

Service Dominant Logic Applied to Postmodern Marketing

Can Pamir¹

¹*Institute of Social Sciences, Istanbul Bilgi University, Turkey*

ABSTRACT: *This paper provides an analysis of how service dominant logic of marketing can be applied in a post-modernistic approach in the hope of providing solutions and elucidations to certain criticisms on postmodern marketing. The work has been shaped as a conceptual essay and comprises (1) premise derivation for postmodern marketing; (2) the fundamentals of service dominant logic of marketing in relation to postmodern marketing's derived premises; and (3) an application of service dominant logic with postmodern marketing which serves to elucidate certain criticisms imposed on post-modern marketing.*

Keywords: *Marketing orientations, postmodern marketing, service dominant logic*

I. Introduction

Postmodernism, which refers both to a philosophy and a broad movement that mainly developed in the late 20th century and influenced various different disciplines -including arts, architecture, social sciences, and even physical sciences- is typically defined by an attitude of skepticism, subjectivism, a general suspicion of reason, and distrust toward grand theories or ideologies. (Merriam Webster's Collegiate Dictionary, 1996). Consequently, post-modernistic thought, which is broadly characterized by tendencies towards epistemological and moral relativism, pluralism, self-referentiality, as well as irony, asserts that knowledge and truth are the products of unique systems of social, historical, and political discourse and interpretation, and are therefore contextual and constructed (Duignan, 2014).

In early 1990's the concepts of postmodernism also started to enter marketing research and stimulated questions about the marketing theory along with its applications (Brown, 1999) and made a lasting impact over the field. Two marketing schools, namely the European School and North American School, emerged around the social changes offered by postmodern concepts (Cova, 1997). The European school, which was heavily influenced by Maffesoli's ideas of neo-tribalism, emphasized the social links and communities which became possible through consumption (Cova, 1997), while the North American School focused on the increasing individualized consumer who is freed from traditional status markers (Firat and Dholakia, 2006). Both perspectives, however, provided explanations for a new kind of consumer who emerged in transition from modernity to post-modernity. Both schools, hence post modernism in marketing, adopted the view of "productive consumer" who not only created, but also communicated meanings through goods and services. This view pioneered the notion that in marketing that the value creation is not confined to the monopoly of marketers as the consumer also actively engages in the process (Cova, 2013). Actually, sometimes this value creation by the consumer could be in opposition to marketers, especially whenever meanings were modified and changed by consumer from those intended by the marketer (Cova, 2013).

Tadajewski and Brownlie (2008), who recognize and appreciate the value added and improvement created by the postmodernist works which challenged the mainstream marketing thought and directed the field's attention to issues relating to gender, sexuality and ethnicity, criticize the postmodern marketing scholars of being uncritical in accepting the superiority of "liberatory consumption" over production. They believe that such uncritical acceptance marginalizes the production to a degree that is untenable. They further assert that they are not convinced that postmodernism has been able to produce an epochal shift or a new paradigm in the field and propose the new stage of "past-postmodernism" in marketing.

Meanwhile, in their famous article of "Evolving to a New Dominant Logic for Marketing", Vargo and Lusch (2004) postulate that the dominant logic of marketing, which used to focus on tangible resources, embedded value in the products and transactions, has shifted over time and started to focus more on intangible resources, cocreation of value with customer and relationships. By using a seminal approach, Vargo and Lusch (2004) assert that this new dominant logic adopts "service provision" rather than "physical goods" as a fundamental to economic exchange which positions marketing at the core of a service centered business model and reinstates marketing's critical role in the firm (Day, 2004). Vargo&Lusch also critically analyze the logical shift of the resources and state that the resources have also moved from tangible and finite "stuff" that are acted upon to

create effects (“the operand resources”) to intangible and infinite competencies and skills which create effect directly by acting on operand resources or by acting on themselves (“the operand resources”).

This paper provides an analysis of how Vargo&Lausch’s (2004) service dominant logic of marketing can be applied in a post-modernistic approach in the hope of providing solutions or elucidations to Tadajewski and Brownlie’s (2008) criticisms on postmodern marketing. The work has been shaped as a conceptual essay and is comprised of (1) derivation of three premises for postmodern marketing; (2) the fundamentals of service dominant logic of marketing in relation to postmodern marketing’s derived premises; and (3) an application of service dominant logic with postmodern marketing which serves to elucidate certain criticisms of post-modernistic approach.

II. Postmodern Marketing– A Synopsis and Premise Derivation

Post modernism, which was first used in architecture to emphasize the break in the 1960’s modern, functional and rational thinking, rejects epistemological assumptions, refutes methodological conventions, resists knowledge claims and overall contrasts the modernist idea of one single reality (Cova, 1996). Thus, postmodernism, which juxtaposes contradictory emotions and cognitions, signals more than another novel academic paradigm as it provides a broad reconceptualization of how we experience and explain the world around us. Consequently, postmodern marketing, which has challenged the mainstream marketing thought, adopts the view of “productive consumer” which refutes the assumption of passive consumer who is acted upon and asserts that notion that, in marketing, the value creation is not confined to the monopoly of marketers as the consumer also actively engages in value creation (Cova, 2013).

Badot (2014) identifies five major characteristics (natures) of postmodern marketing, namely, composite nature, re-enchanting nature, projective nature, hyper-realistic nature, and timeless and placeless nature. In a parallel but a more simplistic fashion, Cova (1996) asserts that postmodern marketing, which can be interpreted as the juxtaposition of opposites thus oxymoronic in a sense, unites (1) the “*image marketing*” with “*experience marketing*”, (2) “*the time of individual*” with “*the time of the tribes*” and (3) “*one-to-one marketing*” with “*tribal marketing*”. Hence, according to Cova (1996), postmodern marketing provides a framework to integrate the juxtapositions of heterogeneity with uniformity, passive consumption with active customization, individualism with tribalism, fragmentation with globalization, etc. in marketing and consumer research.

In this section, these juxtapositions of Cova (1996) will be analyzed under three premises, namely, (1) hyper-realism’s function in terms of experience and image in postmodern marketing; (2) postmodern marketing’s re-enchanting nature; (3) and essence of participation in postmodern modern marketing, derived to reflect the basic characteristics of the postmodern marketing in a systematic structure.

2.1. Premise 1: Hyper-realism of postmodern marketing combines experience with image.

One of the most widely accepted characteristics of post-modernity among marketing scholars and practitioners is its hyper-realistic nature. Baudrillard (1976) defines hyper-reality as a copy with no original and states that hyper-reality refers to the conditions in which representation and reality are displaced by an imitation or simulacra. According to postmodernists, reality collapses into an exclusive image, illusion, or simulation and the resulting “collapsed” simulation is more real than the reality it was supposed to represent. Cova (1996) builds this construct further by stating that the hyper-real is something which is already reproduced, hence it is a model of “a real” without origin or reality. Baudrillard (1981) explains this hyper-reality concept as a continuous reproduction of real into more and more real – a process which results in a re-product that cannot be fake. He states that what is created as result of this continuous reproduction of the real is no longer real, and defines this terminal re-product of the reals as “hyper-real”. Actually, hyper-real is not a reproduction, but a simulation that represents the real world whose frame of reference gradually faded away - resulting in ‘an aesthetic hallucination of reality’ (Badot, 2014; Baudrillard, 1976, 198; Grailot, 2005). Hence, in post-modern marketing, a hyper-real product can be defined as an exclusive image, illusion or simulation which has become more real to the customer than the actual reality that it represents as the simulation lost its reference gradually in the process of continuous reproduction of real.

Although this hyper-realism concept may seem to be complex and somewhat abstract, it is exemplified in many new consumption experiences. Simulations offered at Disney World, Universal Studios or other the fantasy worlds of theme parks, virtual reality experiences, visual 3D computer games, etc. are all examples of hyper-real products that all involve a loss of a sense of authenticity (Cova, 1996) up to a certain extent - creating a new “real” to consume which actually used to be a simple simulation originally. This, in turn, even may create a willingness or want on the part of postmodern consumer to prefer the hyper-real or the simulation to the actual

"real" itself (Badot, 2014; Cova, 1996). As functional differences between products or services are shrinking (Cova, 2013), different aspects of different products are needed to be integrated. Postmodern marketing brings together diverse elements of different product or services (Badot, 2014) by offering hyper-realistic experiences rather than simple representations of reality.

Hence, hyper-realism enables the consumers to combine the experience with the simulation through the reproduction and integration of diverse product or service elements along with their image. Postmodern consumers no longer merely consume products for their direct benefit, they also, or even instead, consume both the experience along with their symbolic meaning, i.e. the image, of those products. Consequently, the direct beneficial functional dimension or the core features of product may fade away and disappear behind other sub-features (Cova, 1996), i.e. the augmented characteristics, like the aesthetic dimension, packaging, the service ambiance, etc. This increasing importance of augmented characteristics or sub-features of products which overshadow the core as result of continuous reproduction of real, leads us to derive the second premise, namely "re-enchanting nature of postmodern marketing".

2.2. Premise 2: Re-enchanting nature of postmodern marketing provides basis for both one-to-one and tribal marketing.

In a postmodern perspective, the customer is more interested in enjoying hedonistic gratification in a social context rather than maximizing his/her profit or utility. Hence, under postmodern marketing, the market acts as a medium or opportunity for customers to release their emotions through its 're-enchanting' offerings or fun shopping - which is also termed as "retailtainment" or "shoptainment" (Ginsburg and Morris, 1999).

Postmodern marketing's re-enchanting nature is exemplified in marketing strategies whose aim is to make customers lose their cognitive bearings and lead them into a decision-making process where they are susceptible to impulse buying (Badot, 2014). Creating heightened, gratifying 'experiences' for the customer not only acts as a differentiating mechanism for the brand but also defends its profitability (Badot, 2014; Badot and Filser 2007; Ogilvy, 1990). Sales of sports clubs ornaments or the players' uniforms right after a successful game provides a concise example for postmodern marketing re-enchanting nature.

It is generally accepted that one of the principal aims of marketing is to be to build, develop, and maintain a close relationship with the customer as an individual, rather than bombard a market made up of an anonymous mass (Cova, 1996). Re-enchanting nature of postmodern marketing provides an opportunity to create this proximity to the customer by supporting both one-to-one and tribal marketing.

Tribal marketing, which can be defined as creating social groups or communities that are centered around a product or service, helps postmodern people to find offerings that not only enable them to be freer, but can also link them to others, to a community, or to a tribe (Cova and Shankar, 2011). In tribal marketing, activity of designing and launching products and services are destined to facilitate the co-presence and the communal gathering of individuals in the time of the tribes (Cova, 1996).

Hence, while the postmodern marketing enables the consumers to release their emotions either by being totally individualistic (through one-on-one marketing) or within a postmodern community tie (via tribal marketing), it further develops the one-to-one and other individualistic marketing practices - as sharing emotions is required in marketing to postmodern consumers. Besides, postmodern marketing, actively differentiates proximity and intimacy, since postmodern consumers do not want to be only the object of an individualized service in terms of customization of functions - they also wish a personalized link (Cova, 1996). These concepts are important in creating and developing a sustainable relation with the postmodern customer, as postmodern marketing should create products and services that not only have a use value but also have a linking value, which leads us to the third premise of postmodern marketing, i.e. the essence of participation.

2.3. Premise 3: Customer participation is essential in postmodern modern marketing.

Postmodern consumers, who lack commitment to grand projects or universal images, not only seek different feelings, but also want to become a part of processes and experiences. Consequently, postmodern marketing should not interpret the consumers as simple targets for offerings, but integrate them as producers of experiences (Cova, 1996) by projecting their possible behavior which are influenced by prior experiences.

Meanwhile it should be noted that influenced by their retrospective experiences, the consumers interpret products differently and may add new meanings or divert them from their original purpose. So the images and uses of products cannot be fully controlled by the marketer. Individual postmodern consumers are able twist or

divert the uses or meanings of products - for practical or even psychological reasons, like achieving congruence with self-image. Hence, the postmodern marketers should be proactively aware of the twisting or diverting ability of the postmodern consumers and their uncontrollable nature against planned functions (Cova, 1996). Thus, postmodern marketing does not simply treat the consumer as a target for products but as a co-producer of experiences. Without participation, the consumer is merely entertained and does not experience, thus, customer participation is the essential in postmodern modern marketing.

III. Service Dominant Logic Applied to and with Postmodern Marketing's Derived Premises

Parallel to the marketing orientations' evolution from the production to the holistic marketing, in their famous article of "Evolving to a New Dominant Logic for Marketing", Vargo and Lusch (2004) assert that the dominant logic of marketing which used to focus on tangible resources, embedded value in the products, and transactions has also shifted over time and started to focus more on intangible resources, the cocreation of value with customer, and relationships with stakeholders and formed a new dominant logic in which service provision rather than goods is fundamental to economic exchange (Fig. 1).

Fig. 1: Parallel Shifts in Marketing Orientations and Dominant Logic of Marketing



Consequently, Vargo and Lusch (2004), also state that the resources have shown a similar shift - from tangible and finite "stuff" that are acted upon to create effects (operand resources) to intangible and infinite competencies and skills which create effect directly by acting on operand resources or by acting on themselves (operand resources).

In this section, the major concepts of service dominant logic will be applied to the three derived premises of post-modern marketing summarized in the previous section, in search for creating a synergy and constructing a paradigm that blends both marketing approaches to offer elucidations to certain criticisms of post-modernistic approach. The application of service dominant logic to the derived premises of post-modern marketing, which is summarized in table 1, will be studied under three different sections, namely, the unit of exchange, the role of goods and the role of customers.

3.1 The Unit of Exchange

Vargo&Lusch (2004) state that the application of specialized skills and knowledge is the fundamental unit of exchange in service dominant logic of marketing, as people exchange to acquire the benefits of services or specialized competences of knowledge and skills. This exchange concept is inherent in and supports the "hyper-realism" of postmodern marketing.

As mentioned above, hyper-realism combines "the age of the image" with "the age of experience" which requires application and exchange of the specialized competencies and skills as operand resources. Moreover, the continuous reproduction of reality to achieve hyper-realities can be sustained by the continuous exchange of services or specialized competences of knowledge and skills between the firm and the customer. Besides the continuous instability of postmodern communities which renders them timeless and placeless require marketers to exchange specialized competencies and skills with the postmodern consumers so that sufficiently flexible offerings that satisfy the postmodern desires can be created.

This application of service dominant logic to postmodern marketing, i.e. using specialized competences of knowledge and skills or services as a primary exchange, also elucidates Tadajewski and Brownlie's (2008) criticism of postmodern marketing's uncritical acceptance of the superiority of "liberatory consumption" over production as such an exchange will require the usage of skills and knowledge in an operand manner which will in turn will the consumption and production. Since the marketing process will be governed by skills and knowledge exchange, if the producer have superior skills or knowledge or can use them in an operand manner, the production's role will be reinstated. If not, "liberatory consumption" will naturally lead.

3.2. The Role of Goods

In service dominant logic of marketing, goods are considered to be intermediate “products” and are either transmitters (distribution mechanisms) for operant resources (like embedded knowledge) or used by other operant resources (customers) as appliances in value creation processes. This “transmitter role” of goods is inherent in and supports the “re-enchanting nature” of postmodern marketing.

In a postmodern perspective, the customer is less interested in maximizing profit than enjoying hedonistic gratification in a social context, as postmodern consumers no longer merely consume the offerings for their direct benefit. Postmodern consumers, also, or even instead, consume the symbolic meaning of those offerings which integrate and comprise the service or the knowledge inherent in the product. Consequently, the direct beneficial functional dimension of the product may fade away behind other features like the aesthetic dimension, ambiance, or packaging which can be used just to favor the creation of the image – which actually become instruments for re-enchantment.

This re-enchantment concept which can be further explained by the service dominant logic’s assertion that increased monetization has masked the fundamental unit of exchange of skills-for-skills (or services-for-services). The increased monetization measures the transaction in terms of dollar value of the exchanged physical product, ignores other augmenting features and thus fails to assess the offering in full. Yet, the re-enchantment concept, which cannot be rationalized or justified under simple monetized exchange, finds basis for explanation as a services-for-services exchange assessment gives room for hedonistic gratification of postmodernist view.

3.3. The Role of Customer

In service dominant logic of marketing, marketing is a process of doing things in interaction with the customer who is regarded as a co-producer of service. Thus, the customer is an operant resource with whom the value is cocreated. This cocreation is both parallel and complementary to postmodern marketing in the sense that postmodern consumer takes elements of market offerings and crafts a customized consumption experience out of them which corresponds to the essence of customer participation in postmodern modern marketing.

Hence, postmodern consumers want to become a part of processes or experiences which requires postmodern marketing to integrate the consumer as a coproducer in the marketing process. Besides, the postmodern marketers should be proactively aware of the twisting or diverting ability of consumers in coproduction or value creation. Actually, sometimes this coproduction or value creation by the consumer could be in opposition to marketers, especially whenever meanings were modified and changed by consumer from those intended by the marketer.

Therefore, in postmodernity, as the consumers actively customize their own world, they also want to become a part of processes and experiences. Thus, to accommodate this desire, postmodern marketers have to integrate the consumer as a producer of experiences - which is almost the same as Vargo&Lusch’s premise of “customer always being a co-producer”. Hence participation of the customer which is the essence of postmodern experience is fully in line with the service dominant logic of marketing.

Integrating customer as a coproducer will again be helpful in elucidating Tadajewski and Brownlie’s (2008) criticism of postmodern marketing’s uncritical acceptance of the superiority of “liberatory consumption” over production as usage of customer as an operant resource will help to balance up the importance consumption and production.

Table1: Service dominant logic and its application to post-modern marketing

	Service Dominant Logic	Service Dominant Logic Applied to Postmodern Marketing
Unit of exchange	People exchange to acquire the benefits of specialized competences (knowledge and skills), or services. Knowledge and skills are operant resources.	Hyper-realistic nature of postmodern marketing requires the exchange of the specialized competencies and skills as operant resources - so that sufficiently flexible offerings that satisfy postmodern desires can be created.

The role of goods	Goods are transmitters of operant resources (embedded knowledge); are used by other operant resources (customers) as appliances in value creation processes.	Postmodern customer no longer merely consumes the products for their direct benefit. When the direct beneficial dimension of the product fades away, knowledge and skills become instrumental for satisfying re-enchantment needs.
The role of customer	The customer is a coproducer of service. Marketing is a process of doing things in interaction with the customer. The customer is primarily an operant resource, only functioning	Postmodern consumer takes elements of market offerings and crafts a customized consumption experience out of them, as the postmodern consumers want to become a part of the marketing processes and experience as the customer participation is essential in postmodern marketing.

IV. Conclusion

Postmodernism, which is typically defined by an attitude of skepticism, subjectivism, a general suspicion of reason, and distrust toward grand theories or ideologies, started to enter marketing research in 1990's and challenged the mainstream marketing creating a lasting impact over the field.

Along with many new perspectives, postmodernists in marketing adopted the view of “*productive consumer*” which consequently resulted in the criticism of uncritical in acceptance the superiority of “liberatory consumption” over production (Tadajewski and Brownlie, 2008).

This paper provides an application and blending of Vargo&Lusch’s (2004) service dominant logic concepts to postmodern marketing in the hope of providing solutions or elucidations to Tadajewski and Brownlie’s (2008) criticisms.

After deriving three basic premises of postmodern marketing, namely, (1) hyper-realism’s function in terms of experience and image in postmodern marketing, (2) postmodern marketing’s re-enchanting nature, and (3) the essence of participation in postmodern modern marketing, Vargo and Lusch’s service dominant logic concept(s) have been applied to those premises across the factors of unit of exchange, the role of goods and the role of customers.

Analysis indicates that while the operant integration of customer as a coproducer or value cocreator into the marketing process correspond to and overlap with the productive customer concept of the postmodern marketing, together with the utilization of specialized competences (of knowledge and skills) or services as a primary exchange unit, it acts as an elucidation for Tadajewski and Brownlie’s (2008) criticism of uncritical acceptance of the superiority of “liberatory consumption” over production. Consequently, considering goods as intermediate products, which transmit knowledge and skills or are used in value creation processes by consumers, supports the re-enchanting nature of postmodern marketing, as postmodern customers no longer merely consume the products for their direct benefit, yet seek other features which actually become instruments for re-enchantment.

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