing, and concepts in marketing need to be constantly evaluated as to validity and relevance. The conventional sectors (manufacturing, services, agriculture) are supplier-centric whereas marketing prescribes customer centrality. By focusing on continuous theory generation better theory will replace previous theory.

Practical implications – Marketers overview the complexity of specific marketing situations, to systematically observe relational phenomena and the customer's role, and will be better able to foresee opportunities and avoid mistakes in marketing planning and execution.

Originality/value – The paper offers a network view which is little represented in research and education. With growing dependency on larger integrated systems such a coherent view becomes increasingly more urgent. In a new marketing logic of service and value creation, the reductionism, fragmentation and linearity of Western science are challenged in favour of a comprehensive network approach. B2B and B2C are treated as perspectives of a grander marketing context and not as independent categories, and the broadened role of customers in value networks is recognized. Goods and services can only be understood and handled in a unified context.

Keywords Network theory, Many-to-many marketing, Service-dominant logic, Service science, Case study research

Paper type Research paper

Introduction

The title of this article alludes to a statement by B2B (business-to-business) researchers Håkansson and Snehota (1995): "No business is an island". This in turn resonates what many others have observed in various walks of life. An old proverb says "Tell me who your friends are and I'll tell you who you are"; British poet and reverend John Donne (1572-1631) wrote that "No man is an island, entire of itself"; Argentine writer Jorge Luis Borges (1899-1986) that "Everything touches everything"; physics professor Albert-László Barabási (2002) that "... nothing happens in isolation"; and sociologist Manuel Castells (1996) that "Networks are the fundamental stuff of which new organizations are and will be made". These quotations span hundreds of years and include folk tradition, novelists, poets, clergy and researchers in marketing, physics and sociology. What they all say is that we are part of a context or a network

of relationships within which we interact. In B2B there are research groups that pursue network thinking, such as the IMP (Industrial Marketing and Purchasing) Group, emerging in Sweden in the 1970s and to which Håkansson and Snehota, belong. IMP is globally active with its center in Europe.

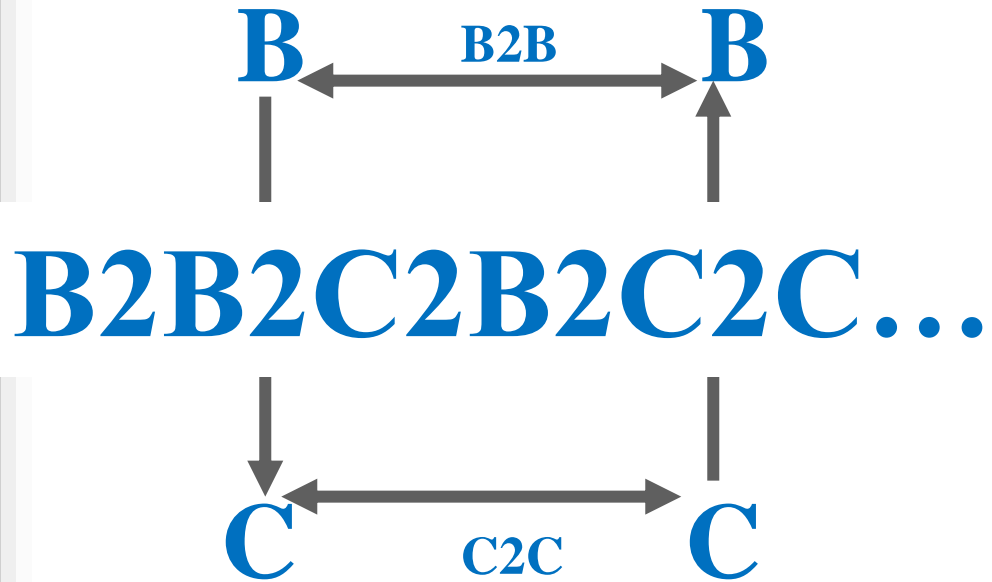
The purpose of this article is to suggest that marketing benefits from treating B2B and B2C (business-to-consumer) as part of the same marketing context and service system. B2B demand is derived from consumer markets; suppliers can profit from helping their customers' customers become more competitive; and almost all companies serve both organizational customers and consumers. This is not new but we want marketing to put more explicit emphasis on the interdependency between B2B and B2C. In two issues of the *Journal of Business-to-Business Marketing* (2007, 2008), B2B marketing textbooks are analyzed at considerable depth. The focus is on the category of B2B rather than on B2B as a dimension or perspective of marketing in general. B2B links to B2C/C2B and C2C are therefore not analyzed.

The article advocates that all marketing has to be addressed as a system, a coherent network of relationships. Conventional categories and concepts slow down the adaptation of marketing theory to current and future market realities; hence novel categories and concepts are needed. Marketing is a firm's revenue generating function which affects all business behavior, not just the marketing experts – the full-time marketers – but every other manager and employee – a

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It's all B2B... and beyond



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It's all B2B...and beyond: Toward a systems perspective of the market

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A2A

ABSTRACT

The delineation of B2B from 'mainstream' marketing reflects the limitations of the traditional, goods-dominant (G-D) model of exchange and a conceptualization of value creation based on the 'producer' versus 'consumer' divide. Service-dominant (S-D) logic broadens the perspective of exchange and value creation and implies that all social and economic actors engaged in exchange (e.g., firms, customers, etc.) are service-providing, value-creating enterprises; thus, in this sense, all exchange can be considered B2B. From this perspective, the contributions of B2B marketing (and other sub-disciplines) can be seen as applicable to 'mainstream' marketing. This generic, actor-to-actor (A2A) orientation, in turn, points toward a dynamic, networked and systems orientation to value creation. This article discusses this systems-oriented framework and elaborates the steps necessary for developing it further into a general theory of the market, informed by the marketing sub-disciplines, marketing practices, and disciplines external to marketing.

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1. Introduction

A state arises, as I conceive, out of the needs of mankind; no one is self-sufficing, but all of us have many wants... Then, as we have many wants... and many persons are needed to supply them, one takes a helper for one purpose and another for another; and when these parties and helpers are gathered together in one habitation, the body of inhabitants is termed a state. And they exchange with one another, and one gives and another receives under the idea that exchange will be for their good.

As the global, networked economy becomes more pervasive and its nature more compelling, it is (should be) becoming increasingly clear that we rely on one another through the voluntary exchange of applied skills and competences (Vargo & Lusch, 2004, 2008a). Consequently, one might think that the above quotation is contemporary; it is, however, from Plato's *The Republic* (360 BCE/1930), published over 2000 years ago.

Despite a globally interdependent world, the simple truth behind Plato's words often seems to be missed: we are all similarly human beings serving each other, through exchange, for mutual wellbeing. Perhaps his statement therefore punctuates our (Vargo & Lusch, 2004, 2008a; see also Vargo, 2007) contention that it is important to develop a logic of and for the market (and society) and marketing that

transcends time, geography, and the sometimes myopic conceptualizations of academic silos. It was in the spirit of this contention that we previously used a 'linguistic telescope' to zoom out to a broader, more transcending view of economic exchange and suggested (Vargo & Lusch, 2008b) "it's all B2B."

Since our early collaborative work on what has become known as service-dominant (S-D) logic, we have tried to nudge marketing thought away from fragmentation and toward a more unified theoretical conceptualization and framework. A first step was to suggest *transcending the 'goods' versus 'services' divide* with 'it is all about service.' More specifically and more recently, we recognized a need to overcome (mis)conceptual problems associated with the notion of a 'producer,' as a creator of value, versus a 'consumer,' as a destroyer of value, and have reflected this in one of the newer central tenets of S-D logic: *all social and economic actors are resource integrators* (Vargo & Lusch, 2008a – as captured in foundational premise (FP) 9). That is, all parties (e.g., businesses, individual customers, households, etc.) engaged in economic exchange are similarly, resource-integrating, service-providing enterprises that have the common purpose of value (co)creation – what we mean by "it is all B2B."

We initially picked 'B' because, given the most commonly used designations of 'B' (business) and 'C' (consumer), economic (and social) actors come closest generically to what is captured by 'business,' rather than 'consumer.' Stated alternatively, a business is thought of as enterprising, a characterization that we find also more fully captures the activities of those with whom they exchange, than is implied by 'consumer' – which has rather passive, final connotations of a 'target' with a primary activity of using stuff up, rather than creating and contributing. Additionally, B2B scholars have been

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A2A orientation “point[s] away from *the fallacy of the conceptualization of the linear, sequential creation, flow, and destruction of value and toward the existence of a much more complex and dynamic system of actors that relationally co-create value*”.

A2A Collaboration



In a **Service** marketing, value takes place upon a collaborative perspective among actors, A2A (**actors to actors**) [gradually abandoning the old view of B2C, B2B, etc].

In a multi-stakeholder relational perspective, only through collaboration (co-production e co-creation) it is possible to create a **shared competitive advantage** thanks to the exchange of services and resources.





1.2

Service Marketing: the advent of service-dominant mind-set

Service Marketing: **It's all about service!**

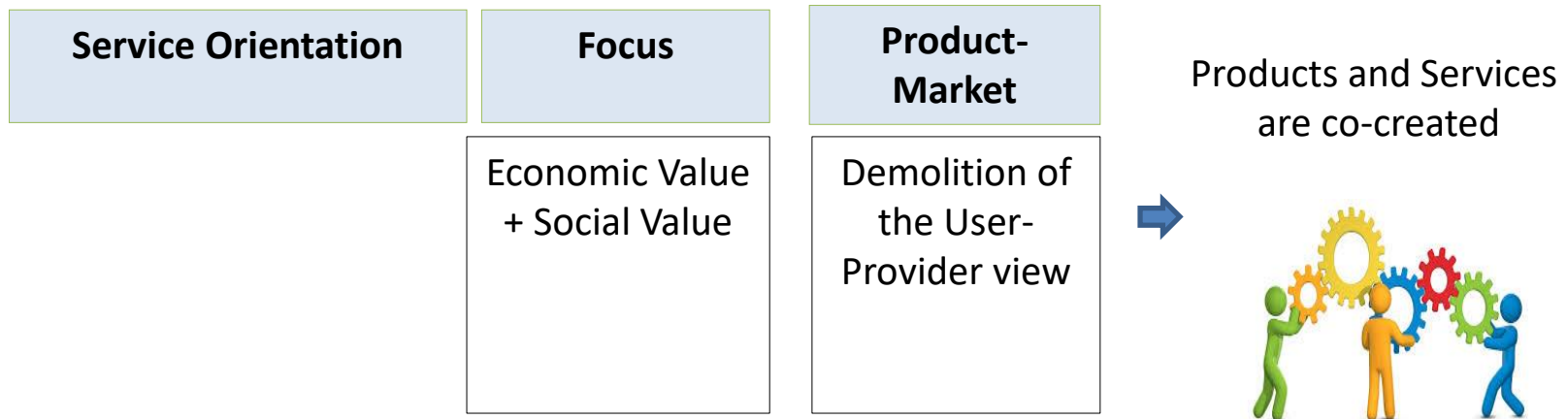
Barter is direct service-for-service exchange, in which each actor provides a reciprocal service provision for another actor. (Vargo and Lusch, 2004)



Service Marketing: toward S-D logic

The overcompetition of contemporary **complex** markets has imposed in time the double passage from :

- Orientation to Relationship Marketing;
- From **Good-Dominant Logic** to **Service-Dominant Logic**.



Service-Dominant Logic

(from Service Research)

Organizations, markets, and society are fundamentally concerned with **exchange of service:**

the applications of resources (knowledge, skills, ...) for the benefit of a part.



From Good-Dominant Logic to Service-Dominant Logic

Corporate Orientation

Stakeholder-Oriented View

Production Processes

Organizational Model

Good-dominant logic

Sells Orientation

↓

PUSH MODEL

Strict View
 {(Shareholder;
 stakeholder (Direct
 Only)}

Internal
 Stakeholders/Share
 holders

Unidirectional/Diadic
 Relationships



Service-dominant logic

Customer orientation

↓

Co-creation & resource integration

Enlarged View
 (multi-stakeholder)

Service's Output is
 collaborative and
 co-created

MANY-TO-MANY Reticular Network



↓

Value is no longer the exclusive competence of the manufacturer but is the result of a dealing between all the stakeholders



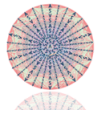
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SISTEMI PER L'INNOVAZIONE
E MANAGEMENT SOSTENIBILE



ASVSA

Associazione per la ricerca sui Sistemi Vitali

THANK YOU.

Questions?
Comments?

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