Perspectives on Marketing
- What is Service Logic?

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What creates value for the customer?

- Core product
- Service
- Price
- Image

Customer

Value through:

Firm

Competitor
differentiation

Perspectives

- From transactions to relationship
- From adding value to value in use
- From goods logic to service logic
Marketing-mix (4P)

Product
Price
Place
Promotion

Relationship marketing

• A perspective – a way-of-thinking
• How to take care of customer relations?
• Not tools

Industrial relationship marketing

BUYER
SELLER

Technological bonds
Time bonds
Knowledge bonds
Social bonds
Econ/legal bonds
A case of relationship marketing

Story about Ming Hua – a case of relationship marketing
(adopted from Grönroos, 2007)

• How can he change his perspective from exchange to relationship?

• What does he need to change in his way-of-thinking?

• What do you suggest him to do?

• How can he earn more money?

Story about Ming Hua II

• Relationship strategy - tactical elements
  – Seek direct contacts with the customers
  – Build a database
  – Develop a customer-centric service system

• Relationship strategy - strategic elements
  – Redefine the business as service business
  – Management of processes
  – Partnerships and networks to handle the processes
Exchange versus the relationship perspective in the marketing process
(Sheth & Parvatiyar, 1995)

Inherent values in relationship and transaction marketing
(Sheth & Parvatiyar, 1995)

Relationship based marketing

- "Marketing is the business task of establishing, maintaining and enhancing relationships with customers and other parties defined as stakeholders at a profit so that the objective of all parties involved are met" (Grönroos, 2000)

- "RM is marketing seen as relationships, networks and interactions" (Gummeson, 1997)
From 4Ps to 30R
Gummesson, 1994

Theories and practices leading towards RM
(Gummesson, 1995)

What characterises a relation?
In Private and in Business?
Characteristics of a relation

Trust
- generalized trust, system-trust, personality based trust, process-based trust

Commitment
- motivation to do business

Attraction
- financial, social or technological factors

What is a relation and when?
A relation is established when the customer think that a mutual way of thinking is established.
The relation has to be earned by the supplier/service provider. (Grönroos, 2007)
- An attitude!
- To do something WITH or FOR, not TO the customer.
- Mutual understanding
- Cooperation and interaction
- Win-win-situation

Are all customers relation oriented?
- When is a customer a customer?
- Are all customers interested in relationship?
  - Transactional mode
  - Active relational mode
  - Passive relational mode

What kind of students are you?
Relationship as a metaphor?

Is relationship a useful metaphor in consumer markets?

O’Malley & Tynan, 1999

- Massmarket – what possibilities?
- Do you have a relation with your suppliers?
- From manipulation to genuine customer involvement?
- From telling and selling to communicating and sharing knowledge?
- Metaphors liberates our imagination –yes – but….?
- No evidence that marketing is now more about mutuality than manipulation
- It has ignored the fact that RM was intended as an alternative approach to marketing in contexts which differed significantly from mass marketing situations and where high personal involvement occurs.

On defining marketing
Customer value

“Value-in-product” Value-in-use
Adopting a Service logic for marketing
Grönroos, 2006

- Consumptions of goods a black box for the goods marketer
- Services – consumption and production partly simultainly
- Value-in-use – value emerge for the customer when goods and services DO SOMETHING FOR THEM, the value-creation is done by the consumers.

On defining marketing
Managing customer relationship

- Different definitions and meanings!
- The Customer decide!

A promise management definition
(Grönroos, 2006)

1. Value-in-use-notion – suppliers support customer value creation
2. Potential to develop relations for those who are in a relational mode
3. Several organisational functions have to take responsibility for marketing
4. Decision-making area not included in the definition (4P)
5. Enabling promises – internal focus and support
6. Communication value propositions and making promises set expectations that have to be met!
Implications for marketing practice

- Breaks free from one-function, marketing department based view
- Process nature – helps to locate the firm's true marketing resource
- All contacts with customers are customer focused
- No structure definition (4P) on what resources are included in marketing
- Not determined what is included by hand
- From marketing-mix metaphor to promise metaphor

The product marketing triangle

![Image of the product marketing triangle]

The service marketing triangle

![Image of the service marketing triangle]
Service dominant logic – conceptual transitions
Lusch & Vargo, 2006

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Your final course

Implications for market communication?