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Lynch, J. and Egan, J.

This is an electronic version of a paper presented at the *45th Academy of Marketing Conference,* Southampton, 3 to 5 July 2012, Academy of Marketing. It was published in the AM Proceedings and is available at:

https://marketing.conference-services.net/resources/327/2958/pdf/AM2...

Marketing Education Through the Lens of Service-dominant Logic

Introduction.

Service dominant logic (SDL) has been a growing area for academic research since the initial paper published by Vargo and Lusch in 2004. This seminal paper has been followed up by articles and texts by the same authors and other collaborators in the period since (e.g. Lusch and Vargo 2006, Vargo and Lusch 2006a, 2006b, 2006c, 2008, Vargo 2008, Vargo 2009). Indeed, their articles have created much positive (and some negative) debate amongst scholars (e.g. Bolton ,Day, Deighton, Narayandas, Gummesson, Hunt, Prahalad, Rust, Shugan 2004).

One of the criticisms of SDL is that the empirical support for it is sadly lacking and as a result has been described as 'closer to smoke and mirrors' (Brown & Patterson 2009, p.530) than substance. Indeed it is the lack of practical application that is its decided weakness. Whereas at a macro level service delivery, exchange and co-creation can be conceptualised, it is unclear how is this translated at an operational level. To date few scholars have applied SDL in the field of education (e.g. Baron and Harris 2006; Ford and Bowen 2008; Sautter and Jones 20009; Tuzovic 2009). This paper, and the research that may flow from it, will, hopefully, add to this debate,

The purpose of this conceptual paper is to provide a theoretical contribution to marketing education literature by exploring 'value creation' and 'value in use' for students (as consumers) using initially relationship marketing perspective (an important influence on SDL). The paper builds on the work of Chalcraft and Lynch (2011) and suggests that value creation varies over time and works in accordance with relationship development (Vargo 2009). What is required is an understanding of how students define value, the different points at which value creation might occur and the resulting 'value in use' (Vargo and Lusch 2004). SDL has a number of foundational premesis (FPs). FP1 suggests that service (as opposed to services) is the fundamental basis of exchange, FP5 that all economies are service economies, FP6 that the customer is always a co-creator of value and FP10 that value is always uniquely and phenomenologically determined by the beneficiary (Vargo and Lusch 2011). One of the strengths of SDL is that it invites marketers to reconsider their perspective (Gummesson, 2008), for example in the field of higher education.

By taking a fresh look at marketing education through the lens of 'value creation' and 'value in use' we are looking for the research themes that need to be addressed. It further suggests a conceptual framework from which a set of propositions may be developed for further development and testing.

Relationship Marketing

S-D logic was, from the beginning, more a development of ideas from earlier phases of research in areas such as relationship marketing (in particular), network perspectives and the resource-based approach rather than something wholly new (Aitken, Ballantyne, Osbourne & Williams 2006). Indeed it has been said to be more evolution than revolution and that it was being presented as an updated response to the inadequacies of traditional goods-dominated marketing (Lusch & Webster 2011).

It is difficult to introduce SDL without reference to Relationship Marketing (RM). Many authors have described RM as the new marketing paradigm (e.g. Kotler 1992, Gummerson

2001) and Grönroos (1996) hailed it as representing the biggest change in marketing in 50 years. Significantly RM was seen as an outcome of service (rather than product) marketing research. Vargo & Lusch (2006a) saw RM as a stepping stone between the goods-dominant logic and their own thinking. Thus whereas RM saw the development of services, SDL banished the distinction with goods which were characterised instead as distribution mechanisms for service provision. Whereas RM talked about co-production SDL talked about co-creation of value arguing that this value can only be determined by the user in the consumption process and through use (so-called 'value-in-use') either directly or mediated by a good. In this context service was a perspective on value rather than a category of market offering (Edvardsson, Gustafsson, and Roos 2005). Indeed Vargo & Lusch (2006a) conceptualised value as uniquely and phenomenologically determined by the beneficiary.

So should we revise our views from a relationship perspective based on this new concept. Undoubtedly S-D logic has been well received by many in the marketing world. It has been described as 'brilliantly insightful' (Rust 2004:23), 'finely crafted… and logically sound' (Hunt 2004:22). At first glance there appears to be a clearer fit than the traditional model of marketing but does it take the concepts of RM much further ahead?

SDL and higher education

Vargo and Lusch (2008) argue that all parties involved in exchange bring resources to the value creation process and the process of resource integration is critical to the generation of value. This is achieved through 'co-production', in which a supplier and customer may actively integrate resources in order to co-produce the core offering itself (Lusch & Vargo, 2006). This co-produced offering then can be exploited to co-create 'value-in-use'.

Students, in this perspective, are the 'consumers' of programmes of marketing education and as such possess operant resources (e.g. skills, capabilities, knowledge, initiative, imagination) which they integrate with the resources of the university and its staff to co-produce (in RM terms) both experiences and their own value (Chalcraft and Lynch 2011). Indeed, Baron and Harris (2006 p.292) argue that treating consumers as operant resources suggests that they are 'active' rather than the organisational view of "things to be captured or segmented". SDL proposes that, rather than co-creation, it is the student/consumer who creates the value.

Through engaging with education a student will encounter opportunities to enhance their operant resources through developing understanding, acquiring skills, building knowledge and creating relationships with potentially anyone that they interact with. Opportunities to actualise this potential value (Gummesson, 2008) become evident through 'value-in-use' at different points in time, and increasingly over time. From a consumer experience perspective, interactions and relationships with companies are only a part of their totality of relational exchanges (Baron and Harris 2006). If organisations are to truly create value for customers they cannot assume value creation is a one way process via marketed offerings. As FP10 indicates, the value to the beneficiary is 'uniquely' determined by them. The assessment of the value that may be created has been relinquished to the consumer (Ford, 2010).

The provision of programmes of higher education can be considered a service and one that has certain distinctive characteristics. These include a high intensity of involvement of both the 'supplier' (university) and a 'consumer' (student), and a prolonged duration of delivery and interaction, often 3 years or more. These characteristics chime with Vargo's (2009) argument that value creation is always a collaborative and interactive process and that SDL should be seen in the context of a relationship in that value "emerges and unfolds over time".

It seems likely that the notion of what is value will mean different things at different points in time – in a lecture, during the semester, at the end of the year, at the end of the degree and even years later as an alumni in the workplace. In this instance 'value' and 'value in use' are temporal. In fact, students may not realise the 'value' during their studies but only years later after the direct interaction between student and university is over (Chalcraft and Lynch 2011) The starting point for this research is therefore an understanding of value for students and the range of value-in-use that students might aspire to (or otherwise).

Conceptual Framework and Research Questions

For the proposed study the starting point is to identify and then define what value means from a student perspective. This is not without its problems. Gronroos (2008 p.303) argues that "value as a concept is difficult to define and measure". He suggests a simple working definition as "Value for customers means that after they have been assisted by a self-service process (cooking a meal or withdrawing cash from an ATM) or a full service process (eating out in a restaurant or withdrawing cash over the counter in a bank) they are or feel better off than before". (p.303). In the context of higher education, value for students could be equally self service process via for example, the online or e-learning environments or full service process which involves contact with a lecturer.

Figure 1 illustrates the conceptual framework which attempts to summarize value creation over time as the temporal dimension in line with Vargo's (2009 p.377) suggestion that "the temporal dimension has more to do with opportunities to create value through the combination of resources form one service provider with other resources over time". It proposes that from a student perspective, value in use may be seen over time – pre-university, during university and post-university (as an alumnus). For example, value pre university is the elation at being accepted at university or the esteem form one's family. In year one it might be making new friends, new relationships, learning new skills and the achievement of credits and grades. In subsequent years, the development of knowledge, skills and achieving a degree. As an alumnus, it might be achieving a job, achieving competence in the job, building networks and professional esteem factors.

In order to investigate what value means for students there are a myriad of questions which arise:

What does value mean for students?

How does it change over time? i.e. pre university and through each year?

At what point is it realised?

What is the impact of technology and social networks as resource utilisation?

What role does relationship building play in the value creation process for students? How does it affect issues of trust and retention?

Does a deepening relationship with a university lead to greater value creation?

Figure 1 Conceptual
Framework

Student Value creation over time in different contexts
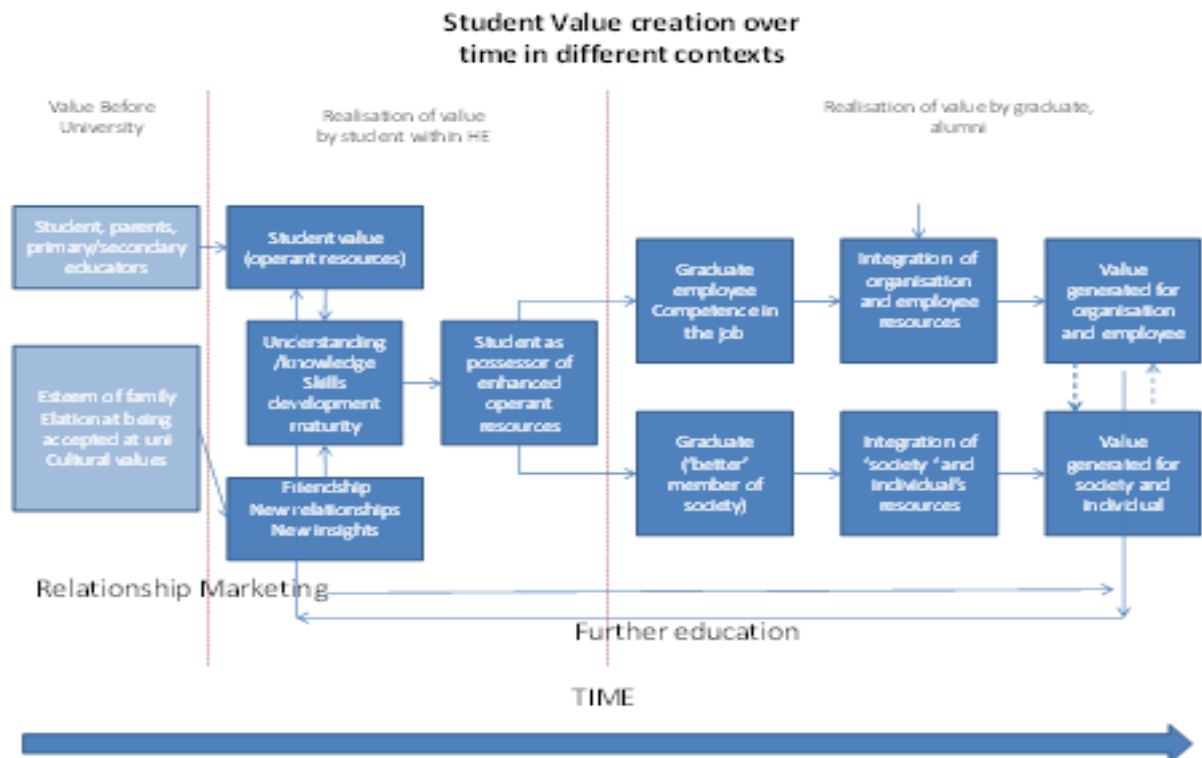
However, the area of investigation is complex. Figure 1 is a first step towards developing a more robust conceptual model and evidently needs further development. Once a better model has been developed together with the creation of a set of propositions, it can then be tested using empirical research.

Methodology

In order to develop the model, research needs to be undertaken to address some of the questions which arise. It is suggested that a mixed methods approach be adopted with students. Qualitative focus groups with students at different stages would give an understanding of the issues which could then be used to inform the model development and questionnaire design. Indeed, it would be interesting to look at the impact of the online environment in terms of value creation.

Conclusion

This conceptual paper proposes that research should take place into the value of the SDL perspective in relation to higher education. It sees value in the SDL approach and proposes a model on which future research might be based. It provides questions which may help to generate a rich debate and go towards the development of an improved model and create a set of propositions.

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